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CanopyStyle Verification and
Guidelines
Evaluation
Report for:

Birla Cellulose
in
Mumbai, India

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1 INTRODUCTION

The purpose of this report is to document performance of **Birla Cellulose**, hereafter referred to as the “Birla”, against the requirements of the Verification Framework and Guidelines, (March 2016 version) developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)¹ and the over 60 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, such as Birla Cellulose, are required to document and provide evidence towards a set of pre-defined social and environmental criteria and key progress indicators.

The report presents the findings of Rainforest Alliance 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.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for evaluation design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance Headquarters directly. Formal complaints or concerns should be sent in writing.

¹ Current members of this group are H&M, M&S, Inditex/Zara, EILEEN FISHER, Stella McCartney and Canopy

2 GENERAL DESCRIPTION

Birla Cellulose is an India based company that is a global leader in manufacturing man-made cellulose for the textile industry. It is a subsidiary of Grasim, part of the Aditya Birla Group of companies. It is a global company with dissolving pulp and viscose mills in Canada, Sweden, India, Indonesia, Thailand and China. The companies included in the group produce dissolved pulp from forests and plantations and man-made cellulose obtained from both internal and external dissolved pulp producers. Their products include man-made cellulose fabrics, trademarked man-made cellulose brands and non-woven man-made cellulose fibres marketed globally to clothing manufacturers.

Birla prides itself on its environmental sustainability and corporate social responsibility policies. They are participating in the CanopyStyle Initiative² and as recognition of their commitment are undergoing this evaluation.

Today, more than 90% of Birla's wood and pulp supply is FSC or PEFC certified or from FSC controlled wood sources. Decisions for raw material inputs for the internal dissolved pulp facilities are made at the local level. Pulp purchases for the viscose mills are made centrally at Birla headquarters in India.

Aditya Birla's wood fibre sourcing policy states that:

"The company shall implement its best efforts to avoid trading and sourcing wood or wood fibre 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 conversion of natural forests or converted to non-forest use.*
- e) Wood from forest in which genetically modified trees are planted
- f) Wood harvested in ancient and endangered forests or endangered species habitat.*

* For c, d and f, the Company shall verify that meaningful conservation plans are in place to ensure that the health and ecological integrity of these forests are maintained and/or enhanced with large-scale protection. With this in place, dispensation, from c), d) and f) may be granted from such restrictions, where the wood derives from harvesting operations conducted as part of a biotope-conservation program and or sustainable forest management system, in compliance with the official recommendations of the appropriate forestry authority.

3 EVALUATION SCOPE

3.1 Scope

This evaluation of Birla Cellulose's raw material sourcing is a desk audit. The Birla Cellulose production of dissolving pulp and man-made cellulose fibers companies are audited under a single scope against the requirements of the CanopyStyle Verification Framework and Guidelines, (March 2016 version).

² The CanopyStyle Initiative is led by environmental not-for-profit Canopy which, to date, has supported over 60 brands, designers and retailers, as well as 9 of the top 10 largest global producers, on developing sourcing policies for fabrics made from forests.

The objective of this desk audit is to gather appropriate evidence to verify whether ancient and endangered forests and/or controversial sources are potentially in the supply chain. Where risk is moderate to high, and when documents provided are limited or insufficient to come to such conclusion with certainty, additional onsite audits would be required at any of the mills or suppliers.

3.2 Number of sites included in this Evaluation: 9

Name/Description of sites	Location
AV Group Nackawic – Pulp Mill	Nackawic, Canada
AV Cell –Pulp Mill	Atholville, Canada
Domsjo-Fabriker AB –Pulp Mill	Örnsköldsvik, Sweden
Grasim Industries, Ltd. –Pulp and Viscose Mill	Harihar, India
Grasim Industries, Ltd – Viscose Mill	Nagda, India
Grasim Industries, Ltd. – Viscose Mill	Karach, India
Thai Rayon Public Co. , Ltd,	Angthong, Thailand
Pt. Indo Bharat Rayon	Purwakarta, Indonesia
Birla Jingwei Fibres Co., Ltd	Xiangyang City, China

Future annual audits will make sure that additional Aditya Birla viscose and dissolving pulp facilities, that will either open in Laos (Birla Lao Pulp and Plantations Company Limited), or be converted from paper to dissolving pulp in Terrace Bay, Canada (Terrance Bay Pulp Mill) or other relevant mills acquired, will be included.

4 EVALUATION RESULT

4.1 Evaluation Conclusion

During the month of April 2016, the Rainforest Alliance conducted an independent third-party verification audit of the progress made by Birla Cellulose in implementing the commitment of the **Aditya Birla Wood Fibre Sourcing Policy**, to document the risk of sourcing from the world’s ancient and endangered forests and other controversial areas, as well as additional related sustainability solutions and targets of the Canopystyle Initiative³.

The Rainforest Alliance verification audit reports that Birla Cellulose progress to meet these commitments varies. This report documents the progressive and critical indicators (key performance indicators or KPIs) that have been fully met, those that are in partial conformance and those that are not in conformance, and specifies why.

³ The CanopyStyle Initiative is led by environmental not-for-profit Canopy which has supported over 60 brands, designers and retailers, as well as 9 of the top 10 largest global producers, on developing sourcing policies for fabrics made from forests.

Critical criteria

Rainforest Alliance has found that Birla Cellulose has met the critical commitments to: 1.1, 1.3.

At the same time, that Birla Cellulose has partially met, or has been found in non-conformance, with a number of critical indicators. There is partial progress to: 1.2, 1.5, 1.6, 1.7, 1.10, 1.11, 2.1, 3.1, 4.1, 4.2, 4.4, 4.5, 5.1, 5.2, 6.1, 7.1, 7.2, 7.5, 9.1, 9.4, 10.1, 11.2.

Birla Cellulose has not met: 3.1, 8.1

Progressive criteria

Rainforest Alliance has found that that Birla Cellulose has met the progressive commitments to: 1.4, 2.2.

At the same time, that Birla Cellulose has partially met, or has been found in non-conformance, with a number of progressive commitments. There is partial progress to: 1.8, 2.4, 2.5, 7.4, 9.3, 11.1, 12.1.

Birla has not met: 2.3, 8.2

4.2 Overall Summary of Results

In summary, the Rainforest Alliance verification audit provides evidence confirming that that Birla Cellulose is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. Some improvements remain to fully implement the commitment throughout the company's supply chain. Additional work is required to fully meet all of the critical and progressive criteria, and to lower the risk of sourcing from ancient and endangered forests and other controversial sources.

Based on our initial desk review, we recommend further sharing of information and site visits in four areas, to complete the requirements of the verification framework and allow for robust analysis and conclusions.

This includes Harihar, Domsjo Fabriker, PT. Indo Bharat Rayon and Birla Jingwei Fibres Co., Ltd. A third-party site evaluation is needed of Harihar and Domsjo Fabriker based on the risk of Ancient and Endangered forests and/or controversial sources entering the supply chain. A field evaluation of PT Indo Bharat Rayon is needed given its high-risk geography and Birla Jingwei Fibres Co, Ltd. to confirm that sourcing information is consistent.

Lastly, as agreed on a joint call between Canopy, RA and Aditya Birla on 10th of March 2016, the scope was defined as 7 viscose mills, in addition to Aditya Birla's dissolving pulp mills that supply these. Information sharing is missing to complete the desktop audit for one Birla Cellulose viscose mill in India - the new Vilayat Greenfield project now in operation.

Ongoing annual audits scheduled will be essential to ensure that Birla Cellulose continues to implement their policy and meet the expectations of the CanopyStyle Initiative.

4.3 Performance Measures

To generate a single result for each indicator in the CanopyStyle Verification and Guidelines for Viscose Producers, the findings from the evaluation are measured as follows:

	Not Applicable	Is not applicable to the site or to Birla
1	Commitment met	Full conformance with indicator

2	Commitment in Progress	Partial conformance
3	Commitment not met	Non-Conformance
4	Insufficient information available	

In addition to giving the result, the evidence used and a narrative description of findings is reported for each indicator (appendix B).

5 EVALUATION PROCESS

5.1 Evaluation Requirements

Standard/Guidelines used for the evaluation:	CanopyStyle Verification Framework and Guidelines for Viscose Producers
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5.2 Evaluators and qualifications:

Name	Walter Smith	Role	Lead Auditor
Qualifications:	Walter Smith, has 17 years experience in logging, training, forest resource and business management and 25 years experience in Forest Stewardship Council (FSC) and Sustainable Agriculture Network (SAN) type certification auditing, training, marketing and program management. Walter was a delegate at the FSC founding general assembly and on the original FSC International Principles and Criteria Working Group in 1992/93. Walter became affiliated with the Rainforest Alliance's SmartWood Network in 1994 and became a Rainforest Alliance employee in 2001. He has worked North America, Asia and Africa on over 400 forest management, chain of custody, controlled wood and legal origin audits, has been a principal instructor in 40 FSC auditor training workshops and has given over 50 presentations on sustainable forestry and agriculture and environmentally and socially responsible markets. From 2010-2015 Walter was the Manager for Asia Pacific, Rainforest Alliance Certification Division and in 2015 became the Senior Manager of Assurance Services.		

5.3 Evaluation schedule

Date	Location /Main sites	Principal Activities
5 April 2016	Desk Audit	Develop the scope and Service agreement
6 April 2016	Desk Audit	Received documentation from AV Group Canada
11-15 April	Desk Audit	Requested and received documentation from Domsjo and Harihar. Review documentation.
18-19 April	Desk Audit	Internet research of FSC risk assessments for Canada, USA, Sweden, and South Africa. Research FSC risk registry. Receive the draft Map of Ancient and Endangered Forests from Canopy and review sourcing data against it.
21-27 April	Desk Audit	Request further information from Sappi and Birla, report writing

Given that this evaluation carried out as a desk audit, the audit process included only communications with Birla by email and phone for requesting evidence, and internet searches to obtain as much third party context in assessing risk as possible. Between the 5th of April and the 6th of May, the auditor

received documents and answers to questions via email and phone calls with the Birla staff and with Canopy.

List of people interviewed either via phone or email:

- CEO, Aditya Birla AV Group, Canada
- Vice President Fibre Supply and Government Relations, Aditya Birla AV Group, Canada
- Managing Director, Domsjo Fabriker AB
- Vice President (Finance & Commercial) at Grasim Industries Ltd, Unit: Harihar Polyfibre & Grasiline Division
- Planning Forester, Aditya Birla, AV Group, Canada
- Senior Campaigner, Canopy
- Campaign Director, Canopy

List of documents and websites reviewed:

- Canopy global map of Ancient and Endangered Forests (AEF)* Canopy map of AEF in Canada*
- Canopy map of AEF in Indonesia*
- Written evidence presented in response to the individual indicators in Canopy Verification Framework and Guidelines from AV Group Nackawic and Cell, Domsjo Fabriker and Grasim Industries Harihar.
- An Excel document from Birla containing the suppliers for Aditya Birla global viscose mills under the scope.
- An Excel document containing all of the FSC and PEFC suppliers for Domsjo Fabriker
- Aditya Birla sourcing policy web links and Domsjo Fabriker Fibre Sourcing Policy
- SFI Risk Assessment Canada v1 2015-2016
- SFI Risk Assessment USA v1 2015-2016
- SFI Chain of Custody Report for the AV Nackawic and Atholville facilities dated 16 January 2015
- SFI Fibre Sourcing and Forest Management Report for AV Nackawic and AV Cell Woodlands dated 10 August 2015
- SFI Chain of Custody General Procedures for AV Nackawic and AV Cell dated 15 January 2015
- FSC Controlled Wood Risk Assessment, Sappi North America, Cloquet, Minnesota, USA
- FSC Controlled Wood Risk Assessment, Sappi Saiccor, South Africa
- Map of Old Growth Forests in Sweden by the Taiga Rescue Network, 1999
- Map of Domsjo Fabriker supply area
- FSC Controlled Wood Risk Assessment, Domsjo Fabriker, Sweden
- FSC Controlled Wood Risk Assessment, SIA Domse Latvija, Latvia
- FSC Controlled Wood Risk Assessment, SIA Domse Latvija, Lithuania
- Domsjo Fiber and Domsjo Fabriker staff responsibility matrix
- Forty-five emails from Aditya Birla staff

* Global and regional maps of ancient and endangered forests have been developed by Canopy and used by auditor to conduct these audits. The maps will be made public and available to producers in 2017.

Appendix A: ORGANIZATION DETAILS

Organization information	
Legal name:	Birla Cellulose

Legal jurisdiction:	India
Type of legal entity:	Corporation
Address:	Hub Town Solaris, 5 th Floor, 501A & 502, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069. India
Website:	http://www.birlacellulose.com/index.php

Appendix B: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers

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 publically available commitment to full implementation of the forest sourcing policy. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The policy is communicated on the global Birla Cellulose company website: http://www.birlacellulose.com/pdfs/fibre-sourcing-policy.pdf</p> <p>Birla's Canadian mills has a public commitment on their website signed by a senior executive on 5 May 2015. http://www.av-group.ca/en/sustainable-forestry/ab-corporate-fibre-sourcing-policy.</p> <p>The Swedish mill also has a "Purchasing Routine" on their website www.domsjofiber.com. Moreover, the managing director sent the auditor an updated document called "Fiber Sourcing Policy Domesjo Fiber" that includes the avoidance of ancient and endangered forest as one of the elements. However neither policy conforms exactly to the global Aditya Birla Fibre Sourcing Policy.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization does not yet have specific procedures for Canopy criteria, although they have SOP's for the AV Nackawic (AVN) and AV Cell (AVC) and Domsjo with indirect input from stakeholders through the certification and standard setting processes. The suppliers are not certified and for Harihar, these internal procedures have not yet been consulted with civil society stakeholders. It is early in the development of implementing procedures to fully meet Canopy criteria.</p>
1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met</p>

	<p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The AV group in Canada has non-FSC Chain of Custody general procedures document which names the procurement manager as the person responsible for implementing the chain of custody and by extension the Aditya Birla Wood Sourcing Policy when purchasing raw material inputs. It also names the certification coordinator to make sure that the mill maintains conformance with the chain of custody requirements for certification.</p> <p>Th auditor received a written confirmation that in Sweden the managing director is in charge of making sure that the purchased inputs meet the Fibre Sourcing Policy Domsjo Fiber . It should be noted here that the Domsjo policy is not exactly aligned with the global Aditya Birla Wood Sourcing Policy</p> <p>In India, at the Harihar facility, the auditor received email confirmation of the responsible person for Aditya Birla Wood Sourcing Policy implementation.</p> <p>For the viscose mills who import dissolved pulp, e.g. those that do not import raw materials directly from the forest, a designated person is responsible for making sure that the inputs for those mills meet the Aditya Birla Wood Fibre Sourcing Policy</p>
<p>1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Birla has the structure and capacity in place to implement the global policy. All mills that convert round log inputs to pulp have procurement staff who implement the global policy commitments.</p> <p>The decisions about who supplies each viscose mill, other than Harihar, is determined responsible personnel at Birla Cellulose in India, therefore the implementation of the global policy is up to him and his staff.</p>
<p>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: At the time of this evaluation, the communication of the policy to suppliers by individual mills has been inconsistent. The Domsjo mill has communicated to the suppliers, but the AVN, AVC and Harihar mill have not as of this evaluation. They indicated that they would communicate the policy soon.</p>

