



CanopyStyle Verification and
Guidelines
Evaluation Report for:

ENKA
in
Germany

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1 INTRODUCTION

The purpose of this report is to document performance of **ENKA GmbH & Co. KG**, hereafter referred to as "Organization", against the requirements of the Verification Framework and Guidelines, (September 2016 version) developed by Canopy and approved, supported and requested by the Fashion and Textile Leaders for Forest Conservation (Leaders Group)¹ and the over 125 brands, retailers and designers looking to implement their sourcing policies for man-made cellulosic textiles. The focus of this verification audit is to manage the risk and avoid sourcing from ancient and endangered forests and other controversial sources and implement other sustainable sourcing measures, across the supply chain from the point of wood harvesting in forests and/or plantations and through to the brand and retail customers. Man-made cellulosic fibre (MMCF) producers, such as ENKA GmbH & Co. KG, are required to document and provide evidence towards a set of pre-defined social and environmental criteria and key progress indicators.

The report presents the findings of Rainforest Alliance auditors who have evaluated company systems and performance against the applicable standard(s). Section 4 below provides the evaluation conclusions. The auditor reviewed and used Canopy's map of ancient and endangered forests, which has been overlaid with the sourcing regions and list of suppliers of the company to assess the level of risk.

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

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

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

2 GENERAL DESCRIPTION

ENKA manufactures endless viscose yarns (multi-filament yarns) from pure cellulose under the trademark ENKA® Viscose in different make-ups for demanding textile fabric producers. The production and central warehouse of ENKA are located in Industriecenter Obernburg since 1924, the largest chemical fibers manufacturing site in Western Europe. An additional textile treatment plant is located in Gorzow, Poland since 1996. Marketing of ENKA products is managed by their sales office in Wuppertal, the historic birthplace of the company in 1899. ENKA is a daughter company of International Chemical Investors Group and holds memberships in various associations related to man-made fibres and filament yarns.

Viscose filament yarns are manufactured under ENKA's own proprietary technology in a complex manufacturing process that can take up to six weeks. Such yarns consist of multiples of endless single filaments, which are wound on bobbins or beams at the end of the manufacturing process. 3 possible activities occur outside of ENKA's own manufacturing plant in Obernburg that includes winding of filament yarn (ENKA Spzoo, Poland), sizing (S.R. Webatex) and chemical treatment of pulp (Cordenka, Germany).

ENKA's wood sourcing is from one sole supplier, whose dissolving pulp manufacturing facilities are located in Sweden. ENKA sources softwood species of Scots pine (*pinus sylvenstris*) and European spruce (*picea abies*). ENKA holds FSC Chain of Custody certification and sources all inputs as a minimum FSC Controlled Wood. A small portion (5%) is sourced as FSC certified.

ENKA is certified according to ISO 9001:2008, ISO 50001:2011, FSC Chain of Custody and has developed its own Wood Pulp Procurement Policy for Protecting Forests that aligns with the CanopySyle Initiative. In its Wood Pulp Procurement Policy ENKA has committed to:

- Conservation of Ancient and Endangered Forests and Intact Forest Landscapes.
- Recognizing, Respecting and Upholding Human Rights and the Rights of Communities
- Forest Certification, Further Advancement of Sustainable Sourcing and Forest Protection
- Transparency, Traceability and Verification
- Reduction of Environmental Impacts
- Public Communications

3 EVALUATION SCOPE

3.1 Scope

This evaluation of ENKA's raw material sourcing is a desk audit. ENKA's production of viscose filament yarn is being audited under a single scope against the requirements of the CanopyStyle Verification Framework and Guidelines, (September 2016 version).

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

Scope of the Evaluation

Scope Item	Check all that apply to the Certificate Scope	
Mill type:	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Multi-site
Input Material Source:	<input checked="" type="checkbox"/> Listed in Supplier CoC Form	<input type="checkbox"/> Other suppliers
Mao of Ancient and Endangered Forests Overlay Completed: <i>Global and regional maps of ancient and endangered forests have been developed by Canopy and used by auditor to conduct these audits. The maps will be made public and available to producers in the coming months.</i>	<input checked="" type="checkbox"/> Yes Comments: ENKA sole supplier has been audited to the CanopyStyle Initiative.	<input type="checkbox"/> No Comments:
Majority fiber input:	Dissolving Pulp	
Mill Capacity:		
Primary activity:	Manufacturing of viscose filament yarn	
Outsourcing:	<input type="checkbox"/> FSC-certified Subcontractors	<input checked="" type="checkbox"/> Non-certified Subcontractors
	<input type="checkbox"/> Outsourcing of the complete production process	
	<input type="checkbox"/> High risk subcontractor site(s) included	
Workforce:	Permanent male: 271	Permanent female:30
	Contract male: 34	Contract female:2
	TOTAL: 305	TOTAL: 32

