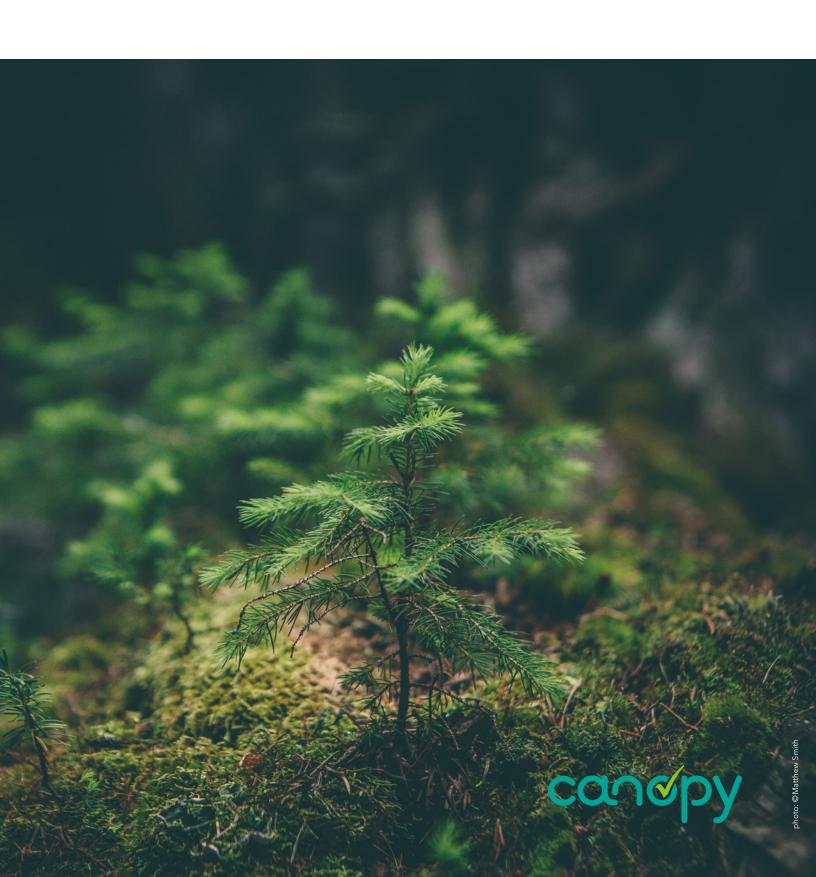
FSC® Label Briefer

MARCH 2022





As you know, Canopy recommends that when virgin fibre inputs are considered necessary, these should be Forest Stewardship Council® (FSC) certified. This is to ensure the highest level of rigour for the harvesting of forests outside of Ancient and Endangered Forests (which should be avoided altogether). The preference for FSC is embedded in CanopyStyle and Pack4Good policies to help support responsible forest management in areas suitable for logging.

FSC's system has two types of certification:

- Forest Management for forest owners and managers
- 2) Chain of Custody for companies throughout the supply chain

FSC also has different claims and on-product labels, and each one means something very specific. This can be confusing, as many people simply see the FSC Chain of Custody certificate code and assume it means assurances of fully FSC-certified fibre.

This backgrounder will help clarify some of the key issues of interest to your company.





To start, there is a difference between claims and labels. Claims are used on sales and delivery documentation by mills and manufacturers to show that the products they are selling are FSCcertified. On-product labels accompany a finished product for sale.

The claims – which are accompanied by a license code – are what define the label that can be used, whether FSC 100%, FSC Recycled, or FSC Mix (to be explained below). The labels can be placed on the product if there is an intact chain of custody, that is, if each mill or manufacturer that held ownership of the FSC-certified material has an FSC Chain of Custody certificate with the corresponding product type in the scope of the certificate (the scope of certificate can be found under each supplier name on info.fsc.org).

In the fashion sector, most final, man-made cellulosic products (i.e. a finished T-shirt for sale) do not yet carry FSC labels all the way to the finished product. There are some

available in the market, and FSC is working on increasing labelling for garments containing wood fibres through its Fashion for Forests Green Pact. Applying the FSC label helps communicate to the consumer that the FSC-certified material retained its integrity from the forest all the way to the completion of the product.

However, even when labels are not use on finished products, much of the dissolving pulp used to make manmade cellulosic fibre (MMCF) products can come with FSC claims, if requested. While it may not necessarily carry all the way down to the garment, this pulp certification is an important component, as it can help to ensure that the forest material used to make the MMCF is coming from more responsible sources.