<p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: This requirement will be added to wood contracts for the 2016 operating season for the AVN and AVC operations. In a written communication from Domsjo, they have already included the policy requirements in the contracts. Harihar will add the contract language soon.</p> <p>In terms of the viscose mills, they get their supply from primarily FSC or PEFC or FSC controlled wood certified or verified mills. Two of those pulp mills are owned by Birla and therefore does not need to have a policy reference in a contract. For the other mills contributing supply to the viscose mills the auditor did not receive evidence that contract language has been included.</p>
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The AVN, AVC and Domsjo companies have an SFI/PEFC or FSC certificate for all of the input they receive. They rely on the 3rd party audits to monitor conformance with the policy, which is not sufficient. All three are FSC or PEFC CoC certified whereby inputs are monitored as part of the requirements of the certification, which only partially meet the requirements of the policy. The same can be said for the viscose mills that get PEFC or FSC certified or FSC CW as their pulp inputs. Additional system to monitor supplier conformance against key policy tenants is required.</p> <p>The Harihar staff believes that this indicator is not applicable because they source from private forest owners. Given that the forest owners and Harihar are not certified, there is no monitoring taking place by a third party. Although Harihar field staff check the government plantation and small farmers during harvesting, they state that they have no direct contact with the forest owners. Therefore to meet the intent of this indicator, it would be required that Harihar monitor the suppliers as per the policy and document that they are conforming to the policy.</p> <p>India is considered unspecified risk by the FSC for human rights abuses (one of the controversial sources that Birla's policy is meant to avoid). Without documenting that the suppliers are conforming to human and worker rights per the policy, it is not possible to conclude that this controversial element has been eliminated from the supply.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: AVN and AVC utilize standard certification procedures: Postcards used to advise neighbors about upcoming operations. The postcard contains contact information to report grievances, there is a toll free number to log complaints as well as a website where comments can be added.</p> <p>Both Domsjo and Harihar have not developed a grievance procedure. They believe that because they are not involved with the actual harvesting, that a transparent and public grievance procedure is not applicable to them. However, stakeholders may have grievances with suppliers or forest origin that they want to bring to Birla's attention.</p>
<p>1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Canopy Verification Framework and Guidelines are new. This audit is the first that Birla has undertaken and systems required by the Guidelines have not been in place long enough for this indicator to be evaluated. Indicator 1.9 would be applicable during a follow-up annual audit. However, AVC, AVN and Domsjo do internal audits annually against the CoC standards. If non-conformities are found a corrective action plan is developed.</p>
<p>1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The key managers are aware of the policy and have demonstrated their commitment to implement it primarily through conformance with third party CoC audits and/or verbal and written responses to the auditor.</p> <p>The Harihar mills does not document whether the policy is being implemented. They do have a clause, Compliance of Forest & Other Statutes, in their contracts that state: "You will strictly adhere to the applicable Forest and other</p>

	applicable statutes, rules & regulations". However, they plan to put policy language into their contracts in the near future.
1.11 Each production site managers has developed procedures to implement the Policy, when relevant.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: AVN, AVC and Domsjo procedures are part of their certification sourcing procedural requirements. The procedures for the implementation of the policy is based on the the CoC and/or FM requirements. The intent of the requirement is to develop and implement procedures that directly speak to the Canopy criteria.</p> <p>Another missing piece is the documenting the monitoring of the non-certified suppliers to the Harihar facility.</p>

Observation: It would benefit Birla Cellulose to develop a transparent way to engage stakeholders. Stakeholders are an essential ingredient in establishing a credible environmental and social policy. Stakeholders do not just respond to or correspond with the forest managers, but they want to know that manufacturers, traders and retailers are making sure that their supply chain meets society's expectations. A good rapport with stakeholders can enhance recognition of those companies who are making a sincere effort to reduce their environmental footprint, enhance community and worker benefits and protect human rights.

Although Birla Cellulose has the policy attached to their website, there is little explanation of how the policy is implemented at the global scale for all Birla's companies. Moreover the Birla website does not make it clear what companies are included in their group. As an addition to the above observation about transparency and stakeholder engagement, it would be beneficial if the sustainability menu included all companies in the group and how the policy is implemented for all companies in the group.

The company's efforts towards forest certification are important and should be recognized. Additional implementation measures are needed to meet all of the commitments within the policy with regards to not sourcing from ancient and endangered forests. Initially looking to certification is recommended. However, in areas of moderate to high risk of sourcing from Ancient and Endangered Forests, controversial sources or other areas of policy commitments, certification may be limited in scope and not sufficient or consistent with the expectations of the CanopyStyle Initiative.

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

<p>2.1 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>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Birla has provided Canopy with a matrix that describes their global supply chain, but they have not shared it with the Leaders Group yet. The Excel matrix has columns for identifying suppliers and inputs and rows that identifies types of inputs (species of tree or other materials), certification info, origin of forest, Ancient or endangered forest, fibre sourcing, and logging rotation.</p> <p>The auditor received additional information from Domsjo not included in the Canopy matrix based on supplier certificate registration. The suppliers were in Sweden and Latvia. Therefore not all suppliers in the chain have been shared with Canopy and the Leaders Group.</p>
<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>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Certification supports traceability to the forest of origin. Areas where there has been CW risk assessment the identification of the specific origin is more difficult, but could be done.</p> <p>Where identifying the supply to the forest of origin is more difficult is when the forest is not connected to a certificate. Harihar knows generally the supply shed area of the farmers and plantations where they purchase wood. They visit some of the sites when harvesting is occurring.</p> <p>In the case of Domsjo, they have a provision in the contract where they can demand documents from the supplier that identifies the harvest site. For the input to the viscose mills who receive FSC or PEFC product inputs, all of it is traceable to the origin through the certified databases or contacting the CB.</p>
<p>2.3 A risk assessment has been done with the information and shared with Leaders Group.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Risk assessments are relevant even to suppliers who are FSC certified, to address the risk of sourcing from ancient and endangered forests and other controversial sources. The viscose mills other than Harihar receive inputs that are FSC certified. Partial risk assessments have been</p>

	<p>provided for FSC controlled wood, but not for supply areas when suppliers are not FSC certified or verified to FSC CW.</p> <p>The AVC and AVN mills had a SFI risk assessment done for both the US and Canada. According to Canopy, it has not been shared with Canopy nor with the Leaders Group.</p> <p>FSC controlled wood and SFI risk assessments are not a replacement for risk assessment against the policy commitments.</p> <p>A risk assessment has not been done for the farmers and government plantation that supplies the Harihar mill.</p>
<p>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</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The supply chain assessments have been provided to Canopy and the auditor, but not the Leaders Group.</p> <p>For AVC, AVN and Domsjo, there is an annual internal audit of the CoC procedures. The results of those audits are reported to the management of the Organization.</p> <p>The inputs that are certified can be traced through the certification scheme websites. All Birla mills, except Harihar can provide stakeholders with FSC or PEFC certificate numbers.</p>
<p>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.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Suppliers are not published for public review. 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>The suppliers that are not certified are more difficult to track to a specific forest. The inputs from Harihar come from traders who purchase wood from small farmers and government plantations. While Harihar knows the area where the wood comes from, they may not know the specific plot or plantation.</p> <p>More progress is expected in future years for systems-wide tracking in the cellulosic textile industry.</p>
<p>Observation: A risk assessment specifically about ancient and endangered forest, tracking and monitoring system for</p>	

all non-certified suppliers needs to be developed and be made public. The contracts that are currently in development should include provisions that the supplier conform to the policy and that Birla can annually monitor the sources of supply to assure conformance with the policy.

Risk assessments against the policy needs to be developed. The controlled wood and SFI procurement policy is not a substitute for the policy risk assessment. The FSC and SFI risk assessments could certainly serve as the basis for the policy risk assessment, so long as an additional layer to ensure there is no sourcing from ancient and endangered forests and other controversial sources is added. In the future, it will be required by the company to use the map of ancient and endangered forests currently under review by Canopy as the reference to do so.

The audit looks to see progress under transparency with the Leaders group.

3. No conversion of natural forest to plantations

Indicators

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.**

Findings:

Conformance with Indicator:

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

Description of the finding:

There is no evidence that Birla has documented that they are not sourcing from natural forest areas that have been converted after 1994. Birla does have many sources that are FSC certified that would meet this criteria. However, PEFC certified plantations can be on lands converted after 1994. FSC controlled wood only guarantees that the harvested wood is not the result of conversion. The Harihar supply area has not been evaluated to assess whether the plantations or individual farmers have not converted forest to plantations after 1994.

The auditor has done some research into the South Africa plantations. It appears that all plantations, including those covered by their controlled wood verification, were converted from natural forests prior to 1994. It appears that some plantations were developed on grasslands and agricultural lands.

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

Indicators

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.**

Findings:

Conformance with Indicator:

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

Description of the finding:

There is no documented evidence provided to the auditor that they have adopted definitions of Ancient and endangered forest. They use the FSC and PEFC definitions of controversial sources and HCV. However, there is also no evidence that Birla has an adopted the definition of High Carbon Stock (HCS) or peatlands.

There are some peatlands in Sweden, but Swedish forest

	<p>law strictly regulates activities on these lands. Because there are peatlands in Sweden, Birla needs to include a definition of peatlands.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: AVC and AVN identify and map HCV and protected areas in the management plans for forests that they manage. However Birla has not mapped potential areas that are high risk for ancient and endangered forest and controversial sources for other regions, to guide purchasing decisions at local sites and globally. It is expected that Birla will use Canopy’s map of ancient and endangered forests when it is made public.</p>
<p>4.3 Any raw materials in the MMCF producer’s supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input checked="" type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The overlay of raw materials sourcing regions with Canopy’s map of ancient and endangered forest show that sourcing occurs outside of the main ancient and endangered forest. In an interview with AVC and AVN staff they receive inputs from New Brunswick and non-boreal Quebec (although none currently). All other areas are low risk for ancient and endangered forest that are available to be harvested in the US and Canada.</p> <p>Canopy’s map of Ancient and endangered forests, there is no such forests in the areas where Birla supplies from in India and South Africa.</p> <p>While the Canopy map does not show Ancient and Endangered forest in the Domsjo sourcing area, it is close by to the outer boundary and the HCV network maps show small patches of “old growth” within the supply shed of Domsjo.</p> <p>Harihar does not monitor or document that the suppliers are not sourcing from Ancient and Endangered Forests and controversial sources.</p> <p>It is therefore unknown whether Domsjo or Harihar have Ancient and Endangered Forest or controversial sources as stocks in their log yards.</p>
<p>4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met</p>

	<p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Birla is well aware of the relevant laws and regulations. There is no evidence that any of Birla's mills are not complying with the law.</p> <p>In Sweden an industry association keeps the members updated on changes or new laws as they come into effect. AVC and AVN monitor their operations often to ensure compliance with the law. Suppliers who are certified or subject to controlled wood verification are low risk for illegal harvesting. Given the species and the relatively low value of the wood, receiving illegal wood or pulp by Birla's mills is low risk. Both Canada and Sweden have strong laws and regulations and the corruption index score is low.</p> <p>India has a high risk for human rights and labor laws and has moderately poor corruption index score. The auditor has no evidence of illegal activities associated with the Harihar suppliers, however, Harihar does not monitor or document that the suppliers for illegal activities and therefore it is unknown whether there are any illegal activities occurring. They do have a clause, Compliance of Forest & Other Statutes, in their contracts that state: "You will strictly adhere to the applicable Forest and other applicable statutes, rules & regulations".</p>
<p>4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The auditor received and used the global and regional maps of ancient and endangered forests from Canopy to overlay sourcing regions. The auditor has also done research on specific countries where Birla sources its wood or pulp. The research included reviewing selected FSC risk assessments and consulting the FSC risk registry for Canada, U.S., Sweden, Latvia, Lithuania, South Africa and India. Canada (and Indonesia) are well documented in the Canopy map, at the regional level and we identified no overlap with Birla's sourcing.</p> <p>To increase the level of assurance that this criteria has been met random sampling and potential site visits are required in China and Indonesia, where global fibre flow creates an increased level of risk of sourcing from ancient and endangered forests and controversial sources.</p> <p>As stated above, the auditor did find a few very small patches of old growth forest on the HVCF network map of Sweden within the supply shed of the Domsjo mill,. All other countries listed, except for Canada, are low risk for Ancient and endangered forest.</p> <p>FSC and PEFC certification provides some protection against sourcing from suppliers linked to controversial sources. Where controlled wood verification falls short is</p>

	<p>in Canada where issues of indigenous rights are controversial. AVC and AVN, however, consult with First Nations and the Province on ensuring that traditional rights are recognized and respected. They also have a strategy to develop capacity and relationship building with affected First Nation /indigenous/local communities.</p> <p>In Sweden the Sami traditional lands are on the very edge of the Domsjo supply area, but Swedish laws well protect their cultural and traditional rights.</p> <p>The avoidance of controversial sources in India is not clear. Although Birla does not believe that there is any wood coming from controversial sources given that they get wood from a government run plantation and small farmers, they are not monitoring and documenting the suppliers against the policy and therefore the status of the source is not known.</p>
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Observation: Based the findings, four areas require further sharing of information and site visits. This includes Harihar, Domsjo Fabriker, PT. Indo Bharat Rayon and Birla Jingwei Fibres Co., Ltd. A third party site evaluation is needed of Harihar and Domsjo Fabriker based on the risk of Ancient and Endangered forests and/or controversial sources entering the supply chain. A field evaluation of PT Indo Bharat Rayon given its high risk geography and Birla Jingwei Fibres Co, Ltd. to confirm that sourcing information is consistent.

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

Indicators	Findings:
<p>5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: See indicator 2.2</p>
<p>5.2 The MMCF producer has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found.**</p> <p>(Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Birla as a whole will be adding contract language that requires the supplier to conform to the policy. While there are already procedures to reject inputs that do not meet the CoC requirements at the AVC, AVN and Domsjo mills, they do not specifically include sourcing from ancient and endangered forests..</p> <p>There is no formal monitoring of the Harihar suppliers.</p>

<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: It is premature to evaluate this indicator. The indicator will be evaluated in subsequent audit.</p>
<p>Observation:</p>	

6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	
<p>Indicators</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>Findings:</p> <p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Canopy will review the audit report before it is made public and has been a key participant of the verification party.</p>
<p>Observation: This audit process is in progress, Canopy expects criteria 6.1 to be met as outlined in the verification guidelines.</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	
<p>Indicators</p>	<p>Findings:</p>

<p>7.1 The MMCF producer has developed and requires it's suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: AVC and AVN consults with First Nations and the Province on ensuring that traditional right are recognized and respected. They also have a strategy to develop capacity and relationship building with affected First Nation /indigenous/local communities.</p> <p>In Sweden the Sami traditional lands are on the very edge of the Domsjo supply area, but Swedish laws well protect their cultural and traditional rights.</p> <p>Suppliers who are FSC certified would be required to implement FPIC.</p> <p>Suppliers to Harihar are not certified or covered by an FSC CW verification, therefore have no reference to FPIC, in addition PEFC and FSC controlled wood do not meet the requirement for FPIC.</p> <p>The development of requirements for suppliers is in the early stages. As stated earlier, contracts with requirements have not been developed at the time of this evaluation.</p>
<p>7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: AVC and AVN is an internal supplier and as stated above does conform to human, indigenous, community and worker rights.</p> <p>Those suppliers with FSC forest management certification can be said to conform with the policy on these rights. Moreover they are audited annually to confirm that they are maintaining conformance. PEFC and FSC CW do not meet these requirements.</p> <p>Suppliers for Harihar are not certified and not monitored for conformance yet.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input checked="" type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Those suppliers that conform to FSC or PEFC or FSC-CW are required to have a transparent complaints or grievance mechanism.</p> <p>Complaints are tracked in AVC, AVN and Domsjo EMS system.</p> <p>At this point it is early in the implementation of the policy. At the next annual audit progress will be observed.</p>
<p>7.4 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Those suppliers that conform to FSC or PEFC or FSC-CW are required to make sure that they comply with the basic elements of the ILO. Birla's mills follow the laws in each country for their staff.</p> <p>For those suppliers that are not certified or verified to the FSC CW standard or they are not subject to a third party evaluation, then there is no guarantee that the supplier conforms to the ILO declaration.</p>
<p>7.5 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Those suppliers that conform to FSC or PEFC or FSC-CW are required to make sure that they comply with the basic elements of the ILO. Birla's mills follows the laws in each country for their staff</p> <p>For those suppliers that are not certified or verified to the FSC CW standard or they are not subject to a third party evaluation, then there is no guarantee that the supplier is conforming to the ILO declaration or the U.N. Declaration on Human Rights.</p> <p>The Harihar mill receives supply from government plantation owners and small farmers. They are not certified and Harihar does not monitor for social conflicts or human rights violations.</p>

Observation: Birla should develop an internal auditing procedure for meeting these requirements along with third party

validation periodically.

