



CanopyStyle Audit Report

for Shandong Hongtaiding New Material Technology Co., LTD

Assessment 2025

Evaluation date: 27 June 2025

Report date: 28 Sep 2025

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TABLE OF CONTENTS

INTRODUCTION	3
1. GENERAL DESCRIPTION	4
2. EVALUATION SCOPE	6
3. EVALUATION PROCESS	7
4. EVALUATION RESULT	10
Appendix A: standard checklist (CanopyStyle Verification Framework – Corporate Sourcing)	18
Appendix B: standard checklist (CanopyStyle Verification Framework – MMCF (Man-made Cellulosic Fibre) Mill Checklist)	49
Appendix C: RECOMMENDATIONS FOR IMPROVEMENT	57

INTRODUCTION

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

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

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

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

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

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

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

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

1. GENERAL DESCRIPTION

1.1 Company overview

Shandong Hongtaiding New Materials Technology Co., Ltd. was established in November 2019. It is a high-tech enterprise specializing in the research and development and production of Lyocell fibers. The company's project team is a complete team led by the company's founder, with over 20 years of experience in the research and development and application of chemical fibers. It has extensive experience in the construction of viscose fiber projects with a total capacity of nearly one million tons and enjoys a strong influence in the cellulose fiber industry. The team covers various talents in process technology, equipment technology, public utility engineering, and self-owned power plant construction, providing a strong guarantee for the success of the project. The project adopts the process of dry grinding - direct dissolution - dry-jet wet spinning, which is a combination of self-developed and optimized foreign introduction, and the technology is mature and reliable.

The company holds a number of third-party certificates, including:

- ISO9001:2015 quality management system,
- FSC Chain of Custody,
- ISO14001:2015 Environment Management System,
- ISO45001: 2018 Occupational Health and Safety Management System
- STANDARD 100 by OEKO-TEX® testing and certification system.
- ISO 50015:2014 Energy management systems

With a registered capital of 610 million yuan, it covers an area of 860 mu (about 57.33 ha), including 500 mu (about 33.33 ha) in Weihai and 360 mu in Xiajin. It is building a 550,000-ton Lyocell fiber project in two phases. The first phase is a 150,000-ton Lyocell fiber project in Xiajin County. Currently, the first production line has been successfully put into operation, and the second production line is undergoing equipment installation, with a planned commissioning date of July 2025. The second phase is a 400,000-ton Lyocell fiber project in Weihai. Currently, a 2,000-ton functional Lyocell fiber project has been put into operation, and the large-scale production line project is under construction, with an expected completion date of 2027. By then, the total annual production capacity of Lyocell fibers will exceed 550,000 tons.

The name of the subsidiary who manages the processing factory in Xiajin County is Xiajin Hongtaiding New Materials Technology Co., Ltd., this site is 100% owned by Shandong Hongtaiding New Materials Technology Co., Ltd.

All the procurement is managed by the site level, but the eligible supplier list is provided by headquarter, which means that the supplier assessment is conducted by head office.

1.2 Company scope (sites, locations, etc)

Shandong Hongtaiding New Materials Technology Co., Ltd. is involved in business of man-made cellulosic fibre, including the purchase of raw material and production of MMCF.

Shandong Hongtaiding New Materials Technology Co., Ltd. has two viscose mills, both are located in Shandong province:

- Weihai mill. Located in No. 58, Jiashan Road, Chucun Town, Huancui District, Weihai City, Shandong Province (Processing factory site) 205, Block A, No. 213-2, Torch Road, Torch High-tech Industrial Development Zone, Weihai City, Shandong Province (registered site) ;

- Xiajin mill. Located in Room 119, 1st Floor, Building 2, Office Building, Northwest Corner of the Intersection of West Outer Ring Road and Yincheng Road, Beicheng Street, Xiajin County, Dezhou City, Shandong Province.

The headquarter resides in the first mill and is responsible for development and enforcement of the company sourcing policy and supplier's assessment.

1.3 Company sourcing policy

The Company published their Fibre Procurement Policy for Protecting Forests being effective on 30th January 2023 and updated it on 28th March 2024 in the official website [东鸿泰鼎新材料科技有限公司-政策](#), and committed to

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

2. EVALUATION SCOPE

Scope Item	Check all that apply to the Certificate Scope	
Mill Type:	<input type="checkbox"/> Single	<input checked="" type="checkbox"/> Multi-site Note: The Weihai mill is not within this assessment scope as PBN is informed by the company's contact person during the annual audit application, that Weihai mill is under construction. However, PBN is further informed by the company after audit that there is one production line has already been into production since November 2024, which the actual capacity is 3000 tons/year.
Input Material Source:	<input checked="" type="checkbox"/> Listed in supplier CoC form	<input type="checkbox"/> Other suppliers
Majority Fiber Input:	100% dissolving pulp	
Map of Ancient and Endangered Forests Overlay Completed:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No Comments: The company has not collected the sourcing forest area map from its suppliers.
Mill Capacity:	Xiajin factory: The designed capacity is 50,000 tons/year, while the actual capacity is 30,000 tons/year	
Primary Activity:	Lyocell fiber (staple fiber)	
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: 297	Permanent female: 106
	Contract male:	Contract female:
	TOTAL: 403	

Sites included in evaluation	Location
Corporate Office: Shandong Hongtaiding New Material Technology Co., LTD	Registration address: Room 205, Block A, No. 213-2 Huoju Road, Torch Hi-tech Industrial Development Zone, Weihai City, Shandong Province Operation address: No. 58 Jiashan Road, Chucun Town, Huancui District, Weihai City, Shandong Province
Xiajin mill: Xiajin Hongtaiding New Materials Technology Co.,Ltd	Registration address: Room 119, 1st Floor, Building 2, Office Building, Northwest Corner of the Intersection of West Outer Ring Road and Yincheng Road, Beicheng Street, Xiajin County, Dezhou City, Shandong Province. Operation address: Northwest corner of the intersection of West Outer Ring Road and Yincheng Road, Xiajin County Economic Development Zone, Dezhou City, Shandong Province

3. EVALUATION PROCESS

3.1 Audit Team

Auditor name(s)	Qualifications
Lisa LV	Senior Sustainability Specialist; Qualified LegalSource auditor, FSC FM/COC lead auditor, FSC COC lead auditor, RA farm auditor, RA COC auditor, RSPO SCC lead auditor, etc. She is majoring in forestry and has more than ten years of experience in the fields of sustainable forest management,

	timber legality verification and sustainability of natural resources. She is engaging with big brands/retailers and their suppliers to help them in implementing sustainability policy and complying with consumer market regulations, and implement sustainability development-related projects, in a wide range of commodities and land-use sectors, including timber, pulp/paper, rubber, cotton, etc.
Peiyong ZHOU	Sustainability Specialist; Qualified LegalSource auditor; Rich experience in timber legality related projects, especially in EUDR, EUTR, FLEGT Action Plan (VPAs) related activities. Adequate knowledge and understanding of international timber legality requirements. Her responsibility as sustainability specialist includes delivering supply chain risk assessment, mitigation activities, and system development to meet international legal requirements (e.g. EUTR) and sustainability criteria. Besides that, she also provides advisory services to clients in the forest-impact sector to support them in sourcing legal and responsible sources, esp the upcoming EUDR implementation.

3.2 Audit Overview

Site(s)	Audit date	Total on-site audit time (Hours)
Corporate office	27 June 2025	4 hours
Xiajin mill: Xiajin Hongtaiding New Materials Technology Co.,Ltd	27 June 2025	4 hours

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

3.3 Description of Overall Audit Process

The audit officially started on 5 - June -2025. The auditor started contacting the Company to request relevant documentation based on the latest CanopyStyle audit guidelines and framework. The Company sent a number of documents such as sourcing policy, organizational chart in implementing the policy, standard operation manual, communication with suppliers on sourcing requirements, risk assessments with evidence for the reporting period for all suppliers, procurement data (01 February 2024 to 31 January 2025), sales data, update on innovative and alternative fiber, evidence on conservation, evidence on social issues from suppliers, etc.

In the meantime, the auditor also communicated and cross-checked with the Company over any issues and questions occurred during the review process. As there are five dissolving pulp suppliers supplying as well as two supplier providing recycled cotton pulp, the auditor needed to review the documentation for each supplier's related documentation, especially on the risk assessments.

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

On 27 June 2025, the auditors conducted the on-site audit at the corporate office, with the presence of management representative and the key staff from relevant departments from the corporate office. During the opening meeting, the objective and scope of the audit, agenda, conflict of interest (COI) issues, etc were communicated.

The management representative gave a brief introduction of the company and operation activities and the efforts made on Canopy sourcing policy. The auditor then shared major findings from reviewing the documentation.

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

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

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

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

The closing meeting was held on the same day. The auditors gave a summary of the meeting, raised issues and acquired for additional further information within two weeks' time after the meeting. The Company provided further required additional documentation at a later stage as well as responded to some of the major concerns, such as updated pulp sourcing policy, updated supplier risk assessment form, latest sourcing material information. For details please refer to the report findings.

Participants (partly):

- Mr. Xiao Lei, Supervisor of production and techniques department
- Mr. Lei Guankun, Supervisor of Human resources
- Mr. Wen Yaqi, Supervisor of Raw material procurement
- Ms. Feng Dianxiao, Warehouse department
- Ms. Zhang Xiumei, Cooperate with the whole audit on behalf of management representative
- Ms. Ma Mingyue , Officer of general manager office

4. EVALUATION RESULT

4.1 Evaluation Conclusion

Positive Findings:

The company has been implementing the sourcing policy in line with CanopyStyle initiative. In addition, a standard operation procedure (SOP) has been developed by the HQ to implement the Policy as well as monitor on the suppliers' performance. The standard operation procedure is shared with the mills.

The Company has also developed capacity as well as organizational structure in implementing the Policy. Management team as well as the production site managers have been trained how to implement the policy and procedure.

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

The company has increased its use of FSC raw materials and plans to further increase FSC raw material usage over the next three years.

The company is actively providing Canopy-related training to relevant employees.

Areas for Improvement:

The company shall enhance the communication with the supplier to emphasize the importance of collecting the supply chain information until the forest management unit level. In addition, the supply chain risk assessment shall be conducted for each supply chain and following factors related to the sourcing risk from controversial sources shall be covered in the assessment report:

- 1) Violations of the rights of indigenous peoples and local communities;
- 2) The degradation or loss of High Carbon Stock (HCS) forests;
- 3) Plantations established after 1994 through the conversion or simplification of natural forests, and;
- 4) The use of genetically modified organisms (GMO).

The FSC certificate code and FSC claim shall be verified when receiving the FSC certified raw material and FSC status shall be attached in the sales invoice and transportation documentation accordingly to indicate the FSC status.