Number of sites included in this Evaluation: 1

Name/Description of sites	Location
ENKA GmbH and Co. KG	Obern, Germany

4 EVALUATION RESULT

4.1 Evaluation Conclusion

In December 2017, the Rainforest Alliance conducted an independent third-party verification audit of the progress made by ENKA GmbH & Co. KG in implementing the commitment of the **ENKA Wood Pulp Procurement Policy for Protecting Forests**, to document the risk of sourcing from the world's ancient and endangered forests and other controversial areas, as well as additional related sustainability solutions and targets of the Canopystyle Initiative².

² The CanopyStyle Initiative is led by environmental not-for-profit Canopy which has supported over 125 brands, designers and retailers, as well as 9 of the top 10 largest global producers, on developing sourcing policies for fabrics made from forests.

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

ENKA is expected to immediately address the critical KPIs that have not been met or that are partially met, and make progress on the “progressive” KPIs over time.

<i>Appendix B Corporate Level</i>	Critical criteria	Progressive criteria
<i>Commitment met</i>	1.1, 1.3, 1.5, 1.10, 4.1, 4.2, 4.4, 4.5, 5.1, 7.5, 11.2	1.4, 2.2, 7.4
<i>Commitment in Progress</i>	1.2, 1.7, 1.11, 2.1, 5.2, 6.1, 7.1, 7.2, 8.1, 9.1, 10.1	1.8, 2.3, 2.4, 2.5, 9.3, 11.1
<i>Commitment not met</i>	1.6, 9.4	
<i>Insufficient Information Available</i>	9.2	
<i>Not Applicable</i>	1.9, 3.1, 4.3, 5.3, 7.3	8.2, 12.1

<i>Appendix C Annex 3 Site Level</i>	Criteria
<i>Commitment met</i>	2.9
<i>Commitment in Progress</i>	2.6, 2.7, 2.8,
<i>Commitment not met</i>	2.10
<i>Insufficient Information Available</i>	
<i>Not Applicable</i>	

4.2 Overall Summary of Results

ENKA sources pulp from one supplier based in Sweden, Domsjö. ENKA holds FSC Chain of Custody certification and sources all inputs as a minimum FSC Controlled Wood. A small portion (5%) is sourced as FSC certified. Domsjö has undergone a CanopyStyle audit, which resulted in a conclusion of low risk for sourcing from ancient and endangered forests and other controversial sources.

In summary, the Rainforest Alliance verification audit provides evidence confirming that ENKA is investing in work and resources to implement the commitments of its policy consistent with the solutions and targets of the CanopyStyle Initiative. Some challenges remain to fully implement the commitment throughout the company’s supply chain. Additional work is required to fully meet all of the critical and progressive criteria.

4.3 Recommendations by CanopyPlanet

The following findings are provided by CanopyPlanet. Based on the audit findings, it is recommended that:

- The company promotes FSC certification, and as committed, develops a strategic plan to increase FSC certified sourcing. The company should set clear targets and timelines to

increase FSC intake over time, with a focus on FSC 100%. FSC mix credit should be considered as an interim measure to build the FSC demand.

- It is expected that a commitment towards the R&D and promotion of alternative fibers will be reconsidered and inserted into the company’s forest sourcing policy and strategic planning.
- As mentioned in the CanopyStyle audit framework, the company is expected to notify Canopy should it decide to expand its supplier list beyond the current source.
- It is expected that the company continue to implement their policy and meet the expectations of the CanopyStyle Initiative.