8. Development of Innovative and Alternative Fiber

Indicators

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.

Findings:

Conformance with Indicator:

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

Description of the finding:

Birla has its own R&D team in the company who are also members of associations and research groups developing improved products and processes in all parts of the value chain. However there are no specific references to alternative sources of fibre sources.

Conformance with Indicator:

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

Description of the finding:

No alternative sources at this time.

Observation:

9. Advocacy for conservation solutions	
Indicators	Findings:
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 protect remaining ancient and endangered forests**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Birla Cellulose takes part in conferences and panels to speak to the need to address sourcing from ancient and endangered forests, encourage other peers in the industry to join the CanopyStyle Initiative and is favorable to large scale conservation planning.</p> <p>Harihar and Domsjo are not managing forest and therefore do not believe this is applicable to them.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input checked="" type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: It is not clear that the company has been “prompted” to use its influence.</p> <p>We recommend that Canopy and the Leaders Group provide specific documented requests moving forward.</p>
9.3 The MMCF producer publicly supports large scale scientifically based conservation solutions, international and national target(s) and programs for preserving designated protected and conservation areas including the Free, Prior and Informed Consent of affected indigenous and local communities.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: AVC and AVN have Forest Management plans with elements of protecting forests with exceptional conservation value such as:</p> <ul style="list-style-type: none"> • Protected Natural Areas • High Value Conservation Forest • Species at Risk and Threatened and Endangered Species. <p>Harihar and Domsjo do not believe that this indicator is applicable given that they do not manage forests or plantations directly.</p>

<p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: For AVC and AVN they are an interested stakeholder for provincial recovery plans in place to increase endangered species populations. Ongoing recovery plans are scheduled for 2016 and beyond as needed.</p> <p>Domsjo and Harihar do not believe that this indicator is applicable because they do not manage forests or plantations directly.</p>
<p>Observation: The intent of this commitment is for Aditya Birla companies to advocate for conservation solutions regardless of whether or not the company is directly engaged in forest management. Advocacy can be in conjunction with suppliers, decision makers or with NGOs, or stakeholders in the areas where the company is sourcing supply. When prompted, dedicate resources to help advance the conservation of specific areas. This can be done via attending roundtables, webinars, letters of support, calls to decision makers, forest tours, etc.</p> <p>See the observation around stakeholder engagement in commitment 1. Engaging with stakeholders in a proactive way can provide many opportunities to expand the company's influence and gain recognition as a leader in environmental protection and community, worker, civil, and human rights.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Birla sources FSC where it is available. .Some employees have been directed to seek FSC supply or prepare and seek FSC certification..</p>
<p>Observation: The company should promote FSC certification, and where feasible, seek it for those sources that are not third party certified. The company should set targets to increase FSC intake over time, with a focus on FSC 100%.</p>	

11. Reduction of Greenhouse Gas (GHG) Footprint by Recognizing the importance of forests and peatlands as carbon storehouses	
Indicators	Findings:
11.1 The MMCF producer has developed and implemented procedures to evaluate their suppliers' performance in reducing GHG.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Birla has many internal programs to reduce waste and GHG. See http://www.birlacellulose.com/sustainability.php</p> <p>AVC, AVN are direct suppliers to Aditya Birla viscose mills. They fall under efforts to reduce GHG. Harihar and Domsjo are currently working to reduce GHG by either reducing trucking distance to the mill by accepting wood from a smaller radius, or by lobbying for larger loads on the road to reduce the number of trips.</p> <p>The are no procedures to evaluate the supplier performance to reduce GHG other than for AVC & AVN.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: AVC and AVN have a forest management plan that protects conservation and HCV forests. There is no peatland in AVC or AVN supply area. Sweden does have peatlands, but they are strictly protected by the government. No Peatlands near the Harihar mill.</p> <p>Birla preferences suppliers who produce FSC or PEFC certified raw materials. Although they have not documented preference to protect forests in all cases they will be requiring suppliers to conform to the policy through contracts.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Aditya Birla is making efforts to make their mills as environmentally friendly as possible. They are continually reducing waste, lowering water consumption, and</p>

	<p>recycling among their many initiatives. http://www.birlacellulose.com/sustainability.php</p> <p>While Birla is doing an exceptional job at managing the environmental quality of their operations, they are continuing to improve over time.</p>
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** Indicates Critical Indicators

IMPORTANT Exceptional Element

The verification audit is intended to verify that MMCF producers are not sourcing from ancient and endangered forests and other controversial sources. This section 7 is meant to describe the very rare cases where this could be acceptable, and defines the pre-requisites and other requirements for such rare exceptions to occur.

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

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

*i.e. large scale science-based conservation planning in Canada's Boreal Forests is expected to yield approximately 50-65% in protection.

CRITERA: If sourcing from global ancient and endangered forests, the MMCF producer (and/or supplier) is actively undertaking large-scale scientifically based conservation planning and seeking FSC pure certification for all wood sourcing.

<p>Indicators</p> <p>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>Findings:</p> <p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

<p>If sourcing from controversial areas, with records of conflict and human's rights violation, an assessments that include participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input checked="" type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: There is no evidence that there are human rights violations in Harihar, but there no evidence that there is not. No Monitoring of human, community or labor rights has been done by Harihar. India is high risk for these kinds of violations according to the FSC risk registry.</p> <p>It should be pointed out that Birla has programs for the poor and for empowering women as part of the corporate social responsibility commitment. There are several case studies near the Harihar mill. http://www.birlacellulose.com/csr.php</p>
<p>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.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>
<p>The MMCF producer has developed and implemented a time-bounded action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free Prior and Informed Consent.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>
<p>Observation:</p>	



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CanopyStyle Verification and
Guidelines
Evaluation Report for:

PT Indo Bharat Rayon
in
Purwakarta, Indonesia

Report Finalized: 6 June 2017
Evaluation Dates: 7 November 2016
Evaluation Team: Trusti Widiastuti (lead auditor)

Address: JL Raya Industri,
Desa Cilangkap,
Curug Purwakarta,
Kab. Purwakarta,
Jawa Barat 41101
West Java, Indonesia

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1 INTRODUCTION

The purpose of this report is to document performance of Aditya Birla's ***PT Indo Bharat Rayon***, hereafter referred to as "Organization", against the requirements of the Verification Framework and Guidelines, (September 2016 version) developed by Canopy and approved supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)¹ and the over 68 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.

The report presents the findings of Rainforest Alliance 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 Aditya Birla's desktop audit supplier list, which has been overlaid with the supplier's list from PT Indo Bharat Rayon to assess the conformity.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for evaluation design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance Headquarters directly. Formal complaints or concerns should be sent in writing.

¹ Current members of this group are H&M, M&S, Inditex/Zara, EILEEN FISHER, Stella McCartney and Canopy

2 GENERAL DESCRIPTION

Aditya Birla Group (ABG) is the largest producer of viscose staple fibre and market leader in Linen in India with a significant market shares – retail presence under the name “Linen Club”. Aditya Birla Group presence in Indonesia over the last 40 years is strong with a viscose staple fibre plant as PT Indonesia Bharat Rayon (IBR), a chemical plant as PT Indo Raya Kimia (IRK) and 3 spinning plants as Aditya Birla Yarn in 3 location: Purwakarta, Karawang (PT Indo Liberty Textiles) and Bekasi (PT Sunrise Bumi Textiles).

PT Indo Bharat Rayon (IBR), established in 1980 deed number 16 dated 5 September 1980, pioneered the production of viscose staple fiber (VSF) in Indonesia and was also the first to achieve ISO 9002 and ISO 14001 certifications as well as the OEKO-TEX certification from BTTG, Europe. The company’s modern plant situated at Purwakarta in West Jawa, commenced commercial production in 1982. IBR is the largest VSF plant within ABG. In addition to VSF for both textile and non-woven purposes.

Committed to continuous improvement, IBR has achieved a high level of operational efficiency and product quality. The company’s strong focus on environmental protection is reflected through its investments. This has been duly recognized with IBR continuously positioned under the “Blue Category” by the Ministry of Environment, Indonesia. Amongst other recognitions, IBR has won the IMC Ramkrishna Bajaj National Quality Award 2008 and has certified under FSC CoC, Reach and URSA.

The Organization does not source pulp directly from the market; all pulp is sourced through ABG’s business procurement division. Procurement division sourcing refers to group wood fibre sourcing policy, which is posted on the group’s website: [Aditya Birla Wood Fibre Sourcing Policy](#) dated 4 September 2015.

IBR as a unit had adopted wood pulp sourcing policy since 3rd February 2014 and same policy was communicated to unit stakeholders. In 5th May 2015 ABG has issue a new fibre sourcing policy, and it has been updated in 4th September 2015.

The raw materials for IBR is dissolving pulp from Pinus sylvestris, Picea abies, Maple (Acer spp), Poplar (Populus spp), Acer Rubrum, Acer Saccharum, Acer pensylvanicum, Quercus rubra, Fagus grandifolia, Fraxinus americana, Fraxinus nigra. Polulus tremuloides, Populus balsamifera. Dissolving pulp has specific requirements compared to paper pulp. ABG procurement business sources wood and pulp from certified forest and certified pulp suppliers. There are three main suppliers for IBR, all suppliers hold certification for their operation.

1. Domsjö Fabriker AB supplies soft wood pulp which is certified under FSC Cert DNV-COC-001061 and PEFC Cert 2015-SKM-PEFC-102.
2. Sappi Cloquet supplies hardwood pulp hold FSC certificate number SGSCH-CW-008634. According to the list provided by Aditya Birla. Cloquet holds several certifications e.g. FSC BV-COC-060801; FSC BV-CW-060801; SFI BV-SFCCOC-US07000220; SFIS BV-SFIS-US205583; and PEFC BV-PEFCCOC-US08000067.
3. AV Nackawick (AVN) supplies hardwood pulp is certified under SFI Cert SFI CERT-0058730 and SFI COC CERT-0087137.

3 EVALUATION SCOPE

3.1 Scope

A field evaluation of PT. Indo Bharat Rayon - Purwakarta is needed given its high-risk geography according to Birla Cellulose desktop evaluation report conducted 4 – 25 April 2016. The objective of this audit is to gather appropriate evidence to compare to the information on supply collected during the Birla Cellulose desktop evaluation and verify whether the suppliers to the mill avoid sourcing their raw materials from ancient and endangered forests and/or controversial sources within the supply chain. Where risk is moderate to high, and when documents provided are limited or insufficient to come to such conclusion with certainty, additional onsite audits would be required at any of the mills or suppliers. This evaluation covered Chain of Custody evaluation, with respect to the CanopyStyle Verification Framework and Guidelines for Viscose Producers applicable indicators. The areas and business process covered by the scope of the evaluation are shown below (Please verify and confirm the data):

Scope Item	Check all that apply to the Certificate Scope	
Mill type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Sources:	<input checked="" type="checkbox"/> Listed in Corp. Supplier List	<input type="checkbox"/> Other suppliers identified.
Map of Ancient and Endangered Forests Overlay Completed: <i>Global and regional maps of ancient and endangered forests have been developed by Canopy and used by auditor to conduct these audits. The maps will be made public and available to producers in the coming months.</i>	<input type="checkbox"/> Yes Comments:	<input checked="" type="checkbox"/> No Comments: Overlays were conducted as a part of the corporate desktop review. No new sources were identified during this audit.
Majority fiber input:	Dissolving pulp from Domsjo, Cloquet and AV Nackawick (AVN)	
Mill Capacity:	578 ton per day	
Primary activity:	production of viscose staple fiber (VSF), CS2 and Sulphuric Acid	
Outsourcing:	<input type="checkbox"/> FSC-certified Subcontractors	<input type="checkbox"/> Non-certified Subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
	<input checked="" type="checkbox"/> No Outsourcing	
Workforce:	Permanent male: 1235	Permanent female: 71
	Contract male: 26	Contract female: -
	TOTAL: 1332	

Number of sites included in this Evaluation: 01

Name/Description of sites	Location
PT. Indo Bharat Rayon	JL Raya Industri, Desa Cilangkap, Curug Purwakarta, Kabupaten Purwakarta, Jawa Barat 41101

4 EVALUATION RESULT

4.1 Evaluation Conclusion

During 7 November 2016, the Rainforest Alliance conducted an independent third party verification audit of the progress made by PT Indo Bharat Rayon in implementing the commitment of the **Aditya Birla Wood Fibre Sourcing Policy**, to document the risk of sourcing from the world's ancient and endangered forests and other controversial areas.

The Rainforest Alliance verification audit, reports that PT Indo Bharat Rayon progress to meet these commitments varies. This report documents the critical indicators (key performance indicators or KPIs) that have been fully met, those that are in partial conformance and those that are not in conformance, and specifies why.

Mill visits will verify annex 3 of the Verification Framework and Guidelines, (September 2016 version) use which extracted indicators and assume that all indicators within annex 3 are critical.

PT Indo Bahrat Rayon Performance Summary

Performance measure	Annex 3
Commitment met	1.11, 4.4, 4.5
Commitment in Progress	1.10, 2.7, 2.8,
Commitment not met	2.10
Not Applicable	2.6, 2.9, 4.6, 4.7, 5.4
Insufficient info available	N/A

4.2 Overall Summary of Results

In summary, the Rainforest Alliance verification audit provides evidence confirming that PT Indo Bharat Rayon is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. The results of this audit confirm that the risk of sourcing from Ancient and Endangered forests is low.

4.3 Recommendations

To comply with indicator 2.7 and 2.10 by including the forest origin on the invoicing and shipment documents it is quite difficult, although the production lines of IBR are fixed but pulp that came to IBR are source from different locations, the exact origin of the wood may not be possible to be identified.

It is an expectation of the CanopyStyle Initiative that Aditya Birla will work to transparently map out the entire fiber flow for the company. It is recommended that Canopy clarify a methodology to collect forest of origin information and work with producers, including Aditya Birla to implement and refine this methodology. This methodology may include, for example, the collection of GPS points, GIS

coordinates, shapefiles, scalling blocks, verified tenure numbers, or other means that serve to map sourcing areas for Aditya Birla’s mill and for their suppliers of dissolving pulp. Once the map of ancient and endangered forests is made public, the supply areas and identified forests of origin, can then be overlaid with the Canopy map of Ancient and Endangered forests. PT Indo Bharat Rayon should be made aware of this process and the results, such forest origin information and certification information can be used in subsequent audits.

4.4 Performance Measures

To generate a single result for each indicator in the CanopyStyle Verification and Guidelines for Viscose Producers, the findings from the evaluation are measured as follow:

1	Not Applicable	Is not applicable to the site
2	Commitment met	Full conformance with indicator
3	Commitment in Progress	Partial conformance
4	Commitment not met	Nonconformance
5	Insufficient information available	No information during visit

In addition to giving the result, the evidence used and a narrative description of findings is reported for each indicator (appendix B).

5 EVALUATION PROCESS

5.1 Evaluation Requirements

Standard/Guidelines used for the evaluation:	CanopyStyle Verification Framework and Guidelines for Viscose Producers
Key Performance Indicators:	Annex 3. List of KPIs and verifiers for a viscose or dissolving pulp mill level verification audits.