The situation is different on the packaging and paper side, where labels on finished products are more common than in the fashion sector.



FSC Chain of Custody (CoC)

This is the most common type of FSC certificate you will encounter. It is designed for mills that wish to produce products with FSC claims or labels. FSC Chain of Custody certification is a process by which organizations demonstrate that their FSC-certified material is controlled and managed according to FSC's Chain of Custody requirements. Most importantly, it verifies that the organization is not selling more FSC products than FSC-certified material it took in, and that they can track the fibre one step back in the supply chain.

Chain of custody certification is not, however, an indication of FSC products, but instead demonstrates that the mill has systems in place that would facilitate making and selling FSC products.

Each of these mills is given a specific code CoC-xxxxxx and their FSC certificate status and product scope

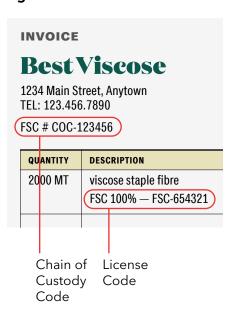
can also be verified at the FSC certificate database https://info.fsc. org/ (by code or company name).

It is important to note that a mill can get CoC-certified without ever selling any FSC labeled products. If you buy from a mill that has CoC certification, it does not mean you are getting FSC products.

In order to ensure that you get FSC products, you must ask the fibre mill to provide FSC-certified materials that come with a claim and a license code. If not on the actual product itself, the FSC license code is included in sales documentation. It provides the assurance that the actual product being bought is FSC-certified. The license code looks like FSC-CXXXXXX (and is also included in any FSC on-product labels).

To ensure the product your company is buying is actually FSC-certified, the following information must be included in sales documentation: see Figure 1.

Figure 1:





Here are the types of FSC labels that can appear on finished FSC-certified products. In order to use the label, a company must buy products that have corresponding claims from mills and manufacturers (see Figure 1), and include the license code on finished products with the corresponding

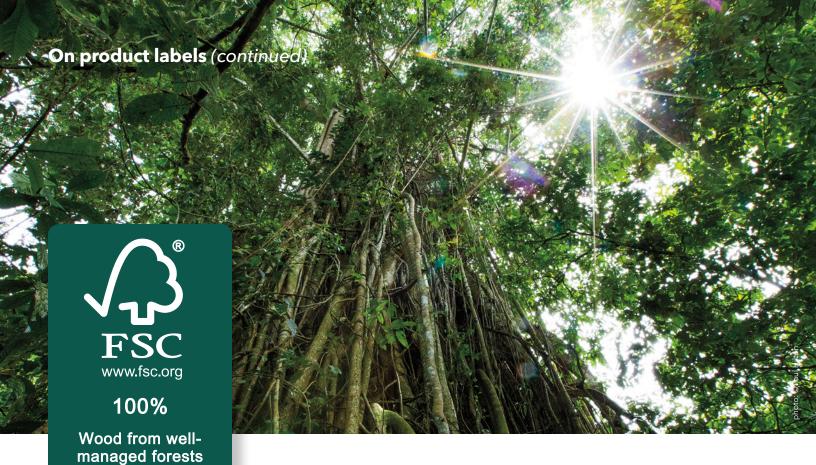
label.

1. FSC Recycled:

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Products that bear this label have been third party-verified as being made from 100% recycled content (either post-consumer or preconsumer reclaimed materials). Paper, packaging, and textile products containing this label can have a mix of post or pre-consumer reclaimed materials as long as they make up 100% of the product.

The use of FSC Recycled products can help to alleviate pressure on sources of virgin material, thereby helping to protect the world's forests, and provides third-party verification and assurance that the products you are buying truly contain recycled fibres.





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2. FSC 100%

All the materials used in products bearing this label are sourced from forests that have been audited by an independent third party to confirm that they are managed according to FSC's social and environmental standards. FSC 100% is wood fibre that comes from FSC-certified forest management units only and is sometimes referred to as FSC Forest Management (FM). Standards require that logging operations do not contravene Indigenous rights, and that they support the creation of protected areas, community benefits from forestry, and conservation of High Conservation Values.

After recycled fibre (which reduces pressure on forests), FSC 100% is the most rigorous FSC label as it comes with the most assurances of actions taken to meet environmental and social requirements.

Remember, though, that all certified product must come with a corresponding claim and license code. (See Figure 1.)

Information about the specific FSC-certified forests and chain of custody companies, including where operations are located, can be found in the FSC public database at https://info.fsc.org/. It is possible to search by certificate code, country or company name.