4.4 Performance Measures

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

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

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

5 EVALUATION PROCESS

5.1 Evaluation Requirements

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

Name	Gweneth Langdon	Role	Lead Auditor
Qualifications:	<p>Gweneth Langdon is the Rainforest Alliance Supply Chain Specialist, based in Vermont, United States. In this role she serves as the certification division's global resource for policies, systems, quality monitoring and training for FSC Chain of Custody, FSC Controlled Wood, Timber Legality, Corporate Claims Verification and other verification services. Her work focuses on the evaluation of company sourcing practices and broader corporate and/or product sustainability claims.</p> <p>Gweneth has been with the Rainforest's Certification program since February of 2008. She is approved as a Senior Auditor and peer reviewer for all of the FSC CoC Standards and has conducted over 150 FSC audits and assessments for a variety of high profile companies. Ms. Langdon is also a qualified to act as lead auditor on ISO 9001, PEFC, LegalSource and Rainforest Alliance Verification Audits.</p>		

5.3 Evaluation schedule

Date	Location /Main sites	Principal Activities
20 December 2017	Desk Audit	Opening Meeting, Interviews, Documentation Review, Closing Meeting
6 March 2018	Phone	Follow-up interview

5.4 Interviews

Date	Name, Title	Principal Responsibilities
20 December 2017	Dr. Till Boldt	Managing Director
6 March 2018	Mr. Wolfgang Menrath	Managing Director (responsible for purchasing)

5.5 Documents and websites reviewed

Document Name	Link (if applicable)
ENKA Company Website	http://www.enka.de/enka_en.php
ENKA Wood Pulp Procurement Policy for Protecting Forests	http://www.enka.de/download/Wood_Pulp_Procurement_Policy.pdf
ENKA FSC Supplier List	
ENKA FSC Credit Accounts	
Domsjo Delivery	
FSC Controlled Wood and FSC Mix Invoice Receipts (Samples)	
Domsjo Fiber Sourcing Policy	
ENKA FSC CoC Certificate	
FSC Product Group Schedule	
ENKA FSC CoC 2016 Audit Reports and Management of Nonconformities	
Canopy Sourcing Information Form	
Personnel Data	
Organizational Chart	
Supplier Contract for Pulp Supply	
ENKA and suppliers public FSC records	Info.fsc.org

Appendix A: ORGANIZATION DETAILS

Organization information	
Legal name:	ENKA GmbH & Co. KG
Legal jurisdiction:	Germany
Type of legal entity:	Corporation
Contact person (public):	Dr. Till Boldt
Address:	Industrie Center Obernburg Glanzstoffstrasse 63785 Obernburg Germany
Tel/FAX/email:	Phone : +49 (0) 202 32 2409 Fax : +49 (0) 202 32 3210 Email : Till.Boldt@enka.de
Website:	http://www.enka.de/index_en.php

Appendix B: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers

1. The MMCF producer has publicly communicated and is implementing their Fiber Sourcing/Forest Policy	
Indicators	Findings:
1.1 Senior executive and key managers make a publically available commitment to full implementation of the forest sourcing policy. **	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: The organization has developed and committed to implement implemented a Wood Pulp Procurement Policy that is posted publicly on the ENKA website. Managing director Dr. Till Boldt has signed this policy commitment.</p>
1.2 The MMCF producer has developed standard operating procedures (SOP) required to implement the Policy with input from and agreement of civil society stakeholders.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA's Wood Pulp Procurement Policy is not new for them, however it is new to be on website. ENKA shares adoption of the policy with its sole supplier, Domsjö. ENKA has a 3-year contract with Domsjo that gets renewed for next three years. Most recent renewal was in late 2017 Raw materials are purchased by management director, Wolfgang Menrath. Contract regarding volumes and pricing are forecasted periodically throughout the contract term. Interviews with Mr. Menrath confirmed that ENKA has three possible suppliers they can use (Domsjö, Brazil or USA), but have only used one, Domsjö in the past 10 years (approximately).</p>
1.3 The MMCF producer has assigned personnel with responsibility for Policy implementation.**	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA has assigned purchasing personnel and managing directors with responsibility for policy implementation. This has been confirmed with interviews with managing directors, Dr. Till Bold (signatory on policy) and Wolfgang Menrath (purchasing).</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: ENKA makes use of one supplier, making the task to implement the policy quite simple. The auditor confirmed through interviews with managing director and review of organization structure, that they have developed the capacity and structure to implement the policy.</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: ENKA sources from one supplier, Domsjö, who has also committed to the same policy objectives. The supplier is aware of ENKAs commitment to implement their policy.</p>
<p>1.6 The MMCF producer has included requirements to implement the Policy in agreements/contracts with current and future suppliers. **</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Current contracts do not have a requirement to implement the 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 <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: ENKA does not audit their supplier, they rely on FSC auditing system. Information on sourcing is provided each year with the supplier's commitment policy. Dr. Boldt also reviews the results of the CanopyStyle audit of the supplier.</p>
<p>1.8 The MMCF producer has put in place a transparent/public grievance procedure with the input and agreement of civil society stakeholders</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA has a grievance procedure as required by the FSC standards, however this procedure is specific to FSC and is not public.</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: There have been no grievances or nonconformities received by ENKA.</p>
<p>1.10 Key managers at each production site are aware of the Policy and demonstrate a similar commitment to implement it.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: Interviews with Managing Director, Wolfgang Menrath confirmed knowledge and commitment to the policy.</p>
<p>1.11 Each production site managers has developed procedures to implement the Policy, when relevant.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA has documented procedures to meet the requirements of FSC standards, however lacks documented procedures specific to the policy for ancient and endangered forests and other controversial sources. ENKA's procedures rely on sourcing FSC Certified and FSC Controlled Wood pulp.</p>
<p>Observation: ENKA has a commitment to avoid sourcing from ancient and endangered forests and other controversial sources. While the knowledge of and commitment to the policy is strong, ENKA lacks documented procedures to implement the policy and a public grievance procedure.</p>	