The company shall develop good documents management system to ensure the traceability of the supply chain.

Supplier	Company Risk Assessment	Canopy Dissolving Pulp Classification
Direct supplier: Beijing Bolin Zhonghe New Material Co.,Ltd (Trader) Pulp mill: Sappi Saiccor	Low risk Eucalyptus and minor component is Acacia/Eucalyptus	No Ancient and Endangered Forest sourcing issues identified based on current informatio and/or CanopyStyle Audit.

Direct supplier: Zhejiang Chemical Import&Export Co.,Ltd (Trader) Pulp mill: CELULOSA ARAUCO Y CONSTITUCION S.A.	Low risk Eucalyptus spp.	No Ancient and Endangered Forest sourcing issues identified based on current informatio and/or CanopyStyle Audit.
Direct supplier: Shanghai Tihao Supply Chain Management CO.,Ltd (Trader) Pulp mill: LD Celulose SA	Low risk Eucalyptus grandis, Eucalyptus urograndis	No Ancient and Endangered Forest sourcing issues identified based on current informatio and/or CanopyStyle Audit.

4.2 Summary of findings

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

** Indicates Critical Indicators

Key Commitment	Performance Indicators	Rating
1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy **	<i>Commitment Met</i>
	1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **	<i>Commitment Met</i>
	1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation. **	<i>Commitment Met</i>
	1.4 The MMCF producer has developed capacity and organizational structure to implement the Policy.	<i>Commitment Met</i>
	1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers. **	<i>Commitment Met</i>
	1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **	<i>Commitment Met</i>

	1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy. **	<i>Commitment in Progress</i>
	1.8 The MMCF producer has put in place a grievance procedure.	<i>Commitment Met</i>
	1.9 The MMCF producer has developed, and is implementing, an action plan that address any identified non-conformance and grievance received. **	<i>Not applicable</i>
	1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it. **	<i>Commitment in Progress</i>
	1.11 Each production site managers have developed procedures to implement the Policy, when relevant. **	<i>Commitment Met</i>
2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy	2.1 The MMCF producer identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. It also includes information about what volumes have FSC claims (i.e., FSC Mix, FSC 100%, FSC controlled wood). Where traceability is known, specify the FSC Certified FMU.	<i>Commitment Not Met</i>
	2.2 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.	<i>Commitment in Progress</i>
	2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.	<i>Commitment Not Met</i>
	2.4 The assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group.	<i>Commitment in Progress</i>
	2.5 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human rights and risks related to the conversion of natural forests to plantations (1994 date), use of Genetically Modified Organism.	<i>Commitment Not Met</i>
	2.6 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textile retailers.	<i>Commitment Met</i>
3. MMCF supply chain is deforestation free- there is no conversion of	3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre	<i>Insufficient Information Available</i>

natural forest to plantations	1994, or post 1994 with a supporting valid FSC certificate. **	
4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated	4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as “ancient & endangered forests”, “intact forest”, “natural forest”, “endangered species”, “controversial sources”, “high conservation value”, “high carbon area”, “peatlands”, etc. that are consistent with this document and the forest sourcing policy template. **	<i>Commitment Met</i>
	4.2 All areas meeting the definition of “ancient and endangered forests” have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group. **	<i>Commitment in Progress</i>
	4.3 Any raw materials in the MMCF producer’s supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills. **	<i>Not applicable</i>
	4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws. **	<i>Commitment Met</i>
	4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified. **	<i>Commitment in Progress</i>
5. If suppliers contravene these criteria, the MMCF producer will first engage them to change practices and then re-evaluate its relationship with them	5.1 All MMCF producers’ suppliers are identified and the forest of origin is known. **	<i>Commitment in Progress</i>
	5.2 The MMCF producer has developed procedures for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found. ** (Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)	<i>Commitment Met</i>
	5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found. **	<i>Not Applicable</i>
6. The MMCF producer welcomes interested stakeholders and Leaders Group observers to verify the implementation.	6.1 When requested, Canopy, the Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **	<i>Commitment Met</i>

<p>*If If sourcing from Priority Ancient and Endangered Forests, the MMCF producer (and/or supplier) is doing so in a manner consistent with the Advice Notes and actively engaging its supplier(s) to undertake large-scale scientifically based conservation planning and seeking FSC forest management certification for wood sourcing. (if, and when the producer is vertically integrated, they may execute the conservation planning and FSC certification themselves)</p>	<p>6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **</p>	<p><i>Not applicable</i></p>
	<p>6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public. **</p>	<p><i>Not applicable</i></p>
	<p>6.4 The MMCF producer requires of its supplier to have developed a management plan that identifies measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOs. **</p>	<p><i>Not applicable</i></p>
	<p>6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free Prior and Informed Consent. **</p>	<p><i>Not applicable</i></p>
<p>7. The MMCF producer shall require their forest/wood suppliers to recognize, respect and uphold human rights and the rights of communities and workers affected by the operations of their supply chain and</p>	<p>7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities affected by forest operations. **</p>	<p><i>Commitment Met</i></p>

<p>affiliated companies in the forestry sector</p> <p>Note: This audit focuses on only on forest sourcing and wood-based pulp production. We recognize that there are other issues of concern and interest that are beyond the scope of this risk verification audit. Additional actions will be required by brands, retailers and MMCF producers to adequately address and verify health and safety, working conditions, labour practices, equity and discrimination at mill sites.</p>		
	<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><i>Commitment Not Met</i></p>
	<p>7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.</p>	<p><i>Commitment in Progress</i></p>
	<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p><i>Commitment in Progress</i></p>
	<p>7.5 The MMCF producer has developed procedures to ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.</p>	<p><i>Commitment in Progress</i></p>
	<p>7.6 Recognition and respect for human rights is demonstrated by the MMCF</p>	<p><i>Commitment in Progress</i></p>

	producer 's forest/wood suppliers. There is no evidence of continuing to source from a forest/wood supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **	
8. Development of Innovative and Alternative Fiber	8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers. **	<i>Commitment in Progress</i>
	8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	<i>Commitment in Progress</i>
9. Voluntary advocacy for conservation solutions	9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions that aim protect remaining ancient and endangered forests. **	<i>Commitment Not Met</i>
	9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions that have the Free, Prior and Informed Consent of affected indigenous and local communities. **	<i>Not Applicable</i>
	9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.	<i>Commitment Met</i>
	9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs. **	<i>Not Applicable</i>
10. Responsible forest management	10.1 The MMCF producer has defined criteria for responsible forest management, gives a preference for FSC certification and has developed and implemented an action plan to increase FSC intake. **	<i>Commitment in Progress</i>
11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses	11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.	<i>Commitment in Progress</i>
	11.2 MMCF producer has procedures to know whether their suppliers are sourcing from	<i>Commitment in Progress</i>

	tropical peatlands and/or intact forest landscapes.	
	11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **	<i>Commitment in Progress</i>
12. Pollution Prevention	<p>12.1 * This verification process <u>will not</u> verify the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality.</p> <p>Canopy expects MMCF producers to invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process), and to implement the ZDHC new viscose guidelines available at https://www.roadmaptozero.com/post/zdhc-man-made-cellulosic-guidelines-released</p>	<i>Not Applicable</i>

4.3 Volume Summaries⁵

Reporting period: 01-Feb-2024 to 31-Jan-2025

Category	Explanation	Volume	% Overall
FSC Controlled Wood	Material received with an FSC Controlled Wood claim (either from an FM or COC certified company)	0	0
Controlled material	Noncertified material controlled by the company's FSC Due Diligence System	0	0
FSC Mix	Material received with an FSC Mix Credit or FSC Mix % claim from an FSC CoC certified company	10150 tons	81.2%
FSC 100%	Material received with an FSC 100% claim from an FSC certified company (FM or COC).	1100 tons	8.8%
Non-FSC	Material received with no FSC claim.	1250 tons	10%
PEFC	Material received with an PEFC claim. Note materials can be received with both a PEFC and FSC claim (no double counting)	0	0

The volume summary is provided by the organization.

⁵ The volume summary is provided by the organization.

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

1. Evaluation of Site: Shandong Hongtaiding New Material Technology Co.,Ltd.

Primary Responsible Person: (Responsible for control system at site(s))	Mr. Wang Qin (Canopy project management representative) During the audit, Ms. ZHANG Xiumei responded to the audit team's questions on behalf of Mr. Wang Qin due to his absence.
Auditor(s):	Lisa LV & Peiyong ZHOU
People Interviewed, Titles:	<ul style="list-style-type: none"> - Mr. Xiao Lei, Supervisor of production and techniques department - Mr. Wen Yaqi, Supervisor of Raw material procurement - Ms. Zhang Xiumei, accompany the audit team on behalf of Canopy project management representative - Ms.Ma Mingyue, Officer of general manager office
Brief Overview of Audit Process for this Location:	<i>Please refer to Section 2.3 above for Description of Overall Audit Process.</i>
Comments: Shandong Hongtaiding New Material Technology Co.,Ltd. Corporate Office is responsible for development and enforcement of the company sourcing policy and purchasing raw materials for the mill, and conducting supplier's risk assessment.	