5.2 Evaluators and qualifications:

Name	Trusti Y Widiastuti	Role	Lead Auditor
Qualifications:	RA-Cert Assurance associate. Has completed SAN Farm/Group & SAN CoC lead auditor training. Has participated in more than 30 SAN Farm and CoC audits and two assurance site verifications.		

5.3 Evaluation schedule

Date	Location /Main sites	Principal Activities
7 Nov 2016 / 09:05 – 10:00 WIB	Purwakarta/ Organization Office	Opening Meeting
7 Nov 2016 / 10:00 – 12:00 WIB	Purwakarta/ Organization Office	Document review & interview
7 Nov 2016 / 13:00 – 16:00 WIB	Purwakarta/Organization plant and facilities	Site Inspection / Facility Inspection & interview
7 Nov 2016 / 16:00 – 16:30 WIB	Purwakarta/Organization Office	Auditor time
7 Nov 2016 / 16:30 – 17:00 WIB	Purwakarta/Organization Office	Closing meeting

5.4 Interviews

Date	Principal Responsibilities
7 Nov 2016	Head QA
7 Nov 2016	Marketing
7 Nov 2016	Production
7 Nov 2016	Production Viscose II
7 Nov 2016	Lab/ QC
7 Nov 2016	Human Resources
7 Nov 2016	Lab/ QC
7 Nov 2016	HR Officer
7 Nov 2016	General Affair
7 Nov 2016	Environment officer

5.5 Documents and websites reviewed

Document Name	Link (if applicable)
Aditya Birla Wood Fibre Sourcing	http://sustainability.adityabirla.com/images/Wood%20Fibre%20Sour

Policy	cing%20Version%201.pdf
Indo Bharat Rayon profile	http://www.adityabirla.com/businesses/Profile/Pt-Indo-Bharat-Rayon-(Indonesia)
IBR legal documents	Onsite - desk review
IBR environmental document	Onsite- desk review
IBR Material input	Onsite – desk review
IBR SAP system related to production	Onsite review
IBR shipping documents	Onsite- desk review

Appendix A: ORGANIZATION DETAILS

Organization information	
Legal name:	PT Indo Bharat Rayon
Legal jurisdiction:	Indonesia
Type of legal entity:	Limited company
Address:	JL Raya Industri, Desa Cilangkap, Curug Purwakarta, Kabupaten Purwakarta, Jawa Barat 41101
Website:	http://www.adityabirla.com/businesses/Profile/Pt-Indo-Bharat-Rayon-(Indonesia)

Appendix B: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers Annex 3

1. Publicly communicating and implementing the 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization has established and made public the policy, key managers of the organization are aware of the group policy and demonstrated the commitment to implement the policy. However, based on observation the Aditya Birla Wood Sourcing Policy that been communicated to staff is still the 2014 version of Aditya Birla Policy. While in Aditya Birla website the wood fibre policy has been updated in 4th September 2015: Aditya Birla Wood Fibre Sourcing Policy</p>
1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Manager and staff in the production floor are aware of the policy and developed the procedure to implement the policy in some of the relevant areas. During the inspection, staff of the organization followed the procedure that has been developed and followed the direction of manager and supervisor, such as information receiving material from listed supplier.</p>
<p>Observation: The organization has good communication and publication of the policy, and implementing it in the organization daily activity. The human resources has regular training program, one of the training plan related to FSC requirements and Group Sourcing Policy. However, IBR has not yet received and posted the updated ABG sourcing policy dated 4th September 2015.</p>	

2. Sourcing from transparent supply chains that are in conformance with the policy.	
Indicators	Findings:

<p>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.</p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Organization is corporate owned mill with no purchasing responsibilities. Purchase and supplier invoice documentation is maintained by the corporate purchasing site.</p>
<p>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.</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Purchase document and sales has supplier name, material description, quantity and delivery document related, also same with the commercial invoice, the organization only receive pulp sourced by ABG. There was no forest of origin mentioned in the delivery document, only the certification number is mentioned, although there is one supplier that does not state its certificate number in the delivery document.</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>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Material received from Domsjo and Cloquet has mentioned certificate code. Domsjo identify its own certificate number, while Cloquet identify Catley Trading Limited FSC certificate number, because the shipment of pulp goes through Catley. AV Nackawick shipment did not identify any certificate number, because AVN is certify under SFI and SFI does not requires identification in the delivery documents.</p>
<p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: <i>Organization is corporate owned mill with no</i></p>

	<i>purchasing responsibilities. Refer to the Birla Cellulose evaluation report (audit conducted April 2016).</i>
2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Supplier outgoing transportation does not include forest/plantation origin nor FSC certificate number of IBR.</p>
<p>Observation: From the document review, it was observed that the delivery document from suppliers does not include identification of forest origin, although there is a FSC chain of custody certificate code for invoice from Domsjo and Cloquet, but not for AVN, the AVN invoice does not have any certification number identification. Same observation also seen in the delivery document from IBR to customer, it also does not have the FSC certificate number of IBR. During the audit the organization has demonstrated traceability of material used for production, auditor take a sample of production batch number and it can be traced up to invoice through SAP system and manually.</p> <p>Organization is corporate owned mill with no purchasing responsibilities; therefore, indicators 2.6 and 2.9 are not applicable. It is an expectation of the CanopyStyle Initiative that Aditya Birla will work to transparently map out the entire fiber flow for the company. It is recommended that Canopy clarify a methodology to collect forest of origin information and work with producers, including Aditya Birla to implement and refine this methodology. This methodology may include, for example, the collection of GPS points, GIS coordinates, shapefiles, scalling blocks, verified tenure numbers, or other means that serve to map sourcing areas for Aditya Birla's mill and for their suppliers of dissolving pulp. Once the map of ancient and endangered forests is made public, the supply areas and identified forests of origin, can then be overlaid with the Canopy map of Ancient and Endangered forests. PT Indo Bharat Rayon should be made aware of this process and the results, such forest origin information and certification information can be used in subsequent audits.</p>	

4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.	
Indicators	Findings:
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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During the audit, it was observed that the organization is aware with local national law such as all material received has been controlled by custom in place as the organization is bonded zone, and enviroment control (UKL UPL)conducted by department of enviroment for every six month has been followed by the organization.</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 procure wood from Ancient and Endangered forests and controversial sources</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization has communicated the information about the ancient and endangered forest and controversial source through training that has been arranged by HR division. Although they need to update the sourcing policy as they are working from an older version. Related staff are well aware the pulp source and where it came from. Staff have no authority to make independent purchases from additional suppliers.</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>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: <i>Organization is corporate owned mill with no purchasing or sourcing responsibilities. Refer to the Birla Cellulose evaluation report (audit conducted April 2016).</i></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>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: <i>Organization is corporate owned mill with no purchasing or sourcing responsibilities. Refer to the Birla Cellulose evaluation report (audit conducted April 2016).</i></p>
<p>Observation:</p> <p>Organization is corporate owned mill with no purchasing responsibilities; therefore, indicators 4.6 and 4.7 are not applicable at the site level, and only applicable at the corporate level.</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 nonconformances to the CanopyStyle policy and sanctions to suppliers in such cases where non conformances are identified.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p>

	Description of the finding: <i>Organization is corporate owned mill with no purchasing or sourcing responsibilities. Refer to the Birla Cellulose evaluation report (audit conducted April 2016).</i>
Observation: Organization is corporate owned mill with no purchasing responsibilities; therefore, this indicator is not applicable at the site level.	



**Rainforest
Alliance**

**CanopyStyle Verification and
Guidelines
Evaluation Report for:**

**Grasim Industries Ltd
in
Harihar, Karnataka
(India)**

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Report Finalized: 6 June 2017
Evaluation Dates: 18th & 19th November 2016
Evaluation Team: Raj Mani Mishra – Lead Auditor
Narendra Mohan – Auditor

Address: Harihar, Kumarapatnam –
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1 INTRODUCTION

The purpose of this report is to document performance of **Grasim Industries Ltd, Harihar Unit**, hereafter referred to as "Organization", against the requirements of the Verification Framework and Guidelines, (September 2016 version) developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)¹ and the over 68 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.

The report presents the findings of Rainforest Alliance 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. The maps will be made public and available to producers in the coming months.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for evaluation design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

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2 GENERAL DESCRIPTION

Birla Cellulose, Harihar Production Site/Mill & Suppliers:

Harihar Polyfibers & Grasilene Division houses facility for manufacture of both VSF and rayon grade pulp, the basic raw material for VSF. The Harihar unit is purchasing pulp and eucalyptus wood as raw material and producing the VSF as output. It has a capacity of 70,000 TPA and workforce of 2640 individuals. It is sourcing eucalyptus wood harvested from farmers via suppliers in India, as well as some non-Indian sources, including Birla owned sources of pulp such as Domsjö Farbriker.

Birla Cellulose is an India based company that is a global leader in manufacturing man-made cellulose for the textile industry. It is a subsidiary of Grasim, part of the Aditya Birla Group of companies. It is a global company with dissolving pulp and viscose mills in Canada, Sweden, India, Indonesia, Thailand and China. The companies included in the group produce dissolved pulp from forests and plantations and man-made cellulose obtained from both internal and external dissolved pulp producers. Their products include man-made cellulosic fabrics, trademarked man-made cellulosic brands and non-woven man-made cellulosic fibres marketed globally to clothing manufacturers.

Birla prides itself on its environmental sustainability and corporate social responsibility policies. They are participating in the CanopyStyle Initiative² and as recognition of their commitment are undergoing this evaluation.

Decisions for raw material inputs for the internal dissolved pulp facilities are made at the local level. Pulp purchases for the viscose mills are made centrally at Birla headquarters in India.

Aditya Birla's wood fibre sourcing policy states that:

"The company shall implement its best efforts to avoid trading and sourcing wood or wood fibre 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 conversion of natural forests or converted to non-forest use.*
- e) Wood from forest in which genetically modified trees are planted
- f) Wood harvested in ancient and endangered forests or endangered species habitat.*

* For c, d and f, the Company shall verify that meaningful conservation plans are in place to ensure that the health and ecological integrity of these forests are maintained and/or enhanced with large-scale protection. With this in place, dispensation, from c), d) and f) may be granted from such restrictions, where the wood derives from harvesting operations conducted as part of a biotope-conservation program and or sustainable forest management system, in compliance with the official recommendations of the appropriate forestry authority.

² The CanopyStyle Initiative is led by environmental not-for-profit Canopy which, to date, has supported over 68 brands, designers and retailers, as well as 9 of the top 10 largest global producers, on developing sourcing policies for fabrics made from forests.

3 EVALUATION SCOPE

3.1 Scope

Birla Cellulose, Harihar production site/mill, supplier verification audit: A field evaluation of Birla Cellulose Harihar unit and its suppliers is needed given its high-risk geography according to Aditya Birla Cellulose evaluation report. The objective of this audit is to gather appropriate evidence to verify whether viscose producers & its suppliers avoid sourcing their raw materials from ancient and endangered forests and/or controversial sources within the supply chain. Where risk is moderate to high, and when documents provided are limited or insufficient to come to such conclusion with certainty, additional onsite audits have been required at specific mills and/or suppliers.

This evaluation covered Annex 3 & Annex 4 indicators of the mill & suppliers with respect to the CanopyStyle Verification Framework and Guidelines for Viscose Producers applicable indicators. The areas and business process covered by the scope of the evaluation are shows below:

The objective of this audit is to gather appropriate evidence to verify whether ancient and endangered forests and/or controversial sources are potentially in the supply chain. Where risk is moderate to high, and when documents provided are limited or insufficient to come to such conclusion with certainty, additional onsite audits would be required at any of the mills or suppliers.

Scope of the Evaluation

Scope Item	Check all that apply to the Certificate Scope	
Mill type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Sources:	<input checked="" type="checkbox"/> Listed in Corporate Supply list: Domsjö	<input checked="" type="checkbox"/> Other suppliers: local Indian agrofarms and traders.
Map of Ancient and Endangered Forests Overlay Completed: <i>Global and regional maps of ancient and endangered forests have been developed by Canopy and used by auditor to conduct these audits. The maps will be made public and available to producers in the coming months.</i>	<input type="checkbox"/> Yes Comments:	<input checked="" type="checkbox"/> No Comments: The company did not provide a map to overlay. Instead a list of suppliers was provided with general understanding of origin areas near Karnataka.
Majority fiber input:	<ul style="list-style-type: none"> - Dissolving pulp from suppliers included in the desktop review or subsequent audits (low risk) - Indian Agrofarm; Eucalyptus (Eucalyptus spp.) 	
Mill Capacity:	70,000 TPA	
Primary activity:	Rayon Grade Pulp & Viscose staple fibre production	
Outsourcing:	<input type="checkbox"/> FSC-certified Subcontractors	<input type="checkbox"/> Non-certified Subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
Workforce:	Permanent male: 1,529	Permanent female: 07
	Contract male: 1,101	Contract female: 03
	TOTAL: 2,630	10

Number of sites included in this Evaluation: 1

Name/Description of sites	Location
Birla Cellulose, Harihar Unit	Harihar, Karnataka
Supplier & Farmers Fields	Dabbaspeta, Karnataka

4 EVALUATION RESULT

4.1 Evaluation Conclusion

Birla Cellulose, Harihar Production site/mill & Suppliers evaluation conclusion: During the month of November 2016, RA conducted an independent third party verification audit of the Birla Cellulose, Harihar unit & its suppliers against the progress made in implementing the commitment of the Aditya Birla Wood Fibre Sourcing Policy, to document the risk of sourcing from the world’s ancient and endangered forests and other controversial areas.

This audit concludes that the risk of sourcing from ancient and endangered forests and other controversial sources is low. The Rainforest Alliance verification audit reports the critical indicators (key performance indicators or KPIs) that have been fully met, those that are in partial conformance and those that are not in conformance, and specifies why.

Performance measure	Grasim Industries Annex 3	Forest Suppliers Annex 4
Commitment met	1.10, 2.9, 4.4, 4.5, 7.2, and 7.3.	4.5, 4.4
Commitment in Progress	1.11, 2.6, 2.7, 2.8, 4.7, 7.1, 7.4, 7.5, and 7.6	1.10, 2.10, 3.1, 4.7, 7.3, 7.4, 7.5, and 7.6
Commitment not met	2.10, 4.6, 5.4	1.11, 4.6, 7.1, 7.2
Not Applicable		
Insufficient info available		

4.2 Overall Summary of Results

Birla Cellulose, Harihar Production site/mill & Suppliers evaluation conclusion:

In summary, the Rainforest Alliance verification audit provides evidence confirming that Birla Cellulose unit at Harihar & its suppliers are investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. Additional work is required to fully meet all of the criteria, and to lower the risk of sourcing from ancient and endangered forests and other controversial sources.

Based on our site audit and field visit to the suppliers’ locations, we recommend further sharing of information to complete the requirements of the verification framework and allow for robust analysis and conclusions.

It was also found that Harihar Unit and its suppliers are in a progressive stage to meet all the commitments and expectations of the CanopyStyle initiatives.

Rainforest Alliance conducted an independent risk assessment to understand the risk of sourcing from ancient and endangered sources. Based on the information collected during the audit, the company sources eucalyptus from farms that can be near the ancient and endangered forests identified on the Canopy map, but are unlikely to overlap. The ancient and endangered forests identified are forests of the Periyar National park and the Western Ghats, areas of land that are unlikely to contain private farms.

4.3 Recommendations

Based on the results of the audit, the following recommendations are made.