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

	<p>Description of the finding: ENKA makes use of one supplier, Domsjö Fabriker AB, that sources their wood from Sweden and Baltic states. This information is provided in their sourcing information form.</p>
2.3 A risk assessment has been done with the information and shared with Leaders Group.	<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: ENKA sources FSC Certified and FSC Controlled wood pulp only and refers to the CanopyStyle audit conducted of Domsjo to determine low risk. This assessment is not documented and therefore not shared with the leaders group.</p>
2.4 This supply chain assessment has been presented to the Leaders Group and stakeholders, allowing for questions to be answered and information gaps to be highlighted	<p>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 has been no presentation to the Leaders Group.</p>
2.5 The MMCF producer publishes its suppliers publicly, or, in the absence of such transparency, is providing its customers with a robust track and trace system that can be used throughout the supply chain up to clothing and textiles retailers.	<p>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: ENKA has not published suppliers publicly. Business partners that are interested are given access to this information. ENKA holds an FSC Chain of Custody certificate that provides the track and trace system that can be used throughout the supply chain. More progress is expected in future years for systems-wide tracking in the cellulosic textile industry.</p>
<p>Observation: ENKA makes use of one supplier, Domsjö Fabriker. Domsjö was audited to the CanopyStyle verification framework in 2017 and determined to be sourcing from supply areas with low risk for ancient and endangered forests and other controversial sources. However, ENKA does not formalize this risk assessment in a document that can be shared with the Leaders Group.</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 areas identified pre 1994, or post 1994 with a supporting FSC certificate.**	<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: ENKA does not have access to information regarding dates of plantation development in their supply chain. Their supplier does source some of its supply from FSC certified forests that would conform to this requirement, however controlled sources would not necessarily meet this requirement, as there is no 1994 rule in those standards.</p> <p>ENKA has one supplier, that has had a CanopyStyle audit, Domsjö. The audit of Domsjo found that sourcing was not from plantations according to FSC definitions of plantations.</p>
<p>4. Since the signature of the Policy, all sourcing from ancient and endangered forests and other controversial sources have been eliminated</p>	
<p>Indicators</p>	<p>Findings:</p>
<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 <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: ENKA’s Wood Pulp Procurement Policy notes the definition for ancient and endangered forests and Intact Forest Landscapes in a footnote and references Canopy’s website for definitions for all other terms.</p>
<p>4.2 All areas meeting the definition of “ancient and endangered forests” have been identified and mapped and suppliers and fibre that have a high risk of being considered controversial sources have been identified and shared with Leaders Group.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input 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: ENKA sources FSC Certified and FSC Controlled Wood pulp only, and makes note of Domsjö’s CanopyStyle audit that resulted in a “low risk” rating. Therefore, no suppliers or fibre are identified as high risk and no such information shared with the Leaders Group.</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: No such materials have been sourced.</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: ENKA is aware of relevant laws and is located in a</p>

	country that is heavily regulated. This was determined via interviews with Managing Directors.
4.5 The commitment not to source from ancient and endangered forests and other controversial sources is verified.**	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p>Description of the finding: The commitment is verified through confirmation that ENKA sources FSC certified and FSC Controlled Wood only, and sources from one sole supplier that has been determined "low risk" by a CanopyStyle audit.</p>
Observation: ENKA sources from one supplier that has undergone a CanopyStyle audit that resulted in a "low risk" rating. ENKA sources FSC certified and FSC Controlled Wood only.	