2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	
Indicators	Findings
1.1 Senior executive and key managers make a publicly available commitment to full implementation of the forest sourcing policy.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Company published Fibre Procurement Policy for Protecting Forests to promote sustainable forest management and conserve ancient and endangered forests (effective on 30th January 2023 and updated on 28th March 2024), the policy is publicly available on its website: https:// 山东鸿泰鼎新材料科技有限公司-政策 Interviewed with key managers responsible for</p>

	<p>Canopy audit and confirmed that they knew this procurement policy.</p>
<p>1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy. These are available upon request to stakeholders. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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: A series of procedures have been developed and implemented to ensure the achievement of the procurement policy, to conserve ancient and endangered forests and avoid controversial sources, including</p> <ul style="list-style-type: none"> • Canopy Style management manual (Canopystyle-QM-01, A/0); • Dissolving Pulp Purchasing Control • Supplier Due Diligence Assessment Procedure • Supplier Greenhouse Gas Emission Control Procedure • Supplier Forest Protection Assessment Procedure • Supplier management procedure <p>The company has also implemented system to control of nonconforming product program. Assess whether suppliers have procedures for sourcing from IFL and peatlands.</p> <p>The complaint handling mechanism for ensuring consistency with CanopyStyle standards is available. Upon receiving a complaint, a dedicated person will manage it and report it to the company's supervisor.</p> <p>After a special discussion, the complaint will be addressed within three months. The handling plan will be communicated to the complainant, and the results will be shared with them once the plan has been executed.</p>
<p>1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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 General Manager holds overall responsibility for the company's CanopyStyle system. This includes ensuring that the CanopyStyle management system processes</p>

	<p>are established, implemented, and maintained.</p> <p>The Canopy project management representative is responsible for monitoring and reporting the performance of the CanopyStyle management system to the company, including identifying improvement needs, and liaising with outside parties, etc.</p> <p>The purchasing department, is tasked with implementing the policy. Their responsibilities include assessing suppliers for CanopyStyle compliance, communicating with suppliers, prioritizing higher-quality suppliers, and exploring new suppliers.</p> <p>For other matters related to CanopyStyle compliance, such as complaint handling, alternative fiber developing, etc., there are specific responsible department appointed. All the staff interviewed showed awareness on their responsibilities related to the specific position.</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:</p> <p>The company’s organization chart has been provided to the auditor, as detailed in section 1.3. The policy implementation will be managed by several key departments, including the Purchasing Department, the Corporate General Manager office with the General Manager overseeing the overall implementation.</p> <p>Additionally, the Research and Development Centre will support efforts to reduce the use of virgin pulp and develop alternative fibre to ensure compliance with CanopyStyle.</p>
<p>1.5 The MMCF producer has communicated its commitment to implement its Policy to all its suppliers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>All suppliers have signed consent agreement with the company concerning dissolving pulp procurement and compliance with human</p>

	<p>rights and community rights, the wood materials will not come from original endangered forests, high risk and controversial areas. Initially, the signing date was missing in the agreement, and the suppliers signed the consent agreement again after the on-site audit with signing date 4 July 2025.</p> <p>Signed Consent agreement with suppliers:</p> <p>Agreement for the Supply of Dissolved Pulp between Hongtaiding and Shanghai Tihao (supplier) , dated 4 July 2025;</p> <p>Agreement for the Supply of Dissolved Pulp between Hongtaiding and Beijing Bolin (supplier) , dated 4 July 2025;</p> <p>Agreement for the Supply of Dissolved Pulp between Hongtaiding and Zhejiang Chemical (supplier) , dated 4 July 2025.</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</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>Previously, the company shared the Dissolving Pulp Procurement Consent Agreement to the supplier prior to signing the procurement agreement, the signed consent agreements are available and checked by audit team.</p> <p>After on-site audit, the company has made it more clearly by adding the related requirement in the pulp purchasing agreement template. It is clearly defined in the Pulp purchasing agreement with supplier that the supplier shall be aligned with company’s pulp sourcing policy.</p>
<p>1.7 The MMCF producer has developed, and is implementing a system to monitor supplier conformance with the Policy.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has developed and implemented monitoring system to check the supplier’s</p>

	<p>conformance with the policy regularly, covering forest conservation, social responsibility, greenhouse gas emission, etc.</p> <p>The Canopy Dissolving Pulp Classification Tool is also used for monitoring supplier performance in forest conservation. The monitoring reports are available and checked.</p> <p>However, the evidence to support the judgement (Yes/No) of the monitoring related to forest conservation mentioned in the Supplier Investigation Form, such as wood sourcing information, is not available.</p>
<p>1.8 The MMCF producer has put in place a grievance procedure.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The complaint handling mechanism (Canopystyle-CX-07, Canopystyle-CX-08) for ensuring consistency with CanopyStyle standards is available. Upon receiving a complaint, a dedicated person will manage it and report it to the company's supervisor.</p> <p>After a special discussion, the Complainant will be informed formally within 2 weeks after receiving the complaint with the notification of complaint receiving and planned measure to solve this complaint. Complaint will be addressed within three months. The handling plan will be communicated to the complainant, and the results will be shared with them once the plan has been executed.</p> <p>It is confirmed via interview with responsible person that no complaint related to Canopy is received in the past years.</p> <p>In addition, the company is FSC certified which requires a grievance procedure as well.</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: No complaints have been received, and no non-conformities have yet been recognized during the time scope of this audit.</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 training record showed that staff from Procurement department was trained on 17 December 2024, however, parts of the management staff interviewed from procurement department, showed incomplete knowledge on Canopy. For example: The management staff, who answered the question on behalf of the absent Canopy management representative, showed incomplete understanding for Canopy and Hongtaiding’s Canopy Procurement Policy.</p>
<p>1.11 Each production site managers have developed procedures to implement the Policy, when relevant.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input 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: A series of procedures have been developed by corporate office and shared with the mill.</p>
<p>Summary: The company has developed and published a fiber sourcing policy to implement Canopy requirements, which is available on the company’s website and has been communicated to dissolving pulp suppliers. The General Manager holds overall responsibility for the CanopyStyle system, while the purchasing department, is tasked with implementing the policy. Their duties include assessing suppliers for CanopyStyle compliance, communicating with suppliers, prioritizing higher-quality suppliers, and exploring new suppliers.</p> <p>A series of procedures have been developed and implemented to ensure the achievement of the procurement policy, to conserve ancient and endangered forests and avoid controversial sources, etc. No complaint related to Canopy was received in the past year.</p> <p>All suppliers have signed consent agreement regarding dissolving pulp procurement and compliance with compliance with human rights and community rights, the wood materials will not come from original endangered forests, high risk and controversial areas.</p> <p>The company has developed and implemented monitoring system to check the supplier’s conformance with the policy regularly, covering forest conservation, social responsibility, greenhouse gas emission, etc. The Canopy Dissolving Pulp Classification Tool is also used for monitoring supplier performance in forest conservation. The monitoring reports are available and checked. However, the evidence to support the judgement (Yes/No) of the monitoring related to forest conservation mentioned in the Supplier Investigation Form, such as wood sourcing information, is not available. thus their commitment is still in progress.</p>	

The training record showed that staff from Procurement department was trained on 17 Dec. 2024, however, the management staff interviewed from procurement department, showed incomplete knowledge on Canopy.

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

Indicators	Findings																				
<p>2.1 The MMCF producer identifies all raw material inputs by volume (i.e., wood pulp/chips, cotton linters, agricultural residues, recycled cotton pulp) for the previous year. It also includes information about what volumes have FSC claims (i.e., FSC Mix, FSC 100%, FSC controlled wood). Where traceability is known, specify the FSC Certified FMU.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input checked="" type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has documented all raw material inputs by volume, as required. The information, recorded in an Excel spreadsheet, includes dissolving pulp brand, FSC claim, etc.. Between 1st February. 2024 and 31st January 2025, the company purchased a total of 12500 tons of pulp from 3 dissolving pulp suppliers via three agents. The sourcing information included the pulp mill name, volume, species information, country or sub-country of origin, and certification status of the purchased pulp.</p> <p>Below table showed what has been declared on the pulp source info provided by the company:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Direct supplier</th> <th>Pulp mill</th> <th>Species</th> <th>Country of Origin</th> <th>FSC claim declared from the company</th> </tr> </thead> <tbody> <tr> <td>北京泊林中和新材料有限公司 Beijing Bolin Zhonghe New Material Co.,Ltd</td> <td>Sappi Papier Holding GmbH Saiccor</td> <td>Eucalyptus and minor component is Acacia/Eucalyptus</td> <td>South Africa</td> <td>FSC Mix 70%</td> </tr> <tr> <td>浙江化工进出口有限公司 Zhejiang Chemical Import & Export Co.,Ltd</td> <td>CELULO SA ARAUCO Y CONSTITUCION S.A.</td> <td>Eucalyptus app.</td> <td>Chile</td> <td>FSC Mix Credit</td> </tr> <tr> <td>上海缙豪供应链管理有限公司 Shanghai Tihao Supply Chain Management Co.,Ltd</td> <td>LD Celulose SA</td> <td>Eucalyptus grandis, Eucalyptus urograndis</td> <td>Brazil</td> <td>FSC Mix Credit & FSC 100%</td> </tr> </tbody> </table>	Direct supplier	Pulp mill	Species	Country of Origin	FSC claim declared from the company	北京泊林中和新材料有限公司 Beijing Bolin Zhonghe New Material Co.,Ltd	Sappi Papier Holding GmbH Saiccor	Eucalyptus and minor component is Acacia/Eucalyptus	South Africa	FSC Mix 70%	浙江化工进出口有限公司 Zhejiang Chemical Import & Export Co.,Ltd	CELULO SA ARAUCO Y CONSTITUCION S.A.	Eucalyptus app.	Chile	FSC Mix Credit	上海缙豪供应链管理有限公司 Shanghai Tihao Supply Chain Management Co.,Ltd	LD Celulose SA	Eucalyptus grandis, Eucalyptus urograndis	Brazil	FSC Mix Credit & FSC 100%
Direct supplier	Pulp mill	Species	Country of Origin	FSC claim declared from the company																	
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However, for the volume and FSC status, they are not confirmed by the auditor. From the sampled 7 batches of purchasing, the following issues existed in the traceability and transaction:

- 1) The provided transaction documents cannot ensure the traceability from Hongtaiding to the claimed pulp mill for Sappi pulp supply chain and LD pulp supply chain; For LD pulp, the transaction between Hongtaiding and direct supplier is missing, the volume in the provided imported docs is less than the volume information stated in the sourcing information form; For Sappi pulp, the volume in the provided imported docs is less than the volume information stated in the sourcing information form, and the consignee in the pulp imported docs is missing; For ARAUCO pulp, the volume in the provided VAT invoice between Hongtaiding and direct supplier is less than the volume information stated in the sourcing information form; More details please see below table:

Pulp brand	Contract No.	Volume in the provided purchasing docs	Volume declared in the volume information form
LD	TH-XJHTD240528-05260	2107.628 T	2200 T
LD	TH-XJHTD241019-05323	1088 T	1100 T
SAPPT	BL-XJHTD-241120C1034A	769.28 T	800 T
SAPPI	BL-XJHTD-240913C1022B	589.583 T	2000 T
ARAUCO	HJ24P01V049 HJ24P01V075 HJ24P01V091 HJ24P01V097	1542.679 T	2500 T

- 2) The FSC status and FSC claim indicated in the sourcing information forms does not match with the one in the transaction docs. For LD pulp, the transaction between Hongtaiding and direct supplier is missing, the volume in

	<p>the provided imported docs is less than the volume information stated in the sourcing information form; For Sappi pulp, there is no FSC claim in the transaction docs in the provided 3 out of 6 VAT invoices between Hongtaiding and direct supplier, while the sourcing information form indicated the material as FSC certified; For ARAUCO pulp, there is not any FSC claim in the sampled invoices between Hongtaiding and direct supplier, while the sourcing information form indicated the material as FSC certified sourcing information form;</p> <p>In short:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. - The certificate status cannot be verified for LD Celulose and Sappi due to incomplete supply chain info <p>Additionally, the FSC Certified FMU information is missing in the spreadsheet and not collected, which indicates that the forest information is not known.</p>
<p>2.2 An assessment of the MMCF producer supply chain has been completed globally. The producer used the Forest Mapper, advice note on Ancient and Endangered Forests and Dissolving Pulp Classification tool, to make their supply assessment.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>It is the responsibility of procurement department in the corporate office to conduct the risk assessment of the supplier.</p> <p>The sourcing country information for each pulp dissolving mill is available on the sourcing information. The company used the "Dissolving Pulp Classification tool" and Corruption Perception Index (CPI) to conduct the risk assessment for the pulp mill. In addition, the company also assess the pulp mill in following aspects: certification related to environment, compliance in labour rights and forest-level compliance.</p> <p>However, as the FMU or sourcing area/map is not collected from pulp mill, the assessment results in forest-level cannot be adopted. In addition, the following factors related to the sourcing risk from controversial sources are not covered in the assessment report:</p> <ol style="list-style-type: none"> 1) Violations of the rights of indigenous peoples and local communities; 2) Plantations established after 1994 through the conversion or simplification of natural forests, and, 3) The use of genetically modified organisms (GMO). <p>The company only mentioned in the assessment that all 3 suppliers prioritize FSC certified wood material, however, by sampling checking the procurement documents:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp.