1. It is an expectation of the CanopyStyle Initiative that Aditya Birla will work to transparently map out the entire fiber flow for the company. It is recommended that Canopy clarify a methodology to collect forest of origin information and work with producers, including Aditya Birla to implement and refine this methodology. This methodology may include, for example, the collection of GPS points, GIS coordinates, shapefiles, scalling blocks, verified tenure numbers, or other means that serve to map sourcing areas for Aditya Birla’s mill and for their suppliers of dissolving pulp. Once the map of ancient and endangered forests is made public, the supply areas and identified forests of origin, can then be overlaid with the Canopy map of Ancient and Endangered forests. Grasim Industries should be made aware of this process and the results, such forest origin information and certification information can be used in subsequent audits.
2. As mentioned in the CanopyStyle audit framework, and based on risk, ongoing regular audits, or random site visits, may be essential to ensure that Grasim Industries continues to implement their policy and meet the expectations of the CanopyStyle Initiative.

4.4 Performance Measures

To generate a single result for each indicator in the CanopyStyle Verification and Guidelines for Viscose Producers, the findings from the evaluation are measured as follow:

1	Not Applicable	Is not applicable to the site
2	Commitment met	Full conformance with indicator
3	Commitment in Progress	Partial conformance
4	Commitment not met	Nonconformance
5	Insufficient information available	No information during visit

In addition to giving the result, the evidence used and a narrative description of findings is reported for each indicator (appendix B).

5 EVALUATION PROCESS

5.1 Evaluation Requirements

Standard/Guidelines used for the evaluation:	Canopy Style Verification Framework and Guidelines for Viscose Producers September 2016
Key Performance Indicators:	Annex 3 & Annex 4

5.2 Evaluators and qualifications:

Name	Raj Mani Mishra	Role	Lead Auditor
Qualifications:	Rainforest Alliance Lead Auditor for FSC-COC and an Auditor for FSC FM, having industry experience of more than around 10 years. Raj Mani Mishra, B.Sc. Graduate with Degree in Law has done more than 300 (Three hundred) COC audits /assessment, and more than 10 FSC-FM assessment/ pre-assessment and one forest carbon project till date. He has more than six years' of experience in FSC-COC auditing.		

Name	Narendra Mohan	Role	Auditor
Qualifications:	Narendra Mohan is a FSC COC Lead Auditor. He has done Post Graduation in Forest Management from Indian Institute of Forest Management, Bhopal and having experience of 3 Years in conservation & livelihood field. He has been involved in field-testing as trainee auditor of FSC standards and conducting FSC FM, COC/ CW and WWF-GFTN audits.		

5.3 Evaluation schedule

Date	Location /Main sites	Principal Activities
18 th November 2016	Grasim Industries Ltd, Birla Cellulose, Harihar	Opening Meeting, Documentation check, mill visit, interviews, departments visit & closing meeting
19 th November 2016	Suppliers & sub suppliers visit in Dabbaspeta	Field visits, documentation check, interviews

5.4 Interviews

Date	Principal Responsibilities
18 th November 2016	Planning, Implementation & Monitoring of CSR activities of the organization.
18 th November 2016	Human Resources Management in organization
18 th November 2016	Employee Relations Management in organization
18 th November 2016	Employee Relations Management in organization
18 th November 2016	Wood Procurement
18 th November 2016	Wood Procurement from Malur Region.
18 th November 2016	Wood Procurement from Dabbaspeta Region.

18 th November 2016	Assist in Wood procurement from Devannahalli Region
19 th November 2016	Management of supplier Weighbridge
19 th November 2016	Owner of Shri Vir Bhadreshwar Traders
19 th November 2016	Sub Supplier
19 th November 2016	Sub supplier
19 th November 2016	Sub supplier
19 th November 2016	Farmer
19 th November 2016	Tractor Driver
19 th November 2016	Owner of Shri Omkar Weigh Bridge
19 th November 2016	Managing office of Shri Omkar Weigh Bridge
19 th November 2016	Administration work of Shri Omkar Weigh Bridge
19 th November 2016	Harvesting Labour
19 th November 2016	Harvesting Labour
19 th November 2016	Harvesting Labour
19 th November 2016	Harvesting Labour
19 th November 2016	Harvesting Labour
19 th November 2016	Harvesting Labour

19 th November 2016	Harvesting Labour
19 th November 2016	Harvesting Labour

5.5 Documents and websites reviewed

Document Name	Link (if applicable)
Fiber Sourcing Policy	http://www.birlacellulose.com/pdfs/fibre-sourcing-policy.pdf
Suppliers documents	
Safety policy	
Policies including child labor policy	
Records relating to work done for local people under CSR	
Canopy Map	
	http://www.thehindu.com/news/cities/bangalore/changes-in-law-needed-to-ban-eucalyptus-plantations/article7440926.ece
Impact of Eucalyptus Plantations on Ground Water Availability in South Karnataka	

Appendix A: ORGANIZATION DETAILS

Organization information	
Legal name:	Grasim Industries Ltd
Legal jurisdiction:	Haveri District, Karnataka, India
Type of legal entity:	Limited Company
Address:	Grasim Industries Ltd. Kumarapatnam – 581123, Ranebennur Taluk, Haveri District. Karnataka
FAX/email:	Fax : +91-8373 242875, 8192 247555 Email : grasimharihar@adityabirla.com
Website:	http://www.grasim.com

Appendix B: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers Annex 3

1. Publicly communicating and implementing the 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During the visit at the production site, it was found that all of the key managers were aware about the policy and committed to implement it. Organization has posted the signed policy dated May 5th 2015 on its website and shared the same with all the key managers of Birla. It has also conducted the training in which all of the concerned employees were made aware about the policy and its implementation. Records of the training provided were checked by the auditors. (Please visit http://www.birlacellulose.com/pdfs/fibre-sourcing-policy.pdf)</p>
1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Key managers of the all departments are aware about the fibre sourcing policy and the wood sourcing department explained that they are following all the six requirements as mentioned in the policy document while purchasing the material. However, all the relevant departments are developing the procedures to implement the policy as explained during interview.</p>
Observation:	

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.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met</p>

	<input type="checkbox"/> Insufficient Information Available Description of the finding: The production site is maintaining all purchase and sales documentation related to the input materials. They are receiving material from their suppliers who send them their sales invoice, transport documentation with the slip which contain the source of origin details. During audit, sampled documents of the supplies were checked and found that source of origin details were not always managed for each supply. Many times this information is present from local sources via slips, but consistently not present from non-local sources.
<p>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.</p>	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding: The production site is maintaining all purchase and sales documentation related to the input materials and sales documentation cover the delivery documentations (they all come together with the material). The invoices which covers the delivery details verified during audit. It was found that source of origin details were not always managed for each supply. Many times this information is present from local sources via slips, but consistently not present from non-local sources.</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>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding: Production site has not sourced from certified or verified land origin with supplier code and claim until now. FSC certified material was not purchased by the organization. Organization is purchasing wood from local farmers/suppliers who are involved in plantations. organization has applied for FSC chain of custody certification - after certification this requirement may be fulfilled.</p>
<p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</p>	<p>Conformance with Indicator:</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>Description of the finding: Production site maintain the summary of annual purchase, production and sales. During audit, purchase and sales documents were checked and found that there is an ERP system implemented by the organization for proper documentation of all purchase, production and sales related figures.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During audit, it was found that not all the suppliers are providing the origin documentation as needed. However, the management of the production unit has communicated to the suppliers to provide origin documentation as per wood sourcing policy otherwise, production site won't source input material from them if they failed to meet the requirement. During visit to supplier it was found that organization has already shared the wood sourcing policy with their supplier.</p> <p>Besides the inconsistencies of receiving origin information, the organization does not have procedures to share this information with customers on outgoing documentation.</p>
<p>Observation: The organization receives material from both regional and non-regional sources (e.g. Domsjö). Many times origin information is on the transport slip with the material, but not always. This information is not passed along via outgoing documentation. The organization should strengthen their procedures to ensure origin information is always collected, and origin of information is shared to customers further in the supply chain.</p> <p>It is an expectation of the CanopyStyle Initiative that Aditya Birla will work to transparently map out the entire fiber flow for the company. It is recommended that Canopy clarify a methodology to collect forest of origin information and work with producers, including Aditya Birla to implement and refine this methodology. This methodology may include, for example, the collection of GPS points, GIS coordinates, shapefiles, scalling blocks, verified tenure numbers, or other means that serve to map sourcing areas for Aditya Birla's mill and for their suppliers of dissolving pulp. Once the map of ancient and endangered forests is made public, the supply areas and identified forests of origin, can then be overlaid with the Canopy map of Ancient and Endangered forests. Grasim Industries should be made aware of this process and the results, such forest origin information and certification information can be used in subsequent audits.</p>	

<p>4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.</p>	
<p>Indicators</p> <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>Findings:</p> <p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met</p>

	<input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Production site is aware of all relevant local, national and international laws and comply with them. explained that all fees and taxes are paid on time and production unit ensure that it complies with all laws at all time. During audit he explained the requirement of Factories Act and labor laws.
<p>4.5 Production site/mill understands the definitions of Ancient and Endanger forests and controversial sources. They also comply with the commitment to not procure wood from Ancient and Endangered forests and controversial sources</p>	<p>Conformance with Indicator:</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>Description of the finding: During the interview with the concerned managers of the various departments like fiber sourcing, HR, materials. They explained the definition of Ancient and endangered forest and controversial sources as per the Canopy and explained that they are aware about their fiber sourcing policy. Further, they explained that production site is not sourcing any of the controversial sources and Ancient and Endangered forests.</p> <p>India: They are sourcing from the fields of the farmers only who are involved in agro forestry or planting eucalyptus in their farms. The Canopy ancient and endangered forests map identifies one area in southeastern India, however this area is a protected national park, where there is little to no risk of agroforestry.</p> <p>Outside of India: Additional suppliers of dissolving pulp have been identified, however they are suppliers confirmed as low risk during the desktop audit or subsequent site visits.</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>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding: During audit, it was explained that production unit is not sourcing from any ancient and endangered forest as they are sourcing from farmers' fields. However, it has not conducted any assessment to check the presence of ancient and endangered forest in their wood supply areas.</p>

	<p>Rainforest Alliance conducted a risk assessment on known suppliers and found:</p> <p>India: They are sourcing from the fields of the farmers only who are involved in agro forestry or planting eucalyptus in their farms. The Canopy ancient and endangered forests map identifies one area in southeastern India, however this area is a protected national park, where there is little to no risk of agroforestry.</p> <p>Outside of India: Additional suppliers of dissolving pulp have been identified, however they are suppliers confirmed as low risk during the desktop audit or subsequent site visits.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: As the production site has not conducted the assessment to check the ancient and endangered forest and other controversial sources that's why there is not information available.</p> <p>Rainforest Alliance conducted a risk assessment on known suppliers and found:</p> <p>India: They are sourcing from the fields of the farmers only who are involved in agro forestry or planting eucalyptus in their farms. The Canopy ancient and endangered forests map identifies one area in southeastern India, however this area is a protected national park, where there is little to no risk of agroforestry.</p> <p>Outside of India: Additional suppliers of dissolving pulp have been identified, however they are suppliers confirmed as low risk during the desktop audit or subsequent site visits.</p>
<p>Observation:</p> <p>The organization has identified the Indian suppliers providing raw material for production. These suppliers are farmers growing short growth plantation style eucalyptus on a small scale. Additional suppliers of dissolving pulp have been identified, however they are suppliers confirmed as low risk during the desktop audit or subsequent site visits.</p> <p>The auditors recommend the organization maintain a full supplier list for the Grasim facility, and conduct their own risk assessment for risk of sourcing from Ancient and Endangered forests. This should be done by mapping supply areas and conducting a map overlay with the Canopy map for Ancient and Endangered</p>	

forests. The maps developed by Canopy will be publicly available in the coming months therefore allowing all of the Birla procurement operations to overlay with a map.

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 nonconformances to the CanopyStyle policy and sanctions to suppliers in such cases where non conformances are identified.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Supplier unit has documented the contract with the suppliers in which it has updated the wood fibre sourcing policy in the contract of its wood suppliers. If any supplier contravenes these criteria than the production unit first engage them to change practices and then re-evaluate its relationship with them. However, it has not any documented program for monitoring performance of suppliers and any procedure for identifying nonconformance. it was explained that monitoring performance program is in developing phase and will be ready soon, however there was no evidence of a draft procedure.</p>

Observation: The ancient and endangered forests maps will be available publicly in the coming months to support this monitoring program.

7. 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 production site/mill has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Production unit has made the fibre sourcing policy and it has been communicated to the suppliers to comply. However, it has not developed the procedures to implement free, prior and informed consent of indigenous people and local communities. It was explained that organization has applied for FSC CoC & CW certification under which the unit will develop those procedures also.</p>
<p>7.2 Production site/mills document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p>

	<p>Description of the finding: During the interview with HR personnel, it was found that production unit is complying with local, national labour laws and international conventions. They are committed to respect all the rights related to workers and introduced the policies and procedure to implement it. Policies like, anti-discrimination, fair wages, child labour, etc. were checked by the auditor, and no evidence of noncompliance with these policies were found..</p>
<p>7.3 The production site/mills 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Production site has the documented procedure and process of handling complaints and conflict resolution in accountable manner mutually agreed by the parties. It has made the register to document the complaints and the status with final decisions for future reference as verified during audit.</p>
<p>7.4 The production site/mill and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Production site have developed their internal capacity and organizational structure to recognize and respect the rights of its workers. They are having Human resource department & employee relations department who deal with the workers. However, its suppliers are in process to recognize the rights of its workers as per international conventions as explained during audit.</p>
<p>7.5 The production site/mill has developed procedures to ensure commitment to the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During audit, it was found that production site has developed the policies and procedure to comply with ILO declaration on fundamental principles and rights at work. HR & ER department personnel's explained that worker rights and their safety concerns are taken on priority in production site. Suppliers are in</p>

	the process to develop procedures to ensure the commitment to ILO as explained during audit.
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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Production unit is recognized and respecting the human rights as explained by the HR department during interview by presenting the policies of the organization in this regard. During audit, operations sites were visited and found that all the worker were provided with relevant PPEs for their safety. Regular health checkups and medical facilities are available inside the premises. No child labour is involved and discrimination between male and female labour were not present.</p>
<p>Observation: Grasim Industries has developed the basic procedures to ensure policies are procedures are in place to ensure the protection of the rights of its workers.</p>	

Appendix C: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers Annex 4

1. Publicly communicating and implementing the Fiber Sourcing/Forest Policy	
Indicators	Findings:
1.10 The suppliers are aware of the policy and understand their responsibilities to be in full compliance with it.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During the field visit to supplier locations, it was found that suppliers were also communicated about the fiber sourcing policy and copies of the documented policy were given to each supplier. While interview with the suppliers, they explained that they are in process to comply with the policy and initiated the process to track down the source of origin and supply the same document having source of origin details to the production unit.</p>
1.11 The supplier has procedures in place that shows it is compliant with the MMCF producer's policy	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During the visit, it was found that supplier has initiated the process to comply with policy. However, it has not any documented procedure in place to show the compliant with the policy.</p>
<p>Observation: The suppliers have limited knowledge of the policy, but are aware of the core components. The suppliers should develop and implement procedures to demonstrate conformance with the policy.</p>	
2. Sourcing from transparent supply chains that are in conformance with the policy.	
Indicators	Findings:
2.10 The suppliers provide sales and transportation documents that include forest/plantation of origin and certification status if relevant.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During the visit made to the suppliers locations It was found that suppliers are</p>

	<p>providing sales invoice, transportation documents and for some suppliers, it provide the plantation origin details. However, suppliers have communicated that they have initiated the process to supply the origin detail documents for all the supplies provided to the production unit.</p>
<p>Observation: The suppliers often provide information on origin to the organization, however this is not consistent. The supplier should develop and implement a procedure to always provide forest of origin information.</p>	