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

Indicators	Findings:
5.1 All MMCF producers' suppliers are identified and the forest of origin is known.**	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p>Description of the finding: ENKA identifies one supplier that has undergone a CanopyStyle audit. ENKA has also requested forest of origin information, at the country level, to present in the supplier information form.</p>
5.2 The MMCF producer has developed procedure for engaging with suppliers, up to withdrawing from purchase and other agreements in situations where non-conformance is found.** (Note: This means potential legal and contractual issues associated with withdrawal are identified and addressed.)	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p>Description of the finding: ENKA makes use of a supply agreement that requests FSC certified and FSC Controlled wood. The agreement lacks a clause to withdraw from purchase should a nonconformity be found.</p>
5.3 The MMCF producer has documented withdrawals from supply agreements where non-conformance has been found.**	<p>Conformance with Indicator:</p> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
	<p>Description of the finding: No such actions have taken place.</p>
Observation: ENKA currently makes use of one supplier, Domsjö. As such, ENKA has a strong relationship and engagement with their sole supplier of pulp. Supply agreements are in place to ensure the risk sourcing from ancient and endangered forests and other controversial sources is low, however these agreements do not include a mechanism to withdraw from purchase should a nonconformity be found.	

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

Indicators	Findings:
<p>6.1 Leaders Group and other stakeholder observers are invited to participate freely and to report observations during this verification process. **</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>ENKA is agreeable to having the Leaders Group and other stakeholders in participation, however a formal invitation has not been made. The Hot Button report is the only announcement of the audit.</p>
<p>Observation: ENKA is agreeable to having the Leaders Group and other stakeholders in participation, however a formal invitation has not been made. The Hot Button report is the only announcement of the audit.</p>	

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

Indicators	Findings:
<p>7.1 The MMCF producer has developed and requires it's suppliers to adopt a similar policy, systems and procedures to implement Free, Prior and Informed Consent of indigenous people and local communities.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>ENKA's sole supplier, Domsjö holds FSC CoC Certification and has been audited to the CanopyStyle verification framework. FSC forest management standards include requirements for FPIC, however FSC Controlled Wood standards do not mandate it.</p>
<p>7.2 Suppliers document how they conform with the MMCF producer's commitment to recognize and respect human rights, community rights, First Nations rights and rights of workers.**</p>	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding:</p> <p>ENKA's sole supplier, Domsjö holds FSC CoC Certification and has been audited to the CanopyStyle verification framework. FSC forest management standards include requirements for recognizing and respecting these rights, however FSC Controlled Wood standards do not mandate it.</p>

<p>7.3 The MMCF producer and its suppliers show responsible handling of complaints and resolution of conflicts in a transparent and accountable manner that is mutually agreed by the parties and includes relevant stakeholders.</p>	<p>Conformance with Indicator: <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: ENKA's sole supplier, Domsjö holds FSC CoC Certification and has been audited to the CanopyStyle verification framework. FSC standards include requirements for complaints mechanism. There have been no complaints lodged as of this audit, and therefore this requirement is not applicable.</p>
<p>7.4 The MMCF producer has developed procedures to ensure its Tier one suppliers uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and will require the equivalent of their own suppliers.</p>	<p>Conformance with Indicator: <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: ENKA's sole supplier, Domsjö holds FSC CoC Certification and has been audited to the CanopyStyle verification framework. FSC CoC standards include a commitment to uphold the ILO Declaration.</p>
<p>7.5 Recognition and respect for human rights is demonstrated. There is no evidence of avoiding or failing to resolve social conflicts and remedy past or current human rights violations.**</p>	<p>Conformance with Indicator: <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: ENKA's sole supplier, Domsjö holds FSC CoC Certification and has been audited to the CanopyStyle verification framework. FSC standards ensure that such rights are respected. There is no evidence to the contrary.</p>
<p>Observation: ENKA's sole supplier, Domsjö holds FSC CoC Certification and has been audited to the CanopyStyle verification framework. While FSC certification can ensure some elements of human rights are respected, not all standards within the FSC system include a guarantee, such as FSC Controlled Wood, which is a risk assessment standard.</p>	