	<p>- The certificate status cannot be verified for LD Celulose and Sappi due to incomplete supply chain info</p> <p>Risks related to legality, human rights violation, GMO species and conversion of natural forest to plantations (1994 dates) cannot be verified. Potential risks are raised.</p>
<p>2.3 This assessment identifies all suppliers in the chain that supply the MMCF mills, beginning at the forest or plantation of origin.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The sourcing country information for each dissolving pulp mill or supplier is available on the sourcing information. However, the forest management unit information is not available.</p> <p>Additionally, the provided transaction documents for sampled purchasing records cannot ensure the traceability from Hongtaiding to the claimed pulp mill due to the missed transaction documents and/or volume issues, more details please see above indicator 2.1 & 2.2.</p>
<p>2.4 This assessment is updated every year and shared with Canopy, with permission to share with the Leaders Group</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Company updates its assessment annually. During this year's audit, the 2024 Dissolving Pulp Supplier Assessment Report was provided to the auditor.</p> <p>The company used the "Dissolving Pulp Classification tool" and Corruption Perception Index (CPI) to conduct the risk assessment for the pulp mill. In addition, the company also assessed the pulp mill in following aspects: certification related to environment, compliance in labour rights and forest-level compliance.</p> <p>The company has shared the direct suppliers' FSC COC certificates and suppliers' initial assessment checklist to Canopy via the weblink provided by Canopy, except the supply chain risk assessment report.</p>
<p>2.5 The producer developed additional criteria to complete their risk assessment, to include legality, violation of human risks and risks related to the conversion of natural forests to plantations (1994</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>date), use of Genetically Modified Organism.</p>	<p>Description of the finding:</p> <p>The company used the "Dissolving Pulp Classification tool" and Corruption Perception Index (CPI) to conduct the risk assessment for the pulp mill. In addition, the company also assessed the pulp mill in following aspects: certification related to environment, compliance in labour rights and forest-level compliance.</p> <p>However, following factors related to the sourcing risk from controversial sources are not covered in the assessment report:</p> <ol style="list-style-type: none"> 1) Violations of the rights of indigenous peoples and local communities; 2) Plantations established after 1994 through the conversion or simplification of natural forests, and, 3) The use of genetically modified organisms (GMO). <p>The company only mentioned in the assessment that all 3 suppliers prioritize FSC certified wood material, however, by sampling checking the procurement documents:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. - The certificate status cannot be verified for LD Celulose and Sappi due to incomplete supply chain info <p>Risks related to legality, human rights violation, GMO species and conversion of natural forest to plantations (1994 dates) cannot be verified. Potential risks are raised.</p>
<p>2.6 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has shared its supplier's list in company's official website 山东鸿泰鼎新材料科技有限公司-溶解浆供应商</p>
<p>Summary:</p> <p>Excel spreadsheet provided listed all inputs in Xiajin mill by material type, supplier and volumes. The FSC volume information sourced by each supplier is available.</p> <p>The company has documented all raw material inputs by volume, as required. The information, recorded in ansourcing information form, includes dissolving pulp brand, FSC claim, etc. Between 1st February 2024 and 31st January 2025, the company purchased a total of 12500 tons of pulp from 3 dissolving pulp suppliers via three agents.</p> <p>The volume and FSC status of the material cannot be not confirmed to below concerns. From the sampled 7 batch of purchasing, following issues existed in the traceability and transaction.</p> <ul style="list-style-type: none"> • The provided transaction documents cannot ensure the traceability from Hongtaiding to the claimed pulp mill for Sappi pulp supply chain and LD pulp supply chain; For LD pulp, the transaction between Hongtaiding and direct supplier is missing, the volume in the provided imported docs is less than the volume information stated in the sourcing information form; For Sappi pulp, the volume in the provided imported docs is less than the volume information stated in the sourcing information form, and the consignee in the pulp imported docs is missing; For ARAUCO pulp, the volume in the provided VAT invoice between Hongtaiding 	

and direct supplier is less than the volume information stated in the sourcing information form

- The FSC status and FSC claim indicated in the sourcing information form does not match with the one in the transaction docs. For LD pulp, the transaction between Hongtaiding and direct supplier is missing, the volume in the provided imported docs is less than the volume information stated in the sourcing information form; For Sappi pulp, there is no FSC claim in the transaction docs in the provided 3 out of 6 VAT invoices between Hongtaiding and direct supplier, while the sourcing information form indicated the material as FSC certified; For ARAUCO pulp, there is not any FSC claim in the sampled invoices between Hongtaiding and direct supplier, while the sourcing information form indicated the material as FSC certified;

In short:

- Arauco supplied non-certified pulp.
- The certificate status cannot be verified for LD Celulose and Sappi due to incomplete supply chain info

Additionally, the FSC Certified FMU information is missing in the spreadsheet and not collected, which indicates that the forest information is not known.

It is the responsibility of procurement department in the corporate office to conduct the risk assessment of the supplier.

The company used the "Dissolving Pulp Classification tool" and Corruption Perception Index (CPI) to conduct the risk assessment for the pulp mill. In addition, the company also assess the pulp mill in following aspects: certification related to environment, compliance in labour rights and forest-level compliance. However, as the FMU or sourcing area/map is not collected from pulp mill, the assessment results in forest-level cannot be adopted. In addition, following factors related to the sourcing risk from controversial sources are not covered in the assessment report:

- 1) Violations of the rights of indigenous peoples and local communities;
- 2)
- 3) Plantations established after 1994 through the conversion or simplification of natural forests, and,
- 4) The use of genetically modified organisms (GMO).

The company has shared its supplier's list in company's official website [山东鸿泰鼎新材料科技有限公司-溶解浆供应商](#).

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

Indicators	Findings
<p>3.1 The initial date of the plantation development has been documented and sourcing only occurs in areas identified pre 1994, or post 1994 with a supporting valid FSC certificate.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input checked="" type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The plantation establishment year information is available in the Canopy Supplier Information Form. However, no solid evidence is available. According to this sourcing information:</p> <ul style="list-style-type: none"> • Sappi: the plantation establishment year is 1950

	<ul style="list-style-type: none"> • ARAUCO: the plantation establishment year is 1950 • LD: the plantation establishment year info is before 1993 <p>By checking the procurement samples:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. - The certificate status cannot be verified for LD Celulose and Sappi due to incomplete supply chain info <p>Therefore, therefore there is insufficient evidence to determine that those materials do not originate from plantations established after 1994.</p> <p>-</p>
<p>Summary: The plantation establishment year is available in the Canopy Supplier Information Form sourcing information form. However, no solid evidence is available to prove this plantation establishment year.</p>	

4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated	
Indicators	Findings
<p>4.1 The MMCF producer has adopted clear definitions for the terms included in their Policy, such as "ancient & endangered forests," "intact forest," "natural forest," "endangered species," "controversial sources," "high conservation value," "high carbon area," "peatlands," etc. that are consistent with this document and the forest sourcing policy template.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Company's policies and procedures include the definitions of Ancient & Endangered forests, intact forests, and controversial sources as the CanopyStyle framework.</p>
<p>4.2 All areas meeting the definition of "ancient and endangered forests" have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Canopy, with permission to share Leaders Group.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The Company updates its assessment annually. During this year's audit, the 2024 Dissolving Pulp Supplier Assessment Report was provided to the auditor.</p> <p>The company used the "Dissolving Pulp Classification tool" and Corruption Perception Index (CPI) to conduct the risk assessment for the pulp mill. In addition, the company also assessed the pulp mill in following aspects:</p>

	<p>certification related to environment, compliance in labour rights and forest-level compliance. Based on the assessment report, no “ancient and endangered forests” or controversial sources has been identified for the supply chain.</p> <p>However, the risk assessment only focuses on the direct supplier and pulp mill level, and the following gaps remain:</p> <ul style="list-style-type: none"> • the FMU or sourcing area/map is not collected from pulp mill, the assessment results in forest-level can not be adopted; • following factors related to the sourcing risk from controversial sources are not covered in the assessment report: <ol style="list-style-type: none"> 1) Violations of the rights of indigenous peoples and local communities; 2) Plantations established after 1994 through the conversion or simplification of natural forests, and, 3) The use of genetically modified organisms (GMO). <p>According to the company, all three suppliers are low risk. According to the Canopy Dissolving Pulp Classification Tool on evaluation of whether sourcing from A&E forests, all three suppliers are graded as No Ancient and Endangered Forest sourcing issues identified based on current information and/or CanopyStyle Audit.</p> <p>In terms of whether sourcing from other controversial sources, for Arauco, non-certified pulp supplied to the company, therefore there is no guarantee that the wood chips are not sourcing from other controversial sources.</p> <p>For LD Celulose and Sappi, since it’s not able to verify if the pulp supplied is certified or not, therefore, it’s impossible to determine whether the sources are controversial. Please refer to 2.1 for details on procurement documents sample checking findings.</p>
<p>4.3 Any raw materials in the MMCF producer’s supply chain originating from ancient and endangered forests or other controversial sources, and acquired before the Policy was adopted by the company, such as stocks in log yards, will be documented, identified accordingly and utilised by the mills.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company declared that no pulp from confirmed Ancient and Endangered forests or</p>

	<p>other controversial sources has been sourced before , the policy accepted in March 2024.</p>
<p>4.4 The MMCF producer is aware of all relevant local, national and international laws and there is no evidence of non-compliance, with local, national or international laws.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Interviews with management confirmed their awareness of all relevant laws and regulations.</p> <p>The auditor reviewed legally required documents in China, including the business license, and environmental impact assessment. There is no information or news indicating that the organization is non-compliant with national and international laws.</p> <p>The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including:</p> <ul style="list-style-type: none"> • ISO9001:2015 quality management system, • FSC Chain of Custody, • ISO14001:2015 Environment Management System, • ISO45001: 2018 Occupational Health and Safety Management System • STANDARD 100 by OEKO-TEX® testing and certification system.
<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 Company has conducted internal risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources.</p> <p>However, not all suppliers can be verified as low risk. Note findings from 4.1-4.4 above.</p>
<p>Summary: The Company’s policies and procedures include the definitions of ancient & endangered forests, intact forests, and controversial sources as the CanopyStyle framework It is declared by the company purchasing team that no pulp from ancient and endangered forests or other</p>	

controversial sources have been sourced before the audit period 1 February 2024 to 31 January 2025.