3. Sourcing from converted lands	
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 valid FSC certificate.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: During audit, it was found that all plantation is sourced from fields owned by the farmers who are having land ownership documents since their forefathers time. However, initial date of the plantation development has not documented. During interview, suppliers has explained that Copy of the land records can be checked to confirm pre 1994 or post 1994 conversion areas but there is not any post 1994 conversion areas as these are the lands owned by farmers from older generations.</p>
<p>Observation: The risk of agricultural lands in this region of India to be converted post 1994 is low to minimal. However the suppliers should maintain documented evidence of land records to demonstrate that this threshold is met.</p>	

4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.	
Indicators	Findings:
<p>4.4 The supplier is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: During audit, Suppliers has explained the relevant laws to demonstrate their awareness and shown the receipt of taxes and fees paid to the government. Further, they also explained that they are following the labour laws related to child labour, labour union, fair wages, etc. There is not any evidence of non-compliance were reported.</p>
<p>4.5 Forests/Plantation wood suppliers comply with the commitment to not supply wood from: Ancient and Endangered forests and controversial sources. The also</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable </p>

<p>demonstrate an understanding of the definitions of Ancient and Endangered forests and controversial sources.</p>	<p><input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During the interview with the suppliers, they explained about the ancient and endangered forests and controversial sources as they got the training from the production unit field officers. Further they explained that they are sourcing wood from farmer's fields only not from ancient and endangered forest or any controversial sources. However, they have committed to not source material from ancient and endangered forest or the controversial sources as per the wood sourcing policy of organization.</p>
<p>4.6 Suppliers have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Suppliers have not assessed the presence of ancient and endangered forest and other controversial forests in their wood supply areas. However, during the interview, suppliers have explained that they are sourcing from the fields of the farmers who plant trees on bunds, agroforestry models, and plantation. They are not sourcing from any ancient and endangered forests and other controversial areas.</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 Canopy Style audit.</p>	<p>Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: As the suppliers have not assessed, so there is not any sufficient information available to check that which are the regions comes under the ancient and endangered forests and other controversial sources. However, suppliers have explained that they are sourcing only from the farmer fields.</p> <p>Rainforest Alliance conducted a risk assessment on known suppliers and found:</p> <p>India: They are sourcing from the fields of the farmers only who are involved in agro forestry or planting eucalyptus in their farms. The Canopy ancient and endangered forests map identifies one area in southeastern India, however this area is a protected</p>

	national park, where there is little to no risk of agroforestry.
<p>Observation: The organization’s suppliers harvest eucalyptus from farms who plant trees on bunds, agroforestry models and plantations. It can therefore be assumed that risk is low for sourcing from ancient and endangered forests, which are only in an area of southern India that are contained in national parks and mountain ranges. However, the organization and suppliers are not conducting a risk assessment where they are overlaying a map of their supply area with the Canopy map that identifies ancient and endangered forests. Therefore performance is “in progress” for all areas related to these activities.</p>	

7. 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 supplier has developed and adopts a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities. **</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: Suppliers has not developed the procedures to implement Free, prior and informed consent of indigenous people and local communities. However, they have received the fiber sourcing policy document from the production site and demonstrated their awareness about the policy during the interviews conducted at supplier locations.</p>
<p>7.2 Suppliers document how they conform with the MMCF producer’s commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers. **</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: Suppliers have not documented any procedure to conform the MMCF producer’s commitment to recognize and respect human rights, community rights, first nation rights and rights of workers. However, suppliers are respecting worker’s rights, community rights and human rights to comply with the local and national laws.</p>
<p>7.3 The 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>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: During the interview, suppliers have explained that there are not any</p>

	<p>complaints and any type of conflicts has occurred until now in their business operations. However, they are developing the procedure and made complaint register to document the complaint or conflict and the status of the same.</p>
<p>7.4 The suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During audit, it was found that suppliers are respecting the rights of the workers to comply with the local and national labour laws. However, they haven't recognized the international labour organization conventions yet as they haven't any knowledge about the conventions. During the interview, suppliers have explained that they will collect the information about ILO and recognize and respect the worker rights as per the conventions also.</p>
<p>7.5 The 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Suppliers have not uphold the ILO declaration on fundamental principles and rights at work until now. However, in interview with suppliers they explained that they have not the knowledge about it and they are complying all local and national laws. Now they will collect the information about the ILO conventions and comply with them and make their sub suppliers also to comply.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: During audit, suppliers explained that they have not avoided or failed to resolve the social conflicts and human rights violations. However, they are not maintaining any records that can be used as evidence to support their claim. They have committed to develop the procedure and make the register to document any such incident from now on.</p>

Observation: The auditors found that suppliers' systems and procedures to implement FPIC, adhere to ILO core conventions and handle complaints minimal to lacking. The suppliers should develop procedures to ensure these core components are implemented and adhered to.



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CanopyStyle Verification and
Guidelines
Evaluation Report for:

Domsjö Fabriker AB
in
Örnsköldsvik, Sweden

Report Finalized: 13 June 2017
Evaluation Dates: 22-23 September 2016
Evaluation Team: Jon Jickling

Address: Domsjö Fiber AB
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1 INTRODUCTION

The purpose of this report is to document performance of Aditya Birla's **Domsjö Fabriker/Domsjö Fiber**, hereafter referred to as "Organization", against the requirements of the Verification Framework and Guidelines, (September 2016 version) developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)¹ and the over 68 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.

The scope of this audit covers the Domsjö Fabriker mill, its internal sourcing and product handling procedures, its wood/chip storage yards and product sales. As all wood inputs are procured by its partly owned subsidiary, Domsjö Fiber, its procedures and documents are likewise included in the audit scope. Hereafter, unless specific company reference is needed, the integrated systems of **Domsjö Fabriker and Domsjö Fiber**, will be referred to as **Domsjö** or "Organization".

The report presents the findings of Rainforest Alliance 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. The maps will be made public and available to producers in the coming months. The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for evaluation design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance Headquarters directly. Formal complaints or concerns should be sent in writing.

¹ Current members of this group are H&M, M&S, Inditex/Zara, EILEEN FISHER, Stella McCartney and Canopy

2 GENERAL DESCRIPTION

Domsjö Fabriker AB is a Swedish based company whose mill in Ornsköldsvik produces dissolving pulp as input into among other things the manufacturing of man-made cellulose for the textile industry, owned by its parent company Aditya Birla Group of Mumbai, India. Aditya Birla is a global company with dissolving pulp and viscose mills in Canada, Sweden, India, Indonesia, Thailand and China. The companies included in the group produce dissolving pulp from forests and plantations and man-made cellulose obtained from both internal and external dissolved pulp producers. Their products include man-made cellulose fabrics, trademarked man-made cellulose brands and non-woven man-made cellulose fibres marketed globally to clothing manufacturers.

Domsjö and all Birla companies pride themselves on their environmental sustainability and corporate social responsibility policies. They are participating in the CanopyStyle Initiative² and as recognition of their commitment are undergoing this evaluation.

Domsjö purchases between 1.3 and 1.4 million m³ of pulpwood/chips (volume measured under bark). The current suppliers hold FSC and/or PEFC certificates.

Today, more than 90% of Birla's wood and pulp supply is FSC or PEFC certified or from FSC controlled wood sources. Decisions for raw material inputs for the internal dissolved pulp facilities are made at the local level. Pulp purchases for the viscose mills are made centrally at Birla headquarters in India.

Aditya Birla's wood fibre sourcing policy states that:

"The company shall implement its best efforts to avoid trading and sourcing wood or wood fiber 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 conversion of natural forests or converted to non-forest use.**
- e) Wood from forest in which genetically modified trees are planted*
- f) Wood harvested in ancient and endangered forests or endangered species habitat.**

3 EVALUATION SCOPE

3.1 Scope

A field evaluation of **Domsjö** was required given its high-risk geography according to Aditya Birla Cellulose evaluation report. The objective of this audit is to gather appropriate evidence to verify whether viscose producers avoid sourcing their raw materials from ancient and endangered forests and/or controversial sources within the supply chain. Where risk is moderate to high, and when documents provided are limited or insufficient to come to such conclusion with certainty, additional onsite audits would be required at any of the mills or suppliers.

² The CanopyStyle Initiative is led by environmental not-for-profit Canopy which, to date, has supported over 68 brands, designers and retailers, as well as 9 of the top 10 largest global producers, on developing sourcing policies for fabrics made from forests.

This evaluation consists of a general chain of custody evaluation, as well as an evaluation of the social and environmental performance of the mill with respect to the CanopyStyle Verification Framework and Guidelines for Viscose Producers. The areas and business process covered by the scope of the evaluation are shown below:

Scope of the Evaluation

Scope Item	Check all that apply to the Certificate Scope	
Mill type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in Corporate Supply List	<input type="checkbox"/> Other suppliers
Map of Ancient and Endangered Forests Overlay Completed: <i>Global and regional maps of ancient and endangered forests have been developed by Canopy and used by auditor to conduct these audits. The maps will be made public and available to producers in the coming months.</i>	<input checked="" type="checkbox"/> Yes Comments: maps collected from the audit were compared to the Canopy maps of ancient and endangered forests.	<input type="checkbox"/> No Comments:
Majority fiber input:	Pulpwood and chips 1.3 million m3 (measured under bark)	
Mill Capacity:	Domsjö has a production capacity of 255,000 tonnes of dissolving cellulose, 120,000 tonnes of lignin and 14,000 tonnes of bio-ethanol	
Primary activity:	Cellulose production	
Outsourcing:	<input type="checkbox"/> FSC-certified Subcontractors	<input type="checkbox"/> Non-certified Subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
Workforce:	Permanent male: 325	Permanent female: 75
	Contract male:	Contract female:
	TOTAL: 400	

Number of Birla owned sites included in this Evaluation: 2

Name/Description of sites	Location
Domsjö Fabriker AB– Dissolving Pulp Mill	Örnsköldsvik Sweden
Domsjö Fiber AB	Örnsköldsvik, Sweden

4 EVALUATION RESULT

4.1 Evaluation Conclusion

During the month of September 2016, the Rainforest Alliance conducted an independent third party verification audit of the progress made by **Domsjö Fabriker/Domsjö Fiber** in meeting the requirements of the CanopyStyle Verification Framework and the company's Wood fiber sourcing policy. The verification audit concludes Domsjö and its suppliers have demonstrated a high level of performance in meeting CanopyStyle commitments. This audit was triggered due to the Canopy maps which identified the presence of ancient and endangered forest areas in Central and Northern regions of Sweden which potentially overlapped with Domsjö wood supply areas. The report

concludes that the risk of Domsjö sourcing from the world's ancient and endangered forests and other controversial areas is considered to be low.

Domsjö and Forest Supplier's Performance

Rainforest Alliance has found that Domsjö suppliers have the following performance against criteria in annex 3 and 4:

Performance measure	Domsjö Fabriker/Domsjö Fiber Annex 3	Forest Suppliers Annex 4
Commitment met	1.10, 2.6, 2.7, 2.8, 2.9, 4.4, 4.7	2.10, 4.4, 4.7
Commitment in Progress	1.11, 4.5, 4.6, 5.4	1.10, 1.11, 4.5, 4.6
Commitment not met	2.10	
Not Applicable	7.0	3.1, 7.0
Insufficient info available	none	none

4.2 Overall Summary of Results

In summary, the Rainforest Alliance verification audit provides evidence confirming that Domsjö is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. Domsjö strong commitment to sustainability coupled with its certified supply chains based on FSC sustainability standards provide a strong foundation for an effective participation and performance in the CanopyStyle program.

4.3 Recommendations

Recommendations can be found within the Annex 3 and Annex 4 indicators.

4.4 Performance Measures

To generate a single result for each indicator in the CanopyStyle Verification and Guidelines for Viscose Producers, the findings from the evaluation are measured as follow:

1	Not Applicable	Is not applicable to the site
2	Commitment met	Full conformance with indicator
3	Commitment in Progress	Partial conformance
4	Commitment not met	Nonconformance
5	Insufficient information available	No information during visit

In addition to giving the result, the evidence used and a narrative description of findings is reported for each indicator (appendix B).

5 EVALUATION PROCESS

5.1 Evaluation Requirements

Standard/Guidelines used for the evaluation:	CanopyStyle Verification Framework and Guidelines for Viscose Producers
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5.2 Evaluators and qualifications:

Name	Jon Jickling	Role	Auditor
Qualifications:	<p>As Technical director of the Rainforest Alliance's RA-Cert Division, Jickling manages quality oversight of the worldwide forest management, agriculture, climate, corporate assurance and other Rainforest Alliance auditing services. Based in Vermont, Jickling joined the Rainforest Alliance in 1995. He is a forester and forest economist, and has worked as a private forestry consultant in Vermont and as an international natural resource management specialist in Haiti, Ecuador, Bolivia and five other countries.</p> <p>Jickling is a lead auditor for the Rainforest Alliance and has conducted numerous forest management and chain-of-custody audits to the standards of the Forest Stewardship Council, the global standard setter in responsible forest management and audits to RA's. Sustainable Agriculture Network. His work for the Rainforest Alliance also includes the development of certification systems and quality control. He has a Bachelor of Science degree in forest management from the University of Michigan and a Master's degree in Forest Economics from the University of Minnesota.</p>		

5.3 Evaluation schedule

Date	Location /Main sites	Principal Activities
Sept 14-16	Vermont	Audit planning/document review
Sept 22	Domsjö Fiber	Opening meeting, review of policies, review of suppliers and production,
	Domsjö Fabriken	wood receiving/measurement at mill, wood/chip storage
Sept 23	Holmen	Wood supplier: review of forest management planning, map of Ancient and Endangered Forests
	Domsjö Fiber	
	Domsjö Fabriken	Markets/sales department
	Skogsstyrelsen office	Interview with state forest agency regional supervisor
	Vasterbursyo	Inspection of 2 harvest areas, review of harvest planning
	Domsjö Fiber	Document review, closing meeting.