8. Development of Innovative and Alternative Fiber	
Indicators	Findings:
8.1 The MMCF producer has developed and implemented an internal action plan to collaborate with innovative companies and suppliers to explore and encourage the development of new alternative fiber sources that reduce environmental and social impacts, such as agricultural residues and recycled fibers.**	<p>Conformance with Indicator:</p> <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
8.2 The research and development phase for the production of pulp and cellulosic fiber made from alternative fiber sources has been successfully completed and the MMCF producer is entering a commercial scale phase.	<p>Conformance with Indicator:</p> <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>Observation: ENKA has explored alternative fibers for viscose filament yarn production in the past and found that alternative fibers do not have the qualities needed to achieve their product. ENKA is therefore not actively exploring new materials for viscose production process.</p> <p>It is a CanopyStyle expectation that a commitment towards the R&D and promotion of alternative fibers will be reconsidered inserted into the company's forest sourcing policy and strategic planning.</p>	
<p>Description of the finding: Viscose filament yarn has quality specifications that do not currently allow for many alternative fibres. Recycled fibre for the most part.</p> <p>ENKA has done tests and trials in the past. The raw materials currently do not meet the specifications for their process which is more limited than viscose staple fibre.</p> <p>Due to the fact that agricultural and alternative fiber sources have not been successful for ENKA in the past, the company is not actively exploring new materials that reduce environmental and social impacts.</p>	
<p>Description of the finding: Due to limitations of the filament yarn production process and quality, such actions have not been possible to date.</p>	

9. Advocacy for conservation solutions	
Indicators	Findings:
9.1 The MMCF producer has a track record of participating in events and taking actions that support collaborative and visionary system solutions that aim protect remaining ancient and endangered forests**	<p>Conformance with Indicator:</p> <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
9.2 When prompted, the MMCF producer uses its brand influence or purchasing influence to positively impact	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable
<p>Description of the finding: ENKA recently participated at an event during the FSC General Assembly in collaboration with Canopy.</p> <p>ENKA is continually advocating sustainable materials to customer base ("the story" told to the market) through speeches at events and conversations with the fashion industry about the choice of raw materials.</p>	

<p>conservation and development solutions including Free, Prior and Informed Consent of affected indigenous and local communities.**</p>	<p> <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input checked="" type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: It is not clear that the company has been “prompted” to use its influence. ENKA’s scale of production is specialized and smaller than other viscose producers (staple fibre producers). ENKA does influence sustainable forest management (see 9.1 above). It is recommended that Canopy and the Leaders Group provide specific documented requests moving forward.</p>
<p>9.3 The MMCF producer publicly supports large scale scientifically based conservation solutions, international and national target(s) and programs for preserving designated protected and conservation areas including the Free, Prior and Informed Consent of affected indigenous and local communities.</p>	<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: ENKA’s does not have a public statement noting its support of scientifically based conservation solutions, however they have broader statements of support via their support of sustainable sourcing and sustainable forest management.</p>
<p>9.4 The MMCF producer is developing and implementing specific programs to increase the endangered species population and the maintenance of their habitat through time, with government and/or ENGO programs.**</p>	<p>Conformance with Indicator:</p> <p> <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available </p> <p>Description of the finding: ENKA is not involved in such programs.</p>
<p>Observation: While ENKA is a strong advocate for sustainable sourcing and forest management, specific advocacy for conservation solutions is not a key topic.</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: ENKA is in the process of developing a strategic plan to increase FSC certified sourcing. They are working with customers to build that demand. In the future they would like to source 100% Mix Credit.</p>
<p>Observation: ENKA is in the process of developing a strategic plan to increase FSC certified sourcing. They are working with customers to build that demand. In the future they would like to source 100% Mix Credit.</p>	