The company has developed its pulp sourcing policy that is aligned with Canopy requirement and made it public. Specific department has been assigned to conduct the supplier risk assessment to ensure the implementation of the sourcing policy.

The Company has conducted internal risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources. However, not all suppliers can be verified as low risk.

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

Indicators	Findings																				
<p>5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company provided a sourcing information form detailing data for three declared suppliers, including the pulp mill name, volume, species information, country or sub-country of origin, and certification status of the purchased pulp, but forest of origin-forest farm level is not available.</p> <p>Pulp sources information:</p> <table border="1" data-bbox="735 1249 1321 1993"> <thead> <tr> <th>Direct supplier</th> <th>Pulp mill</th> <th>Species</th> <th>Country of Origin</th> <th>FSC Claim declared from the company</th> </tr> </thead> <tbody> <tr> <td>北京泊林中和新材料有限公司 Beijing Bolin Zhonghe New Material Co.,Ltd</td> <td>Sappi Papier Holding GmbH Saiccor</td> <td>Eucalyptus and minor component is Acacia/Eucalyptus</td> <td>South Africa</td> <td>FSC Mix 70%</td> </tr> <tr> <td>浙江化工进出口有限公司 Zhejiang Chemical Import and Export Co.,Ltd</td> <td>CELULO SA ARAUCO Y CONSTITUCION S.A.</td> <td>Eucalyptus app.</td> <td>Chile</td> <td>FSC Credit</td> </tr> <tr> <td>上海缙豪供应链管理有限公 司 Shanghai Tihao Supply Chain</td> <td>LD Celulose SA</td> <td>Eucalyptus grandis, Eucalyptus urograndis</td> <td>Brazil</td> <td>FSC Credit & FSC 100%</td> </tr> </tbody> </table>	Direct supplier	Pulp mill	Species	Country of Origin	FSC Claim declared from the company	北京泊林中和新材料有限公司 Beijing Bolin Zhonghe New Material Co.,Ltd	Sappi Papier Holding GmbH Saiccor	Eucalyptus and minor component is Acacia/Eucalyptus	South Africa	FSC Mix 70%	浙江化工进出口有限公司 Zhejiang Chemical Import and Export Co.,Ltd	CELULO SA ARAUCO Y CONSTITUCION S.A.	Eucalyptus app.	Chile	FSC Credit	上海缙豪供应链管理有限公 司 Shanghai Tihao Supply Chain	LD Celulose SA	Eucalyptus grandis, Eucalyptus urograndis	Brazil	FSC Credit & FSC 100%
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	Management Co.,Ltd				
<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 checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>It is clearly defined in the Supplier Due Diligence Procedure (Canopystyle-CX-02) and Supplier Control Procedure (Canopystyle-CX-01) that the company does not purchase from the supplier that has the risk of sourcing from Ancient and Endangered forests. For other sources, such as sourced from other controversial source, corrective actions shall be taken. If the risk cannot be mitigated, the company will stop purchasing.</p> <p>The interviewed management staff is clear about this requirement.</p>				
<p>5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>As no non-conformance has been detected by the company for the suppliers, no such record exists, which is verified via checking the supplier risk assessment report (2025) and interview with management staff.</p>				
<p>Summary:</p> <p>The company provided a sourcing information form detailing data for three declared suppliers, including the pulp mill name, volume, species information, country or sub-country of origin, and certification status of the purchased pulp, but forest of origin-forest farm level is not available. Based on the company’s risk assessment report, no supplier is against the company’s pulp sourcing policy.</p> <p>Based on the company’s management procedure, the company does not purchase from the supplier that has the risk of sourcing from endangered and ancient forest. For other sources, such as sourced from other controversial source, corrective actions shall be taken. If the risk cannot be mitigated, the company will stop purchasing.</p>					

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

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

Indicators	Findings
<p>6.1 When requested, Canopy, Leaders Group and other stakeholder observers are permitted to participate freely and to report observations during this verification process. **</p>	<p>Conformance with Indicator:</p> <p><input 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: Management confirmed that the leadership group and other stakeholders are welcome to join future verifications as observers, and any observations can be freely reported to the auditor.</p>
<p>6.2 The MMCF producer requires of its supplier to complete large scale scientifically based conservation planning, High Conservation Value assessments, and/or High Carbon Value assessment, identifying areas for protection, has been completed, based on best available science, by a credible third party, and made public. **</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: This indicator is required when company's sourcing has been verified as key priority areas of Ancient and Endangered forests.</p>
<p>6.3 If sourcing from controversial areas, with records of conflict and human rights violation, the MMCF producer requires of its supplier to complete an assessment that includes participatory mapping of lands owned or claimed by indigenous and local communities, identification of areas for protection, areas for conflict resolution and remedy of past harms that involve affected parties, their chosen advisors and relevant stakeholders, have been completed by a credible and mutually agreed third party and made public.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: This indicator is only required when company's sourcing has been verified as coming from areas where there is record of conflict or human rights violations.</p>

<p>6.4 The MMCF producer requires of its supplier to have developed a management plan that identifies measures to protect areas identified in large scale scientifically based conservation planning, HCV and HCS assessments with the Free, Prior and Informed Consent of indigenous and local communities whose land or land claims are impacted and with input from credible ENGOS.**</p>	<p>Conformance with Indicator:</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: This indicator is only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p>
<p>6.5 The MMCF producer requires of its supplier to have developed and implemented a time-bound action plan to actively seek the legal protection of these areas with final land-use decision-makers in a way that meets principles of Free, Prior and Informed Consent.**</p>	<p>Conformance with Indicator:</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: This indicator is only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p>
<p>Summary: Management confirmed that the leadership group and other stakeholders are welcome to join future verifications as observers, and any observations can be freely reported to the auditor. Indicator 6.2-6.5 are only required when company's sourcing has been verified as key priority areas of ancient and endangered forests.</p>	

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

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

Indicators	Findings
<p>7.1 The MMCF producer has developed and requires its suppliers to adopt a similar policy, systems and procedures to implement Free,</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p>

<p>Prior and Informed Consent of indigenous people and local communities affected by forest operations.**</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:</p> <p>The company requires its suppliers in its sourcing policy to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.</p> <p>Currently, Company follows up this indicator via verifying their supplier's certification information and related materials (i.e public report/sustainable report and commitments, statement, relevant Policy etc) from suppliers</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:</p> <p>There is no disclosure on forest(s) level suppliers' information.</p> <p>Based on the procurement documents sampling result:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. <p>What's more, for Arauco, they have had conflict with local and Indigenous communities in Chile due to logging and plantations on their customary lands.</p> <ul style="list-style-type: none"> - The certificate status cannot be verified for the pulp supplied from LD Celulose and Sappi due to incomplete supply chain info. <p>There is not any guarantee the upstream suppliers are implementing this requirement.</p>
<p>7.3 The MMCF producer and its suppliers have a grievance mechanism and show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met</p>

	<p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The complaint handling mechanism (Canopystyle-CX-07, Canopystyle-CX-08) for ensuring consistency with CanopyStyle standards is available. Upon receiving a complaint, a dedicated person will manage it and report it to the company's supervisor.</p> <p>After a special discussion, the Complainant will be informed formally within 2 weeks after receiving the complaint with the notification of complaint receiving and planned measure to solve this complaint. Complaint will be addressed within three months. The handling plan will be communicated to the complainant, and the results will be shared with them once the plan has been executed.</p> <p>It is confirmed via interview with responsible person that no complaint related to Canopy is received in the past years.</p> <p>In addition, the company and 3 pulp suppliers are all FSC certified which requires a grievance procedure as well.</p> <p>There is no disclosure on forest(s) level suppliers' information.</p> <p>Based on the procurement documents sampling result:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. <p>What's more, for Arauco, they have had conflict with local and Indigenous communities in Chile due to logging and plantations on their customary lands.</p> <ul style="list-style-type: none"> - The certificate status cannot be verified for the pulp supplied from LD Celulose and Sappi due to incomplete supply chain info. <p>There is not any guarantee the upstream suppliers are implementing this requirement.</p>
<p>7.4 The MMCF producer and its suppliers have developed internal capacity and organizational structure to recognize and respect the rights of its workers.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input 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: The company has developed the Supplier Consent Agreement with the company concerning dissolving pulp procurement and compliance with worker's rights, covering</p>

	<p>force labor, child labor, payment, safety, etc., the supplier who has cooperation with the company has signed this agreement.</p> <p>The company and the direct supplier and the pulp mill are all FSC certified organization, which require relevant companies to sign the policy for association is a declaration by the company that they are not involved in directly or indirectly with the activities that can violate workers' rights.</p> <p>However, there is no disclosure on forest(s) level suppliers' information.</p> <p>In addition, based on the procurement documents sampling result:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. - The certificate status cannot be verified for the pulp supplied from LD Celulose and Sappi due to incomplete supply chain info. <p>There is not any guarantee the upstream suppliers are implementing this requirement.</p>
<p>7.5 The MMCF producer has developed procedures to ensure its forest/wood suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input type="checkbox"/> Commitment Met</p> <p><input checked="" type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The company has developed the Supplier Consent Agreement with the company concerning dissolving pulp procurement and compliance with human's rights, covering the core labor standards of International Labour Organization (ILO), the supplier who has cooperation with the company has signed this agreement.</p> <p>The company and the direct supplier and the pulp mill are all FSC certified organization, and workers' rights is within the certification scope.</p> <p>However, there is no disclosure on forest(s) level suppliers' information.</p> <p>In addition, based on the procurement documents sampling result:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. - The certificate status cannot be verified for the pulp supplied from LD Celulose and Sappi due to incomplete supply chain info. <p>There is not any guarantee the upstream</p>

	suppliers are implementing this requirement.
<p>7.6 Recognition and respect for human rights is demonstrated by the MMCF producer's forest/wood suppliers. There is no evidence of continuing to source from a forest/wood supplier that has failed to acknowledge or resolved social conflicts and remedy past or current human rights violations. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Recognition and respect for human rights is included in the Company's policy. What's more, for Arauco, they have had conflict with local and Indigenous communities in Chile due to logging and plantations on their customary lands.</p> <p>This indicator is also a summary requirement of 7.2-7.5 and therefore graded as Commitment in progress.</p>
<p>Summary:</p> <p>The company requires its suppliers in its sourcing policy to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.</p> <p>The company has developed the Supplier Consent Agreement with the company concerning dissolving pulp procurement and compliance with respect human rights, community rights, First Nations rights and rights of workers, the direct supplier who has cooperation with the company has signed this agreement.</p> <p>The company and the pulp mill are all FSC certified organization, the requirement related to human rights, worker rights and FPIC can be regarded as compliance at the company and pulp mill level. However, as non-certified pulp supplied from Arauco and for LD Celulose and Sappi, it's not able to define the certificate status of the pulp supplied to the company. What's more, the forest level suppliers are not known, There is not any guarantee the upstream suppliers are implementing those requirements.</p>	