5.4 Interviews

Date	Principal Responsibilities
Sept 22	Domsjö Fabriker leadership
	Domsjö Fiber management,
	Domsjö Fiber
	Holmen silviculture forester
	Domsjö Fabriker Wood measurement
	Domsjö Fabriker QMS. Internal audits
	Domsjö Fabriker Business area manager

	Domsjö Fabriker Sales documentation
Sept 23	Nätraälven Association management
	Skogsstyrelsen regional supervision
	Holmen timber buyer
	Holmen timber buyer
Sept 26-30	CEO Svenska Samernas Riksförbund Researcher
	Senior researcher, Vice head of department Department of Forest Economics Swedish University of Agricultural Sciences
	Swedish Society for Nature Conservation (SSNC)- Policy Officer Boreal forest

5.5 Documents and websites reviewed

Document Name
Domsjö and Aditya Birla fiber sourcing policies
Domsjö Fabriker FSC CoC/CW audit report
Domsjö Fabriker/Domsjö Fiber AB FSC and PEFC COC report 2016_1-2
Domsjö FSC Controlled Wood Risk Assessment 2016-11-12
Domsjö Risk analysis for suppliers without FSC CW cert 2016-08-18
Holmen skog FSC FM public summary 2013 & 2015
Sveaskog FSC FM public summary 2014, 2015
Skogssällskapetets Förvaltning AB FSC FM public summary 2015
SCA skog AB FSC FM public summary 2015
Skogssällskapet FSC FM public report 2015
Holmen skog FSC FM public summary 2013

Appendix A: ORGANIZATION DETAILS

Organization information	
Legal name:	Domsjö Fabriker AB/Domsjö Fiber AB
Legal jurisdiction:	Sweden
Type of legal entity:	Private company
Address:	Domsjö Fiber AB 891 86 Örnsköldsvik, Sweden Tel: +46 (0)660 752 15 Mob: +46 (0)70-236 85 04
Website:	www.domsjofiber.com

Appendix B: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers Annex 3

1. Publicly communicating and implementing the 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö Fabriker is covered by the Aditya Birla Wood Fibre sourcing policy consistent with CanopyStyle requirements. As sole supplier of pulpwood and chips to the mill, Domsjö Fiber developed a Fiber sourcing policy dated April 13, 2016.</p>
1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö mill procedures are based on the use of only certified wood inputs under the FSC and PEFC systems. Procedures in documented system verify certified status of inputs including controlled wood risk assessments, manage internal tracking of volumes (e.g. FSC credit accounts) and make sales using applicable certification claims. Domsjö Fabriker is chain of custody certified by Accredited FSC certifier DNV.</p> <p>Indicator is being graded as commitment in progress as all procedures are related to certification only and not specific to the policy for avoiding Ancient and Endangered forests.</p>
<p>Observation: Domsjö has adequate wood fibre sourcing policies and relies on certification procedures to ensure implementation of the public policy. It is recommended that the organization adapt certification procedures to also directly reflect the sourcing policy.</p>	
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	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met</p>

<p>origin.</p>	<p> <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: Domsjö Fiber maintains annual contracts with all suppliers which defines product, prices and volumes to be purchased and delivered to the mill. The auditor reviewed all invoices for the current year. Each truck arriving at the mill included location of forest origin (see 2.7)</p>
<p>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.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: Inspection of the mill receiving /measurement stations confirmed all incoming shipments by truck or by ship verify supplier, order/contract number, wood sort. The location of origin (map coordinates) of shipment at the field level is provided by every shipment as part of the required transportation verification system. These coordinates represent where the logs are loaded on the truck on the nearest road to the forest which usually is 200-500 meters from the harvest site. This system of volume transport and measurement is a system transparent to both buyers and sellers of timber and provides a strong tool to mitigate any risk of wood being sourced from forests that do not meet the CanopyStyle requirements.</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>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: All of pulp making material entering Domsjö Fabriker is certified controlled wood under FSC or PEFC. Review of sales invoices verified that appropriate certification codes were always present. Review of Domsjö internal audits found that in the few cases when supplier shipments used the wrong certificate code (e.g. FSC FM code instead of the correct FSC CoC code) the supplier was notified and corrections made.</p>
<p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p>

	<p>Description of the finding: Domsjö Fiber provided a summary of 2015 purchases and sales.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö Fabriker provided copies of all invoices and shipping document for the past year. Only one client (Germany) requested an FSC certified claim. All sales to Birla mills were sold with an FSC or PEFC Controlled Wood claim as recorded on sales/shipping documents along with the certificate code. Information of origin of forest is not provided on to buyers by Domsjö as this is lost when truckloads are mixed upon entering the mill. As the brands who are partnered in CanopyStyle look to build traceability this could be an area of improvement to support Aditya Birla's customers.</p>
<p>Observation: Domsjö directly sources from certified forests, and therefore has ample information on forest of origin. It is recommended that Domsjö pass this information of origin along to customers via outgoing transportation documents or some other alternate means.</p>	

<p>4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.</p>	
<p>Indicators</p>	<p>Findings:</p>
<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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö Fabriker mill has a corporate commitment to compliance. The mill currently maintains and is audited to 7 certification schemes (ISO 9001, ISO 14001, ISO 15001, FSC CoC, PEFC) which includes requirements for legal compliance.</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 procure wood from Ancient and Endangered forests and controversial sources</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö Fiber's sourcing policy meets CanopyStyle requirements though through interviews the perception is that is essentially the same as FSC requirements (i.e. Protection of HCVFs, no forest</p>

	<p>conversion, no significant social issues associated with forest management). The CanopyStyle definition of ancient and endangered forests does have some important differences from FSC requirements. In order to effectively communicate the program to staff, suppliers and stakeholder it is important that Domsjö articulate the unique attributes of CanopyStyle requirements.</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>Conformance with Indicator:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available <p>Description of the finding:</p> <p>Domsjö has demonstrated a strong commitment to sustainable forestry and avoidance of controversial sources of wood through its practice of purchasing only from suppliers who are certified. Domsjö has recently conducted and documented an FSC controlled wood risk assessment of their wood supply. The controlled wood risk assessment, approved by certification body DNV, concluded that the Districts of Origin: The Counties of Ångermanland, Medelpad, Lappland, Jämtland, Västerbotten and a small part of Småland were low risk for supplying wood from controversial or HCVF. To the west of Domsjö's woodshed in the northern mountain regions there are areas of endangered high conservation value forests (Global200 and IFL areas). Domsjö Swedish suppliers under the FSC and PEFC rule have audited procedures to avoid sourcing wood from high conservation or controversial areas such as these intact forests as well as smaller less defined areas of ecological value. Complementing this formal designation of intact forests which directly equate to the ancient and endangered forest under the CanopyStyle definitions, there exists a robust system in Sweden to ensure that forest harvesting does not threaten unique biological and cultural resources. As confirmed with the Sweden forest agency all harvest over 0.5 ha in size require an approved harvest plan. Larger harvests must go through a planning process which looks at the area to determine if ecological or environmental values may be at risk (e.g. key habitats, valuable ecological components such as deadwood. These harvest plans are submitted to the Swedish Forestry Agency who reviews and compares against their register of ecological values/reserves. They undertake field inspection for about 5 % of submitted harvest plans triggered by key topics on application (e.g. species, deadwood, old trees).</p> <p>This indicator is being graded as "in process" as a map overlay with the Canopy developed ancient</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>and endangered forest map has yet to be used. This map will be made public in the coming months.</p> <p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö Fiber has suppliers in Latvia (FSC certified) and southern Norway (PEFC certified) but review of these source area indicate that they are low risk areas for ancient or endangered forest. The suppliers of Domsjö does not source wood from mountain area of western Sweden where FSC has identified HCVF areas which represent large areas of intact forest landscapes. All suppliers who provide wood are certified to FSC controlled wood with the exception of 3 operations who harvest up to the defined limit of area of defined HCVF/Intact . For these suppliers Domsjö Fiber began in May 2016 to sample shipments and using origin coordinates verify that the harvest areas were did not have identified ancient or endangered forest resources, this and the overlay of FSC CW or PEFC certification creates a very low risk for these imports.</p>
<p>Observation: Domsjö has a strong commitment to sustainable forest management and certification. It is recommended that Domsjö adapt their procedure to clearly identify and define Ancient and Endangered forests separately from certified forest areas.</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 nonconformances to the CanopyStyle policy and sanctions to suppliers in such cases where nonconformances are identified.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö has internal auditing procedures to ensure that company policies including their fiber sourcing policy is implemented. This includes ensuring that suppliers have active FSC or PEFC certificates. A program and regular system for overlaying sourcing with the map of ancient and endangered forests is not yet in place. If these conditions lapse Domsjö will not purchase from them.</p>
<p>Observation: Domsjö has an internal monitoring system in place, but has not yet had access to the ancient and endangered forest map created by Canopy. The map will be available publicly in the coming months therefore allowing all of the Birla procurement operations to overlay with a map.</p>	

Appendix C: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers Annex 4

1. Publicly communicating and implementing the Fiber Sourcing/Forest Policy	
Indicators	Findings:
1.10 The suppliers are aware of the policy and understand their responsibilities to be in full compliance with it.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Domsjö Fiber is including their fiber sourcing policy which includes CanopyStyle along with FSC and PEFC requirements. Interviews with staff from Holmen and Nätraälven revealed limited understanding of the difference between CanopyStyle requirements from FSC and PEFC requirements which is the baseline for Domsjö procurement.</p>
1.11 The supplier has procedures in place that shows it is compliant with the MMCF producer's policy	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: As noted, supplier procedures include clear procedural measures to minimize risk of any harvest of ancient and endangered forests though the language and focus of their procedures is based on FSC/PEFC standard definitions rather than CanopyStyle.</p>
<p>Observation: It is recommended that the organization adapt certification procedures to also directly reflect the sourcing policy related to Ancient and Endangered Forests.</p>	
2. Sourcing from transparent supply chains that are in conformance with the policy.	
Indicators	Findings:
2.10 The suppliers provide sales and transportation documents that include forest/plantation of origin and certification status if relevant.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: See finding 2.7 annex 3 regarding verification of sales/shipment information from suppliers to Domsjö.</p>
<p>Observation: N/A</p>	

3. Sourcing from converted lands	
Indicators	Findings:
3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate.	<p>Conformance with Indicator:</p> <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>Description of the finding: Within the Domsjö supply area forests, notably softwoods, are generally regenerated through planting, but are not considered plantations (per FSC) given the retention of ecological elements, diversity retentions. ...etc. Therefore conversion risk of natural forest or natural grasslands to forest is virtually nonexistent and considered not applicable</p>
Observation: N/A	

4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.	
Indicators	Findings:
4.4 The supplier is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **	<p>Conformance with Indicator:</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>Description of the finding: As all suppliers hold active FSC and/or PEFC certificates which requires demonstrated commitment and internal procedure that ensure compliance with local, national and relevant international. Review of certification audit reports did not find nonconformance on the legal compliance area. Interviews with supplier staff confirmed knowledge of legal requirements and company commitment.</p>
4.5 Forests/Plantation wood suppliers comply with the commitment to not supply wood from: Ancient and Endangered forests and controversial sources. The also demonstrate an understanding of the definitions of Ancient and Endangered forests and controversial sources.	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p>Description of the finding: Suppliers are not using CanopyStyle definitions of ancient and endangered forests within their wood sourcing policies but as noted their current policies effectively control risk of any harvest of these areas.</p>
4.6 Suppliers have conducted assessment of presence of ancient and endangered forests and other controversial	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable

<p>forests in their wood supply areas.</p>	<p> <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: See finding 1.10 above. The suppliers and staff (confirmed with interviews with field staff) understand the forests different ecological, environmental and social values, particularly unique areas of national/international importance (key habitat, Natura 2000 sites). SOP in management/harvests involve pre harvest planning that surveys for these values and design activities to protect them. State forest agency reviews and approves harvest plans with sampling/onsite evaluations.</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>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: See finding 4.7 in annex 3.</p>
<p>Observation:</p>	

Exhibit 1:

Map of wood sourcing Domsjö Fiber

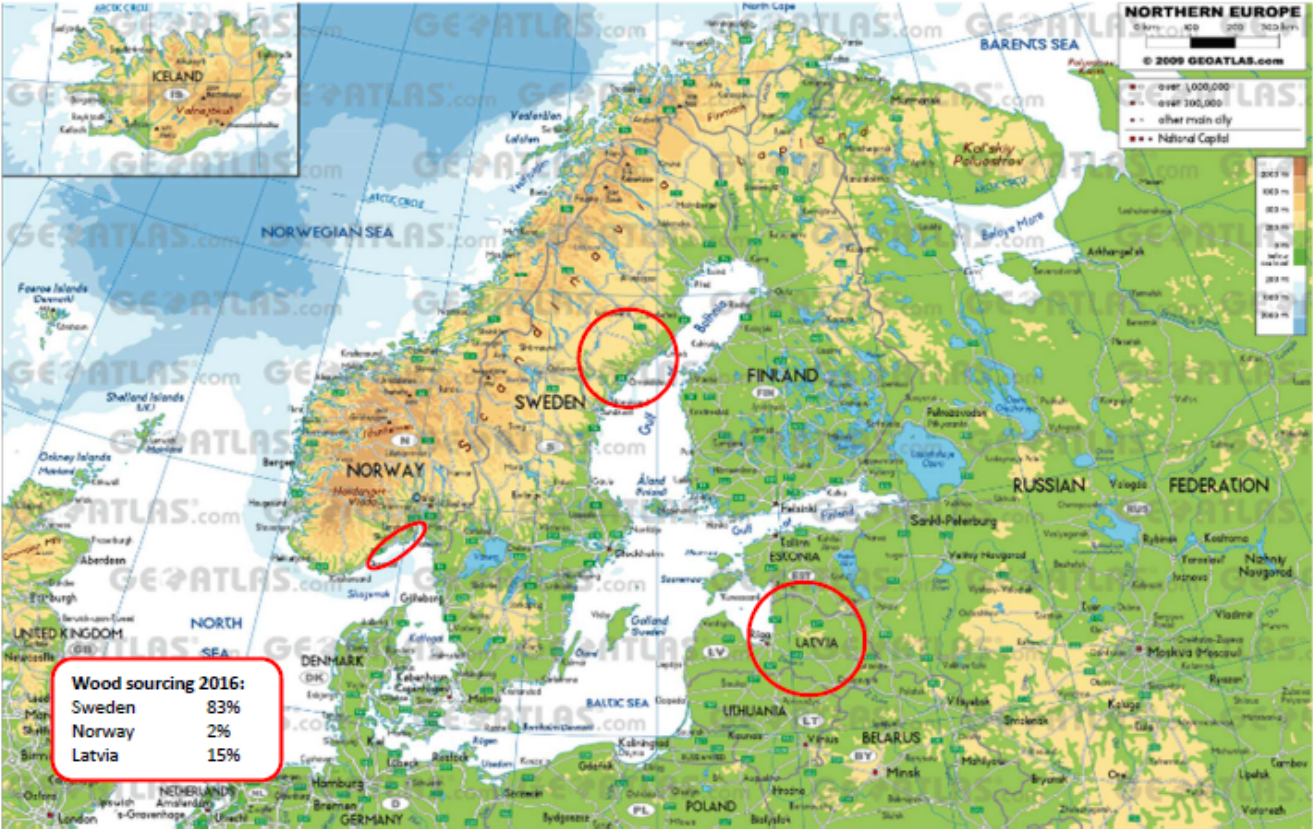


Exhibit 2:



Fibre sourcing policy Domsjö Fiber

Domsjö Fiber AB imposes stringent requirements on the bio raw material purchasing process.

Basic requirements

The current laws and regulations applied by respective countries of origin determine the basic level of environmental requirements.

Domsjö Fiber AB does not purchase bio raw material that:

- has been harvested illegally
- derives from genetically modified trees or crops
- comes from areas where common law and civil rights are actively impeded
- comes from uncertified High Conservation Value Forests
- wood harvested from plantations established after 1994 through conversion of natural forests or converted to non-forest use
- comes from protected areas, in Sweden known as "key biotopes"
- has been harvested in ancient and/or endangered forests

Dispensation may be granted from such restrictions, where the bio raw material derives from harvesting operations conducted as part of a biotope-conservation programme, in compliance with the official recommendations of the appropriate forestry/ agriculture authority.

Control of origin

Domsjö Fiber AB strives to gain as complete a picture as possible of the original source of the bio raw material. Where there is reason to suspect that the bio raw material on offer may come from forests or agricultural land of the type described above, Domsjö Fiber AB shall seek to clarify the situation by contacting the appropriate authorities or by requiring a declaration of origin from the vendor/harvesting company. Should the declaration of origin submitted by a vendor be incorrect, Domsjö Fiber AB reserves the right to terminate the business agreement, whereby the vendor waives all rights to compensation.

Domsjö Fiber AB



Lars Samuelsson
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CanopyStyle Verification and
Guidelines
Evaluation Report for:

Birla Jingwei Fibres Co. Limited
in

Chenjiahu, Taiping Town, Fancheng District,
Xiangyang City, Hubei Province, China

Report Finalized: 6 June 2017
Evaluation Dates: Oct 25, 2016
Evaluation Team: Huang Rui (Auditor)
Xinxin Zhang (Auditor)

Address: Chenjiahu, Taiping Town,
Fancheng District,
Xiangyang City, Hubei
Province, China

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1 INTRODUCTION

The purpose of this report is to document performance of Aditya Birla's ***Birla Jingwei Fibres Co. Limited***, hereafter referred to as "Organization", against the requirements of the Verification Framework and Guidelines, (September 2016 version) developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)¹ and the over 68 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

The report presents the findings of Rainforest Alliance 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. The maps will be made public and available to producers in the coming months.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for evaluation design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance Headquarters directly. Formal complaints or concerns should be sent in writing.