11. Reduction of Greenhouse Gas (GHG) Footprint by Recognizing the importance of forests

and peatlands as carbon storehouses	
Indicators	Findings:
11.1 The MMCF producer has developed and implemented procedures to evaluate their suppliers' performance in reducing GHG.	<p>Conformance with Indicator:</p> <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
11.2 The MMCF producer can document giving preference to suppliers that have identified and adopted management measures to protect forests, forested peatland at the concession and landscape level (peat dome) and identify, withdraw from and restore peatlands and their hydrology. **	<p>Conformance with Indicator:</p> <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
<p>Description of the finding: ENKA reviews Domsjö's sustainability report to evaluate their suppliers' performance in reducing GHG. No other actions have been taken.</p>	
<p>Description of the finding: ENKA sources all pulp from Domsjö, who also holds a policy commitment to the CanopyStyle initiative.</p>	
<p>Observation: ENKA sources all pulp from Domsjö, who also holds a policy commitment to the CanopyStyle initiative. There are no other actions taken to ensure the reduction of GHG footprints.</p>	
12. Pollution Prevention	
Indicators	Findings:
12.1 This verification process <u>will not</u> address the pulp and viscose manufacturing process which can lead to air and water emissions that impact overall environmental quality. However, it will be noted when MMCF producers invest in and use the cleanest dissolving pulp and viscose manufacturing technology (i.e. lyocell process). The indicators will be the number of mills using such cleaner processes and the % of overall volumes produced with such technology. This information will be treated and framed as additional bonus performance by the MMCF producer.	<p>Conformance with Indicator:</p> <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available
<p>Description of the finding: The production process for staple fibre is not the same for viscose filament yarn, and therefore the pollution issues are different as well. Lyocell process is not viable for viscose filament yarn production.</p> <p>ENKA has a waste water treatment process that ensures water is cleaner than when they took it from the river. ENKA has made many investments over the last years and the zinc levels in the wastewater is recovered and returned. ENKA makes use of closed looped systems where emissions are recovered. ENKA has an investment program for 9 years to improve air emissions for non-recovered elements.</p>	
<p>Observation: ENKA does not make use of the lyocell process, however has made investments in reducing pollution from their manufacturing process.</p>	

** Indicates Critical Indicators

Appendix C: EVALUATION CHECKLIST

Canopy Verification Framework and Guidelines for Viscose producers Annex 3 (conducted by desk review)

2. Sourcing from transparent supply chains that are in conformance with the policy.	
Indicators	Findings:
2.6 The production site/mill maintains all <u>purchase and sales</u> documentation related to the wood fiber <u>inputs</u> . Such documentation includes an identification of the forest of origin.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input checked="" type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available</p> <p>Description of the finding: ENKA currently sources from one supplier via an FSC certified trader. Information is collected for each supply that includes the contract information for volumes purchased and certification status. The current sole supplier, Domsjö has had a CanopyStyle audit and the report has been posted publicly, announcing origins of their materials.</p> <p>However, ENKA does not have a procedure to collect this type of information from their supplier, should their supply chain change in the future. Origin is not collected on documentation and no other type of origin information (GPS points, GIS coordinates, shapefiles, etc).</p>
2.7 The mill/production site maintains all <u>delivery documentation</u> received with the wood fiber <u>inputs</u> . Such documentation includes an identification of the forest of origin.	<p>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: Same as above.</p>
2.8 When sourcing from certified or verified land origin, the supplier code and claim for the applicable third-party verification is included on sales and delivery documentation.	<p>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: ENKA makes use of a sales contract that includes an agreed upon volume of FSC certified material to be sourced. The contract specifies that all additional materials are a minimum FSC Controlled Wood. Codes of the two certified companies supplying ENKA (manufacturer and trader) are not present on this documentation.</p>
2.9 The production site maintains a summary of annual purchases and then sales to the MMCF producer.	<p>Conformance with Indicator:</p> <p><input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input type="checkbox"/> Commitment Not Met</p>

	<input type="checkbox"/> Insufficient Information Available Description of the finding: The organization maintains credit accounts for all inputs per FSC certification requirements. Therefore, all purchases are recorded as well as certified and FSC CW sales. Noncertified sales are available to be reported upon request.
2.10 All Suppliers provide <u>outgoing</u> transportation documents that include the forest/plantation of origin and certification status if relevant	Conformance with Indicator: <input type="checkbox"/> Not Applicable <input type="checkbox"/> Commitment Met <input type="checkbox"/> Commitment in Progress <input checked="" type="checkbox"/> Commitment Not Met <input type="checkbox"/> Insufficient Information Available Description of the finding: When an FSC-certified or FSC Controlled Wood sale is being made, an FSC claim is made via the transportation documents. However, no information on forest of origin is specified.
<p>Observation: Due to having one sole supplier that has undergone a CanopyStyle audit, ENKA has information of origin available to them. It is recommended that they pass this information of origin along to its customers via outgoing transportation documents or some other alternate means.</p> <p>Should ENKA change supply arrangements in the future, there is no procedure to collect information of origin from the new supplier. ENKA shall develop such procedure.</p>	