8. Development of Innovative and Alternative Fiber	
Indicators	Findings
<p>8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The Company has an internal action plan to explore and encourage the development of alternative fibre sources which was confirmed via interview with company supervisor of</p>

	<p>production and techniques department. Currently, there is an ongoing project named:</p> <p>Research and development of bamboo willow for special pulp for Lyocell fiber production. Bamboo willow is a new hybrid variety of willow tree, known for its fast growth, strong adaptability, and excellent quality; using bamboo willow to produce specific pulp for lyocell fiber is a new raw material and method for lyocell fiber production. The cellulose content and quality of bamboo willow are higher than that of poplar and eucalyptus, therefore it has the potential to broaden the source of raw materials, which can effectively alleviate the current shortage of lyocell pulp and reduce the production costs of lyocell fibers.</p> <p>This project has passed the pilot phase and has not yet been commercial scale phase.</p>
<p>8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.</p>	<p>Conformance with Indicator:</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 project has passed the pilot phase and has not yet been commercial scale phase. The experimental report is available and checked. Related patent certificate is issued in 27 Dec. 2022.</p>
<p>Summary: The Company has an internal action plan to explore and encourage the development of alternative fibre sources, which was confirmed via interview with company supervisor of production and techniques department. Currently, there is ongoing project named:</p> <p>Research and development of bamboo willow for special pulp for Lyocell fiber production.- Bamboo willow is a new hybrid variety of willow tree, known for its fast growth, strong adaptability, and excellent quality; using bamboo willow to produce specific pulp for lyocell fiber is a new raw material and method for lyocell fiber production. The cellulose content and quality of bamboo willow are higher than that of poplar and eucalyptus, broadening the source of raw materials, which can effectively alleviate the current shortage of lyocell pulp and reduce the production costs of lyocell fibers.</p> <p>This project has passed the pilot phase and has not yet been commercial scale phase.</p>	

9. Voluntary Advocacy for conservation solutions	
Indicators	Findings
<p>9.1 The MMCF producer has a track record of participating in events that support collaborative and visionary system solutions</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met</p>

<p>that aim to protect remaining ancient and endangered forests.**</p>	<p> <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 this audit, no solid evidence provided for this indicator.</p>
<p>9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact conservation and development solutions that have the Free, Prior and Informed Consent of affected indigenous and local communities.**</p>	<p>Conformance with Indicator:</p> <p> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: During this audit, no solid evidence provided for this indicator. In addition, the company is not prompted during this audit period.</p>
<p>9.3 The MMCF producer publicly supports science-based international and national target(s) and programs for preserving designated protected and conservation areas that have the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding:</p> <p>The company has signed the World's MMCF Producers Call on the Convention of Biological Diversity (hereinafter: CBD to support conserving at least 30% of the world's forests by 2030. During this audit period, the company has emailed to Canopy to support the CBD joint letter and allow Canopy to use company logo on the CBD joint letter, the email to Canopy on 25 August 2024 is provided.</p>

[City, Contry, date]

【城市、国家、日期】

To Heads of State and Government.

致各国政府领导：

As time draws near for world leaders to gather in Colombia for COP 16 of the Convention on Biological Diversity, our planet and nature depend on the collective actions of public and private sectors, as well as civil society, to deliver the mission of the Global Biodiversity Framework. It is urgent to secure and implement meaningful policies and decisive changes in corporate practices that will strengthen the relationship we have with nature.

世界各国领袖即将齐聚哥伦比亚，召开《生物多样性公约》第16次缔约方大会。我们的地球与自然依赖公私部门和民间社会力量。兑现《全球生物多样性框架》的愿景，我们亟需保障并执行有意义的政策，推动企业实践发生实质性的改变，加强我们与自然的关系。

Our companies collectively represent 75% of the world's viscose production, a material that commonly utilises wood-based fibre as a feedstock. As part of the textile industry, we recognize that the protection of Ancient and Endangered Forests is essential to mitigate climate change, maintain biodiversity, and sustain Indigenous Peoples and local communities. More than 300 million trees are logged every year and turned into cellulosic fabric used in the fashion industry and we recognise that our sector has the opportunity and responsibility to transform our supply chains to reduce the use of raw wood materials and instead utilise lower-impact alternatives. In doing so, we can help protect the world's most important and at-risk forests. We are working with the non-profit Canopy and the CanopyStyle initiative, to accomplish this.

我们企业集体的粘胶生产占全球产量的75%，而粘胶生产通常使用木基纤维作为原材料。作为纺织业的一部分，我们认识到保护原始濒危森林至关重要，有助于减缓气候变化，保护生物多样性，维护原住民和当地社区。每年超过3亿棵树被砍伐，制成纤维纤维，进入时尚业。我们深知本行业面对供应链转型的重要机会和责任。进一步减少原生木材的用量，转而利用低环境影响的替代材料，以此才能保护全球最重要、最濒危的森林。我们正与非营利组织Canopy和CanopyStyle倡议合作，实现此转型目标。

We agree with a key message included in a statement developed by Business for Nature (BN), which said: "voluntary action alone won't be enough. We need governments' immediate leadership to strengthen – not weaken – the policies, incentives and legislation that will drive the necessary business action to halt and reverse nature loss by 2030. An enabling environment coupled with regulatory certainty will foster innovation, transform business models, mobilize investment and ensure companies are held accountable for their actions and performance."

我们认同 Business for Nature（商业自然联盟）提出的重要信息：“单独而主动的努力是不够的，我们需要政府立即领导起来，加强而非弱化政策、激励措施和立法，推动必要的商业行为，在2030年前停止和扭转自然丧失。只有积极的环境和确定的监管政策才能促进创新，改变商业模式、盘活投资，确保企业为他们的行为和环境影响负责。”¹

¹ www.businessfornature.org/business-statement

We also support the BN recommendations and urge you to adopt and enforce nature policies and regulations that:

我们支持BN（商业自然联盟）的建议，鼓励各国采纳并执行符合以下特点的自然政策和规定：

1. Make sure business and financial actors protect nature and restore degraded ecosystems
确保商业和金融实体保护自然、修复退化的生态系统
2. Ensure sustainable resource use and management to reduce negative environmental impacts
确保可持续的资源利用和管理，减少负面的环境影响
3. Value and embed nature in decision-making and disclosure
在决策和披露过程中重视并纳入自然因素的考量
4. Align all financial flows to transition to a nature-positive, net zero, and equitable economy
将所有经济资源都导向自然利好、净零排放、平等的经济转型
5. Adopt or strengthen ambitious global agreements to address key nature-loss challenges
制定或加强进取的全球协定，应对重大的自然损失挑战

In addition, as a business sector whose supply chain utilises materials derived from forests, we ask that governments give the highest priority to ensuring the protection of the world's Ancient Forests, along with other critically important and endangered ecosystems and direct investments to the scale-up of low-carbon, Next Generation alternatives.

作为需要利用森林材料的供应链实体，我们呼吁各国政府首要重视全球原始森林的保护，以及其它重要濒危生态系统的保护，并鼓励对扩大低碳、下一代替代材料的应用的直接投资。

We sign this statement in the spirit of collaboration and action to support the Global Biodiversity Framework's implementation and the ambitious goal of 30x30² agreed at COP15. To work to reverse biodiversity loss and ensure a healthier planet by 2030.

我们本着协同并进的精神签署此声明，意在支持《全球生物多样性框架》的执行以及第15届生物多样性公约缔约方大会通过的30x30²保护目标，希望在2030年之前扭转生物多样性损失，保障健康的地球生态。

² The 30x30 target is a goal set by the United Nations Biodiversity Conference (COP15) in 2022 to protect 30% of ecologically representative terrestrial lands and 30% of ecologically representative waters, both marine and fresh, by 2030 with the specific intent of protecting global biodiversity
30x30目标是联合国生物多样性公约缔约方大会在2022年通过的一项目标，即在2030年之前保护全球30%生物多样性代表陆地面积和30%生物多样性代表的水域面积（包括海洋和淡水湖泊），旨在保护全球生物多样性。

[Name]
【姓名】王枕旭 Alex wang
[Title]
【职位】副总裁 Vice President
[Company name]
【企业名称】山东尚德新材料科技有限公司 Shandong Hongtaiding New Material Technology Co., LTD.



2024. 8. 25

The company has made efforts to support the science-based international and national targets for preserving designated protected and conservation areas related to local community and affected indigenous. The company has sent email to the Minister Marina Silva, Environment and Climate Change to call more active actions to protect the climate and indigenous. The company also published its vision and advocacy to protect forest. Meanwhile, the company has asked all suppliers to commit to FPIC of indigenous people and local communities.

Letter to Minister Marina Silva, Environment and Climate Change (Meio Ambiente e Mudança do Clima/MMA)

致巴西环境与气候变化部长玛丽娜·席尔瓦

From SHANDONG HONGTAIDING NEW MATERIAL TECHNOLOGY CO.,LTD.
山东鸿泰鼎新材料科技有限公司

Dear Minister Silva,
尊敬的席尔瓦部长:

As leaders in the global textile sector, we are writing ahead of COP30 to urge world leaders to take bold and immediate action to support nature protection and climate resilience — with a particular focus on forest conservation and increased investment in nature-based solutions. 在联合国气候变化框架公约缔约方大会第三十届会议来临之际,我们作为全球纺织行业的领军企业,向您致函呼吁全球领导者尽快采取大胆举措,支持自然保护和气候韧性的建设,特别是推动森林保护、加大投入以自然为基础的解决方案。

As participants in the CanopyStyle Initiative, we are committed to avoiding sourcing fibre from Ancient and Endangered Forests, and to reducing our reliance on virgin forest fibre by using recycled and Next Gen alternatives (including discarded textiles and agricultural residues) instead. More than 550 fashion and textile brands, representing over \$1 Trillion in annual revenue, have also committed to purchasing man-made cellulosic fibres (MMCF), such as viscose, rayon and lyocell, that meet these sustainability criteria.