¹ Current members of this group are H&M, M&S, Inditex/Zara, EILEEN FISHER, Stella McCartney and Canopy

2 GENERAL DESCRIPTION

Birla Jingwei Fibres Co. Limited established in 2006, is located in Chenjiahu, Taiping Town, Fancheng District, Xiangyang City, Hubei Province, China. The organization is fully invested and controlled by the Corporation of Aditya Birla Group and covers area of 500 acres with total assets 0.7 billion RMB. The organization achieved FSC CoC certificate in 2014 and the license number is FSC-C123357. The organization also achieved ISO 9002 and OEKO-TEX certifications

The organization commits to continually improving environmental performance of current and future products

There are 669 employees working in the factory. The facilities are equipped with totally automation and process control systems, consists of two lines with a total production capacity of 70,000 t/a VSF. Supplier selection is fully controlled by Aditya Birla Group. The organization purchases pulp from Sappi Saiccor and Domsjö Fabriker AB which are assigned suppliers by Aditya Birla Group. Aditya Birla Group sources according to the Wood Fibre Sourcing Policy, which is posted in <http://sustainability.adityabirla.com/policies.php>. Moreover, Aditya Birla Group is participating in the CanopyStyle Initiative and as recognition of their commitment are undergoing this evaluation. The raw material for the organization is dissolving wood pulp from *Pinus sylvestris*, *Picea abies*, *Eucalyptus nitens*, *Acacia mearnsii* and others.

3 EVALUATION SCOPE

3.1 Scope

A field evaluation of Birla Jingwei Fibres Co. Limited is needed given its high-risk geography according to Aditya Birla Cellulose evaluation report. The objective of this audit is to gather appropriate evidence to verify whether viscose producers avoid sourcing their raw materials from ancient and endangered forests and/or controversial sources within the supply chain. Where risk is moderate to high, and when documents provided are limited or insufficient to come to such conclusion with certainty, additional onsite audits would be required at any of the mills or suppliers.

This evaluation covered Chain of Custody evaluation with respect to the CanopyStyle Verification Framework and Guidelines for Viscose Producers applicable indicators. The areas and business process covered by the scope of the evaluation are shows below.

Scope of the Evaluation

Scope Item	Check all that apply to the Certificate Scope	
Mill type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in Corp. Supplier List	<input type="checkbox"/> Other suppliers
Map of Ancient and Endangered Forests Overlay Completed: <i>Global and regional maps of ancient and endangered forests have been developed by Canopy and used by auditor to conduct these audits. The maps will be made public and available to producers in the coming months.</i>	<input type="checkbox"/> Yes Comments:	<input checked="" type="checkbox"/> No Comments: Overlays were conducted as a part of the corporate desktop review. No new sources were identified during this audit.
Majority fiber input:	Sappi Saiccor from South Africa and Swaziland; Domsjo Pulp from Sweden and Balticum;	
Mill Capacity:	70,000 Mt/a	
Primary activity:	Production of Viscose	
Outsourcing:	<input type="checkbox"/> FSC-certified Subcontractors	<input type="checkbox"/> Non-certified Subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
	<input checked="" type="checkbox"/> No Outsourcing	
Workforce:	Permanent male: 367	Permanent female: 224
	Contract male: 68	Contract female: 10
	TOTAL: 669	

Number of sites included in this Evaluation: 1

Name/Description of sites	Location
Birla Jingwei Fibres Co., Ltd	Xiangyang City, China

4 EVALUATION RESULT

4.1 Evaluation Conclusion

On Oct 25 2016, the Rainforest Alliance conducted an independent third party verification audit of the progress made by Birla Jingwei Fibres Co. Limited in implementing the commitment of the **Aditya Birla Wood Fibre Sourcing Policy**, to document the risk of sourcing from the world's ancient and endangered forests and other controversial areas.

This audit concludes that the risk of Birla Jingwei Fibres Co. sourcing from ancient and endangered forests and other controversial areas is low. The report documents the progressive and critical indicators (key performance indicators or KPIs) that have been fully met, those that are in partial conformance and those that are not in conformance, and specifies why.

Mill visits will verify annex 3 of the Verification Framework and Guidelines, (September 2016 version) use which extracted indicators and assume that all indicators within annex 3 are critical. If we need to reconsider this, Rainforest Alliance and Canopy will do it at a later date.

Birla Jingwei Fibers Performance Summary

Performance measure	Annex 3
Commitment met	1.10, 1.11, 2.8, 2.9, 4.4, 4.5
Commitment in Progress	2.6, 2.7,
Commitment not met	2.10
Not Applicable	4.6, 4.7, 5.4
Insufficient info available	N/A

4.2 Overall Summary of Results

In summary, the Rainforest Alliance verification audit provides evidence confirming that Birla Jingwei Fibres Co. Limited is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. Some improvements remain to fully implement the commitment throughout the company's supply chain. As evidenced by the performance summary table, all indicators related to avoidance of wood from ancient and endangered forests and controversial sources have been met, and therefore the risk of sourcing from these areas is low.

The organization purchased pulp from assigned suppliers by ADITYA BIRLA GROUP. All the material used as input is FSC COC certified since 2014. Key managers on each site have a good awareness of **Wood Fibre Sourcing Policy** and related trainings have been implemented. Purchasing and sales documents have been kept properly. There is no dispute between the organization and local community. Activities violation of laws and regulations were not found during the verification.

4.3 Recommendations

It is an expectation of the CanopyStyle Initiative that Aditya Birla will work to transparently map out the entire fiber flow for the company. It is recommended that Canopy clarify a methodology to collect forest of origin information and work with producers, including Aditya Birla to implement and refine this methodology. This methodology may include, for example, the collection of GPS points, GIS coordinates, shapefiles, scalling blocks, verified tenure numbers, or other means that serve to map sourcing areas for Aditya Birla's mill and for their suppliers of dissolving pulp. Once the map of ancient and endangered forests is made public, the supply areas and identified forests of origin, can then be overlaid with the Canopy map of Ancient and Endangered forests. Birla Jingwei should be made aware of this process and the results, such forest origin information and certification information can be used in subsequent audits.

As mentioned in the CanopyStyle audit framework, and based on risk, ongoing regular audits, or random site visits, may be essential to ensure that Birla Jingwei Fibres continues to implement their policy and meet the expectations of the CanopyStyle Initiative.

4.4 Performance Measures

To generate a single result for each indicator in the CanopyStyle Verification and Guidelines for Viscose Producers, the findings from the evaluation are measured as follow:

1	Not Applicable	Is not applicable to the site
2	Commitment met	Full conformance with indicator
3	Commitment in Progress	Partial conformance
4	Commitment not met	Nonconformance
5	Insufficient information available	No information during visit

In addition to giving the result, the evidence used and a narrative description of findings is reported for each indicator (appendix B).

5 EVALUATION PROCESS

5.1 Evaluation Requirements

Standard/Guidelines used for the evaluation:	CanopyStyle Verification Framework and Guidelines for Viscose Producers
Key Performance Indicators:	Canopy Verification Framework and Guidelines for Viscose producers Annex 3

5.2 Evaluators and qualifications:

Name	Huang Rui	Role	Auditor
Qualifications:	Huang Rui, Master of Forestry, has 3 years' experience in forest survey and sustainable forestry. Huang Rui is working for China Standard Conformity Assessment Co., Ltd. Product Certification Co.,Ltd as FSC Program manager of the International Cooperation Department. Before that, he had worked for Forest Inventory and Planning Institute of Jilin Province between 2013 and 2014. He also had been a sustainable development department commissioner of APP (China) Forestry between 2014 and 2015. He has attended the auditor training of CFCC, FSC-COC and ISO9000. He passed all the examinations and became both internal auditor and auditor of CFCC. He has participated in different audits, including CFCC-FM audit (guide), ISO14001 audit (guide), FSC-COC audit auditor and FSC-FM support auditor.		
Name	Zhang Xinxin	Role	Auditor

Qualifications:	China country rep with RA, has more than 10 years working experiences in FSC certification. Before working for RA, she was the forest officer with WWF China, has led 10 FSC certification and HCVF projects in China, including 2 FSC group certifications in Shandong Linyi and Zhejiang Longquan. She had worked as the forest specialist with IKEA, responsible for evaluating IEKA wood supply chain, and as research assistant in Forest Certification Center with China Academy of Forestry during 2004-2007. She has attended 8 FSC assessments and audits as observers, and have participated the RA FSC FM lead auditor course. Zhang Xinxin, graduated from Beijing Forestry University with Master Degree on Forest Management, Goettingen University (Germany) with Master Degree on Natural Resource Management and Wales University (UK) with Master Degree on Land Management.
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5.3 Evaluation schedule

Date	Location /Main sites	Principal Activities
Oct 25 2016	BJFCL office	Opening meeting
Oct 25 2016	BJFCL office	Document review and staff interview
Oct 25 2016	BJFCL mill	Site inspection
Oct 25 2016	BJFCL office	Close meeting

5.4 Interviews

Date	Principal Responsibilities
Oct 25 2016	General Manager
Oct 25 2016	Sustainable Manager
Oct 25 2016	Finance Manager
Oct 25 2016	Head Purchase
Oct 25 2016	Environmental Manager
Oct 25 2016	Vice General Manager
Oct 25 2016	Assistant production Manager
Oct 25 2016	Chief technical officer
Oct 25 2016	HR manager
Oct 25 2016	Warehouse manager
Oct 25 2016	Processing manager
Oct 25 2016	Purchase assistant director
Oct 25 2016	Sales assistant
Oct 25 2016	Technical director

5.5 Documents and websites reviewed

Document Name	Link (if applicable)
Wood Fibre Sourcing Policy	http://sustainability.adityabirla.com/images/Wood%20Fibre%20Sourcing%20Version%201.pdf
BJFCL FSC CoC	

Manual	
Training Record	
Annual volume summary report	
Purchase documents	
Sales documents	

Appendix A: ORGANIZATION DETAILS

Organization information	
Legal name:	Birla Jingwei Fibres Co. Limited
Legal jurisdiction:	China
Type of legal entity:	Limited company
Address:	Chenjiahu, Taiping Town, Fancheng District, Xiangyang City, Hubei Province, China
Phone:	0710 2105555
Website:	http://www.adityabirla.com/home

Appendix B: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers Annex 3

1. Publicly communicating and implementing the 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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The up-to-date Wood Fibre Sourcing Policy has been posted in each office, conference and the publicity board in the factory. During the audit, the organization provided the training record on the Wood Fibre Sourcing Policy. The general manager and vice general manager were interviewed. The auditor confirmed that key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it</p>
1.11 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization has established, implemented and maintained FSC CoC Manual including document and record management procedure, purchase procedure, sales procedure, dispute resolution management procedure, non-conforming production management procedure, warehouse management procedure and processing management procedure etc. The Wood Fibre Sourcing Policy was also included in the FSC manual for each production site.</p>
Observation:	
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.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization purchased the pulp from the suppliers assigned by Aditya Birla Group. The organization kept all the purchase and sales documents include purchase</p>

	<p>contract, purchase invoice, sales contract, sales invoice packing list, shipping list and certificate of origin. However, the certificate of origin documentation notes the origin of the dissolving pulp (where it was manufactured) and not the forest of origin.</p>
<p>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.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization kept purchase list monthly. The auditor sampled one batch in the list. The organization kept all the purchase and delivery documents together, including bill of landing, certificate of country origin (pulp manufacturing origin only and not forest of origin), invoices, purchase contract. Each document stated above has a code and all recorded in the purchase list that could track purchases. The invoice and delivery bill also noted the FSC certificate code and FSC claim (FSC Mix 70%).</p> <p>This indicator is being graded as commitment in process as no forest origin information is being collected with the delivery documentation.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization only purchased FSC certified material used as input. The auditor sampled one batch in the list. The auditor checked the relevant documents includes purchase invoice and delivery documents which noted FSC certificate code and FSC claim (FSC Mix 70%).</p>
<p>2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization has template of FSC fiber annual volume summaries kept by the warehouse manager. The audit team reviewed the annual volume summary of material and products. The template includes inputs received, inputs used for production, inputs still in stock, outputs still in stock. All the data is also available on the organization's ETR system.</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>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met</p>

	<input type="checkbox"/> Insufficient Information Available Description of the finding: The organization kept sales list monthly. The auditor sampled four batches in the list of contract numbers. The organization kept all the sales and delivery documents together, including bill of landing, certificate of country origin, invoices, sale contract. Each document stated above has a code and all recorded in the sales list that could trace back to all the purchasing and receipt documents. Note that forest or origin information is not being collected or passed to customers via outgoing transportation or sales documentation. Though all the products sold by the organization are FSC certified, the FSC certificate code and FSC claim were not noted on the documents. The sales assistant told the audit team that if clients have no request, she won't note the certificate code and FSC claim on the invoice and delivery bill. She will send the certificate of origin (pulp origin only and not forest origin) to the clients with all the sales and delivery documents.
Observation: It is an expectation of the CanopyStyle Initiative that Aditya Birla will work to transparently map out the entire fiber flow for the company. It is recommended that Canopy clarify a methodology to collect forest of origin information and work with producers, including Aditya Birla to implement and refine this methodology. This methodology may include, for example, the collection of GPS points, GIS coordinates, shapefiles, scalling blocks, verified tenure numbers, or other means that serve to map sourcing areas for Aditya Birla's mill and for their suppliers of dissolving pulp. Once the map of ancient and endangered forests is made public, the supply areas and identified forests of origin, can then be overlaid with the Canopy map of Ancient and Endangered forests. Birla Jingwei should be made aware of this process and the results, such forest origin information and certification information can be used in subsequent audits.	

4. Sourcing from ancient and endangered forests and other controversial sources have been eliminated.	
Indicators	Findings:
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. **	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: According to the interview, the organization 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. Besides, the organization developed a dispute resolution management procedure that aims at dealing with disputes. From the interview, the auditors were told that no dispute between the organization and the local community have occurred since 2006.
4.5 Production site/mill understands the definitions of Ancient and Endangered forests and controversial sources. They also comply with the commitment to not procure wood from Ancient and Endangered forests and controversial sources	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress

	<input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: From the interview with the General Manager, he told his understanding on controversial sources that there shall not be any illegally harvesting and the wood harvesting shall not be in violation of traditional and civil rights etc. Key managers also stated their understanding on ancient and endangered forests and controversial sources Auditor were told that ancient and endangered forests cover many kinds of RTE species and HCVF that the organization devotes to protecting
4.6 Production mills have conducted assessment of presence of ancient and endangered forests and other controversial forests in their wood supply areas.	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Organization is corporate owned mill with no purchasing or sourcing responsibilities.
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.	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Organization is corporate owned mill with no purchasing or sourcing responsibilities.
Observation: The site personnel demonstrated a general understanding and adoption of the definitions of ancient and endangered forests. The site has no purchasing responsibilities, therefore 4.6 and 4.7 are not applicable.	

5. Actions if suppliers contravene criteria	
Indicators	Findings:
5.4 Production sites/mills have a documented program for monitoring performance of suppliers which includes procedures for identifying nonconformances to the CanopyStyle policy and sanctions to suppliers in such cases where non conformances are identified.	Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: Organization is corporate owned mill with no purchasing or sourcing responsibilities. Supplier monitoring actives are managed at the corporate level.
Observation: The organization is corporate owned mill with no supplier selection responsibilities. The organization received the pulp from the suppliers assigned by Aditya Birla Group. Therefore, this indicator is not applicable at the site level.	