作为 CanopyStyle 倡议的参与者,我们致力于淘汰来自原始濒危森林的原材料,通过利用回收材料和下一代替代性材料(包括废旧纺织品和农业废弃物),减少对原生木浆的依赖。总营收超过一亿美元的 550 多家时尚品牌商也承诺只采购满足可持续标准的再生纤维素纤维,包括粘胶纤维、人丝、莱赛尔纤维。

We strongly support conservation efforts that safeguard what remains of the world's rare and irreplaceable forests. These ecosystems are critical to addressing the twin crises of climate change and biodiversity loss — and building supply chain resilience.

我们强烈支持对全球尚存的稀有、不可替代的森林的保护工作。这些生态系统对我们应对气候变化和生物多样性损失的双重危机至关重要,有助于建立供应链的韧性。

Four years ago, at COP26, 145 countries pledged to halt and reverse deforestation by 2030. Yet, nature loss continues largely unchecked. With Brazil hosting COP30 in Belém — in the heart of the Amazon — this summit represents a historic opportunity to change course. But realizing that potential will require urgent and united action.

四年前,第 26 届联合国气候变化大会上,145 个国家承诺到 2030 年结束并逆转毁林森林。然而,毁林行为依然猖獗。第 30 届联合国气候变化大会将在亚马孙雨林腹地——巴西贝伦举行,该峰会将是促进变革的历史性机遇。为了抓住这一机遇,我们亟需众志成城,采取一致的行动。

We urge the leadership of COP30 to advance the following priorities:
我们呼吁第 30 届气候变化大会的领导者推进以下重要议题:

1. Support innovative financial mechanisms
支持创新性金融机制

Forests are not peripheral — they are essential infrastructure for climate stability and economic resilience. As textile producers, we depend on natural ecosystems for raw materials, water, and supply chain continuity. At COP29, nations pledged \$300 million per year for climate action in developing countries — just a fraction of the \$1.3 trillion requested. Moreover, nature-based solutions currently receive only 3% of global climate finance. This must change if we are to succeed in tackling the aforementioned twin crises. Additionally, capital needs to be mobilized to unlock the infrastructure needed to scale circular Next Gen alternatives to forest-based products. We urge you to scale up funding for nature and circular production and support the development of innovative financial mechanisms.

森林不是可有可无的,森林是维系气候稳定、保障经济韧性的重要基础设施。作为纺织业生产者,我们依赖自然生态为产业提供原材料、水资源,自然是供应链持续运转的基础。在第 29 届联合国气候变化大会上,各国承诺每年在发展中国家投资 3 亿美元,用于气候行动,这仅是总需求 1.3 万亿的一小部分。目前,以自然为基础的解决方案只获得了 3% 的全球气候融资。对此,我们必须做出转变,才能成功应对上述双重危机。此外,我们还需盘活资本,建设必要的基础设施,扩大循环下一代材料在森林产品中的应用。我们呼吁各方扩大自然和循环生产的投资,支持建设创新性金融机制。

2. Prioritize nature-based solutions in national commitments
在各国承诺中强调以自然为基础的解决方案

Forests, land, and ecosystems must be fully integrated into countries' Nationally Determined Contributions (NDCs), aligned with the Glasgow Leaders' Declaration. But COP30 must also go further — we call on the COP leadership to forge bold international agreements that move beyond the predictable and drive transformative cooperation in the climate arena.

森林、土地、生态系统必须纳入各国的国家自主贡献(NDCs),并符合《格拉斯哥领袖的森林与土地使用宣言》。第三十届气候变化大会应再进一步——我们呼吁气候变化大会的领导者达成大胆的、超越可预期范畴的国际协议,推动各界在气候领域变革性的合作。

3. Recognize indigenous rights and leadership
认可原住民权利和领导力

	<p>A rights-based approach to conservation must include the recognition of Indigenous People and Local Communities (IPLC) land tenure and the upholding of Free, Prior, and Informed Consent (FPIC). Indigenous People and Local Communities (IPLC) steward vast areas of the world's remaining forests yet remain underrepresented in climate finance and decision-making. COP30 must deliver legal recognition of Indigenous land rights — not as symbolism, but as a fundamental pillar of climate and biodiversity policy.</p> <p>以权利为基础的保护方案必须涵盖认可原住民和当地社区的土地使用权，并维护自由、实现、知情同意。原住民和当地社区管理着大量的森林面积，却获得极少的气候融资和决策影响力。第三十届气候变化大会必须为原住民的土地权利给予法律认可——这不是象征性的认可，而应成为气候和生态多样性政策的基础支柱。</p> <p>As businesses that depend on natural resources, we want to ensure our decisions contribute to solving the climate crisis and protecting the world's most vital forest ecosystems. We are ready to do our part — by shifting sourcing practices, investing in innovation, and working toward circularity in a timely manner.</p> <p>作为依赖自然资源的企业，我们会确保我们的决策有助于应对气候危机、保护全球最重要的森林生态系统。我们已准备好做出应有的贡献，转变采购行为，投资创新材料，稳步推进循环生产。</p> <p>We respectfully ask that you match this ambition with strong, enforceable commitments at COP30 that prioritize forests, finance, and frontline leadership. We wish you every success in achieving an ambitious outcome at COP30 — one that will secure nature's future and chart a sustainable path for generations to come.</p> <p>我们恳请您在第三十届联合国气候变化大会上推动强有力的、可执行的承诺，强调森林保护、金融机制、原住民领导力。祝愿您在 COP30 会议中如愿实现变革性的成果，进一步保障自然生态的未来，为子孙后代奠定可持续发展的基础。</p> <p>Sincerely, 谨启 Alex 王枕韬 Deputy General Manager 副总经理 SHANDONG HONGTAIDING NEW MATERIAL TECHNOLOGY CO.,LTD. 山东鸿泰鼎新材料科技有限公司</p> 
<p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.**</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Not applicable as this indicator is only applicable to MMCF producers who manage forests.</p>
<p>Summary: The company has actively supported the initiatives and events related to protect environment, forest and indigenous people, including the email to the Minister Marina Silva, Environment and Climate Change to call more active actions to protect the climate and indigenous. . While the organization has asked all suppliers to commit to FPIC of indigenous people and local communities, the company has not yet been prompted to take specific actions.</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: The company has made public commitment to protect the forest and give purchasing preference to the material sourced from FSC</p>

	<p>certified forest, the commitment is available in the company official website. Meanwhile, the company has scheduled to increase the FSC volume intake for the coming 3 years, the FSC source increasing plan with company stamp is available, which saying that the increasing volume for FSC certified raw material is 100 ton/year in the coming 3 years based on the 2024 data.</p> <p>Since there are gaps related to FSC certified raw material, identified in criteria 2.1 in Annex A, this action plan cannot be guaranteed.</p>
<p>Summary: The company has made public commitment to protect the forest and give purchasing preference to the material sourced from FSC certified forest, the commitment is available in the company official website. Meanwhile, the company has scheduled to increase the FSC volume intake for the coming 3 years, the FSC source increasing plan with company stamp is available, which saying that the increasing volume for FSC certified raw material is 100 ton/year in the coming 3 years based on the 2024 data.</p>	

11. Reduction of Greenhouse Gas (GHG) Footprint by recognizing the importance of forests and peatlands as carbon storehouses	
Indicators	Findings
<p>11.1 The MMCF producer has procedures to evaluate their suppliers' performance in reducing GHG.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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 per the Supplier Control Procedures, when onboarding new suppliers, the company mandates the submission of various qualification documents, which include requirements for environment certification, such as ISO50001, which includes the requirement of reducing GHG. However, the assessment is just for the direct supplier, and all the direct suppliers are trader, the company shall evaluate the pulp mill's performance.</p>
<p>11.2 MMCF producer has procedures to know whether their suppliers are sourcing from tropical peatlands and/or intact forest landscapes.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p>

	<p>As per the Supplier Control Procedures, when onboarding new suppliers, the company assess whether the supplier is sourcing from tropical peatlands and/or intact forest landscapes. The interviewed assessor is familiar with the forestmapper, their main assessment tool. However, as the source area in forest level is not collected from supplier, this assessment is not implemented in reality.</p> <p>Since there is non-certified pulp supplied to the company, the commitment of not sourcing from tropical peatlands and/or IFLs cannot be guaranteed.</p>
<p>11.3 The MMCF producer can document giving preference to suppliers that are not operating in intact forest landscapes or on drained tropical peatlands and that have identified, withdrawn from and are restoring peatlands and their hydrology. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>It is clearly defined in the supplier Due Diligence procedure that the supplier sourced from intact forest landscapes or on drained tropical peatlands will be ceased the cooperation. Supplier who can provide FSC certified material is given preference. FSC can help reduce the risk/probability of material from intact forest landscapes or on drained tropical peatlands, although there is still possibility that certified material still could be sourced from peatlands and IFLs as FSC gives exemptions (for example, when they are not classified as HCV; the converted area is very limited).</p> <p>Due to the gap in missing the forest level information, as well as there is non-certified pulp supplied to the company, the commitment of not sourcing from tropical peatlands and/or IFLs cannot be guaranteed.</p>
<p>Summary:</p> <p>As per the Supplier Control Procedures, when onboarding new suppliers, the company mandates the submission of various qualification documents, which include requirements for environment certification, such as ISO50001, which includes the requirement of reducing GHG. However, the assessment is just for the direct supplier, and all the direct suppliers are trader, the company shall evaluate the pulp mill's performance.</p> <p>As per the Supplier Control Procedures, when onboarding new suppliers, the company assess whether the supplier is sourcing from tropical peatlands and/or intact forest landscapes, the interviewed assessor is familiar with the forestmapper, as their main assessment tool. However, as the source area in forest level is not collected from supplier, this assessment is not implemented in reality.</p>	

Due to the gap in missing the forest level information, as well as there is non-certified pulp supplied to the company, the commitment of not sourcing from tropical peatlands and/or IFLs cannot be guaranteed.

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

** Indicates Critical Indicators

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

1. Evaluation of Participating site: Xiajin Hongtaiding New Materials Technology Co.,Ltd.(hereinafter: Xiajin)

Primary Responsible Person: (Responsible for control system at site(s))	Ms. Zhang Xiumei, Cooperate with the whole audit on behalf of management representative
Auditor(s):	Lisa LV, supported by Peiying ZHOU
People Interviewed, Titles:	<ul style="list-style-type: none"> - Mr. Dai Kewen, head of the factory - Mr. Feng Dianxiao, Supervisor of Raw material Warehouse - Mrs. Sun Lihua, statistician of raw material warehouse
Brief Overview of Audit Process for this Location:	Please refer to Section 3.3 above for Description of Overall Audit Process.
Comments:	This mill is responsible for lyocell staple fiber production and material and products storage without involvement in pulp sourcing.

2. Standard Checklist

1. The MMCF producer has publicly communicated and is implementing the Fiber Sourcing/Forest Policy	
Indicators	Findings
1.1 Key managers at each production site/mill are aware of the Policy and demonstrate a similar commitment to implement it.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> Commitment Met</p> <p><input type="checkbox"/> Commitment in Progress</p> <p><input type="checkbox"/> Commitment Not Met</p> <p><input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>As a subsidiary of Shandong Hongtaiding New Material Technology Co., LTD, Xiajin mill completely follows the policy developed by mother company, the mother company has published Fibre Procurement Policy for Protecting Forests to promote sustainable forest management and conserve ancient and endangered forests (effective on 30th January 2023 and updated on 28th March 2024), the</p>

	<p>policy is publicly available on its website: https:// 山东鸿泰鼎新材料科技有限公司-政策 Interviewed with key managers responsible for Canopy audit and confirmed that they knew this procurement policy.</p>
<p>1.2 Each production site's/mill's managers have developed procedures to implement the Policy, when relevant.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <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: As a subsidiary of Shandong Hongtaiding New Material Technology Co., LTD, Xiajin mill completely follows the procedures developed by mother company to implement the policy focusing on Canopy requirement, which is confirmed via the interview with Canopy representative from mother company.</p>
<p>Summary: As a subsidiary of Shandong Hongtaiding New Material Technology Co., LTD, Xiajin mill completely follows the policy and procedures related to Canopy requirements developed by mother company, which is confirmed via the interview with Canopy representative from mother company.</p>	

<p>2. The MMCF producer only sources raw material from suppliers that are transparent, traceable and are in conformance with the policy- and all sourcing from the local site is consistent with the corporate desktop audit.</p>	
<p>Indicators</p>	<p>Findings</p>
<p>2.1 The production site/mill maintains all <u>purchase and sales</u>, documentation related to the wood fiber <u>inputs</u>.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The company's corporate office is in charge of evaluating suppliers and selecting a pool of suppliers. The mill then conducts the sourcing from the selected pool of suppliers. All the purchasing documents are maintained at the mill. However, the accuracy of the data declared in the sourcing information form did not match with the provided purchasing documents for the 7 sampled purchasing transactions, details please refer to indicator 2.1 under Annex A.</p>

<p>2.2 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u>.</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: Xiajin mill has saved all the delivery notes and raw material reception records, the delivery notes and reception records for sampled purchasing transaction (BL-XJHTD-241120C1034A and HJ24P01V075) were provided and reviewed. Details please refer to indicator 2.1 under Annex A..</p>
<p>2.3 All wood fibre input going into the mill is consistent with and identified within the MMCF supply chain assessment provided during the desktop audit.</p>	<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 this audit, it is declared that all pulp for Xiamin mill is sourced from three pulp mills: SAPPI, Arauco, LD for the audit period, and auditor checked the raw material stock-in account and the raw material warehouse. Arauco and LD Celulose are found at the warehouse. Sappi, According to the company, it's used out. In addition, there are additional pulps that are recorded in the financial ledger book, and they are Georgia-Pacific, International Paper. Sun Paper, on the other hand, were detected stocked in the warehouse. The company provided evidence showing that those additional pulps were purchased before the auditing period and the pulp from Sun Paper in the warehouse now actually is owned by another company, who leased the warehouse for saving temporarily.</p>
<p>2.4 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input 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: There are following gaps detected from the sampled transaction:</p> <p>The FSC status and FSC claim indicated in the sourcing information form does not match with the one in the transaction docs. For LD pulp, the transaction document between Hongtaiding and direct supplier is missing, the volume in the provided imported documents is less than the volume information provided in the sourcing information form; For Sappi pulp, there is no any FSC claim in the transaction docs in the provided 3 out of 6 VAT invoices between Hongtaiding and direct supplier, which is against the FSC claim in the sourcing information form; For ARAUCO pulp, there is no any FSC claim in the sampled invoices between Hongtaiding and direct supplier, which is again the FSC claim in the sourcing information form.</p> <p>In short:</p> <ul style="list-style-type: none"> - Arauco supplied non-certified pulp. - The certificate status cannot be verified for the pulp supplied from LD Celulose and Sappi due to incomplete supply chain info. <p>Detail, please refer to indicator 2.1 under Annex A.</p>
<p>2.5 The production site maintains and can verify a summary of annual purchases (or inputs).</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input 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: Due to concern raised in indicator 2.1 under Annex A, this indicator is graded as Commitment Not Met.</p>
<p>2.6 All MMCF producers provide <u>outgoing</u> transportation documents and certification status if relevant. Supplementary information should include the forest/plantation of origin when known.</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>In total, 6 sets of sales documents sampled, and they are all showing the product traded</p>

	are non-certified and sold in the name of Shandong Hongtaiding New Materials Co.,Ltd. No supplementary information on forest/plantation of origin.
<p>Summary: The company's corporate office is in charge of evaluating suppliers and selecting a pool of suppliers. The mill then conducts the sourcing from the selected pool of suppliers. All the purchasing documents are maintained at the mill. For the volume and FSC status, they are not confirmed by the auditor. From the sampled 7 batch of purchasing, issues existed in the traceability and transaction. There is additional pulp that are recorded in the financial ledger book as well as detected at the warehouse during on-site visit. In total, 6 sets of sales documents sampled, and they are all showing the product traded are non-certified and sold in the name of Shandong Hongtaiding New Materials Co.,Ltd. No supplementary information on forest/plantation of origin.</p>	

3. No conversion of natural forest to plantations.	
Indicators	Findings
3.1 The initial date of the plantation development has been documented and sourcing only occurs in plantations established before 1994**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.</p>
<p>Summary: The risk assessments on supply chains for all suppliers were conducted by the corporate office. Detailed findings please refer to indicator 3 under Appendix A for corporate audit.</p>	

4. Since the signature of the Policy, all sourcing from ancient and endangered forests or other controversial sources have been eliminated.	
Indicators	Findings
4.1 The production site/mill is aware of all relevant local, national and international laws 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</p>

	<p><input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Interviews with management confirmed their awareness of all relevant laws and regulations. The auditor reviewed legally required documents in China, including the business license, and environmental impact assessment. There is no information or news indicating that the organization is non-compliant with national and international laws. The company holds a number of third-party certificates, most of which covers the compliance with applicable law, including:</p> <ul style="list-style-type: none"> • ISO9001:2015 quality management system • FSC Chain of Custody, • ISO14001:2015 Environment Management System, • ISO45001: 2018 Occupational Health and Safety Management System • STANDARD 100 by OEKO-TEX® testing and certification system.
<p>4.2 Production site/mill understands the definitions of Ancient and Endangered forests and controversial sources. They also comply with the commitment to not receive wood from Priority Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and from controversial sources.</p>	<p>Conformance with Indicator: <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 mother company oversees fiber procurement, and the mill is not involved in any fiber procurement activities, but only maintaining the procurement documents. The training record showed that staff from Procurement department was trained on 17 December 2024, however, parts of the management staff interviewed from procurement department, showed incomplete knowledge on Canopy. Corporate office has conducted the risk assessment on their supply chains to understand the risk of sourcing from ancient and endangered forests and other controversial sources. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>
<p>4.3 Production mills have conducted assessment of presence of Ancient and Endangered forests, as <i>outlined in the Advice</i></p>	<p>Conformance with Indicator: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met</p>

<p><i>Note</i> and other controversial sources in their wood supply areas.</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:</p> <p>The assessment was conducted by corporate office. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>
<p>4.4 The sourcing from regions that contain Ancient and Endangered forests, as <i>outlined in the Advice Note</i> and other controversial sources, is verified to be low risk by this CanopyStyle audit.</p>	<p>Conformance with Indicator:</p> <p><input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>The assessment was conducted by corporate office. Detailed findings please refer to indicator 2 and 4 under Appendix A.</p>
<p>Summary:</p> <p>Interviews with management confirmed their awareness of all relevant laws and regulations. The auditor reviewed legally required documents in China, including the business license, and environmental impact assessment. There is no information or news indicating that the organization is non-compliant with national and international laws.</p> <p>The mother company oversees fiber procurement and conducts the risk assessment for supplier, Xiajin site just choose supplier from the eligible supplier list provided by mother company.</p>	

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



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

Appendix C: RECOMMENDATIONS FOR IMPROVEMENT

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

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

Canopy congratulates Shandong Hongtaiding for completing their first CanopyStyle audit. The report concludes that the company may have low risk of sourcing from Ancient and Endangered Forests and other controversial sources but further verification is required; this finding arises from discrepancies and gaps in documentation.

However, the company has made considerable improvements to their systems to comply with CanopyStyle requirements and dedicated capacity for further implementation. In the spirit of continual improvement, Canopy recommends the following actions:

1. Continue to deepen the understanding of Shandong Hongtaiding's commitment to avoiding sourcing from Ancient and Endangered forests, both internally, and with supply chain partners.
2. The company should conduct additional due diligence as part of its internal risk assessment, which includes efforts identify the forest of origin. If the company cannot identify the forest of origin, the company should know the region and species of tree being used for the pulp. This is particularly relevant to suppliers that have possible risk. This can help determine risk levels.
3. Continue to increase the use of FSC Mix and FSC 100% (note that Controlled Wood is not considered as certified). The company should ensure that there is a clear chain of documentation regarding the sourcing of wood from FSC certified suppliers, otherwise claims of buying certified inputs cannot be verified.
4. With support from Canopy, collaborate with conservation organisations involved in protecting forests either in region of sourcing or home country.
5. Explore the use of Next Generation Fibres to replace forest fibre used, and develop an action plan to integrate recycled inputs into production.
6. Adopt best in class processing technologies. Work with experts in the field to implement pollution control technologies to limit their impact. Implement the new ZDHC MMCF guidelines for chemical management, which give the suppliers unified criteria for measuring output indicators like wastewater, air emissions and other process- related parameters.

We recommend that the company develop an action plan to address these priority issues, so that they can be addressed before the next annual audit. Since a new facility



is being built and is almost operational currently, we would recommend an audit in early 2027 that would include all facilities of the company.

As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will be essential to ensure that Shandong Hongtaiding continues to implement their policy and meets the expectations of the CanopyStyle Initiative. Once again, we applaud Shandong Hongtaiding for undergoing and completing the audit and for achieving low risk of sourcing from Ancient and Endangered Forests in its supply chain. We look forward to working collaboratively to address any outstanding issues.