Wood fibre that is FSC 100% comes from forest units that have a specific certification code. Forest management certificate codes look like this: FM-XXX-YYY. You will see a "FM/CoC" code only when both the forest operations and the receiving timber or pulp mill are certified: FM/CoC -xxx-yyy.

Canopy recommends purchasing FSC 100% whenever virgin fibres are required.



3. FSC Mix

FSC Mix is a product that can contain a combination of FSC 100%, FSC Recycled and "controlled wood". Controlled wood is a designation intended to mitigate the risk of the material originating from unacceptable sources.

This controlled wood system was designed at a time when there was not enough FSC 100% certified fibre to meet the needs of large global customers to have full product lines carrying the FSC label. There are two systems for managing FSC Mix.

Under the percentage system – the requirement is that FSC Mix must contain 70% FSC-certified fibre and/or post/pre-consumer reclaimed material, and that the remaining material must be "controlled wood".

Under the *credit system* – which is predominantly used by the pulp and paper sectors – a company can accumulate credits for all the fully FSC-certified inputs they receive. The credit system is a mass-balance system, which means that any company can put an FSC claim on sales documents or label for the volume of finished product that is equivalent to the volume of FSC-certified fibre being put into the product line.

*** The vast majority of pulp globally that is FSC-certified has a claim of FSC Mix.



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Controlled wood is the non-certified sources that are allowed to be mixed with FSC 100% fibre to create products that have the FSC Mix label. Controlled wood identifies five categories of unacceptable wood, which cannot be mixed with FSC-certified fibre:

- 1. Illegally harvested
- Harvested in violation of traditional and civil rights
- Harvested in forests where High Conservation Values are threatened
- Harvested in forests being converted to plantations or non-forest use
- Harvested in forests where genetically modified trees are planted

Controlled wood is screened through a risk-based approach. There are 60 countries that have risk assessments developed either by FSC International or a national FSC office. These risk assessments determine the risks of material coming from any of the five prohibited categories.

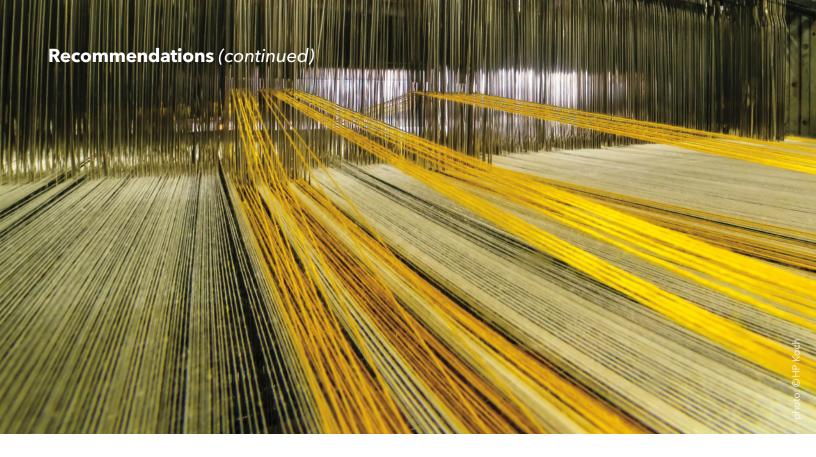
If risk is found, companies are required to implement mitigation measures to reduce the risk. This can be anything from modified harvest regime, consultation with civil society groups, or simple avoidance. Controlled wood is not certified fibre that adheres to FSC's standards for responsible forest management, but rather is designed to avoid major risk factors.



As a company, what should we be asking for?

First and foremost, CanopyStyle and Pack4Good companies will be seeking to eliminate all fibre from Ancient and Endangered Forests from their supply chains. They will do this through increasing the amount of recycled and Next Generation fibres in the products they source, in order to encourage circularity and reduce impacts on forests. Canopy will provide you access to tools that support these actions, such as the EcoPaper Database and the Hot Button Ranking. FSC Recycled and FSC Mix containing a high proportion of recycled content are part of the solution.

Having met all of the above, when virgin forests products are necessary, Canopy recommends asking your supplier for FSC 100% as this is the strongest certification type for virgin **fibre**. If this is not available, let your supplier know that you would like to see them provide this type of certification, but will accept FSC Mix in the interim. And let them know that proof of a Chain of Custody (CoC) certificate alone is not sufficient, as it does not indicate that your company is being supplied with FSC-certified products. Ask for invoice and delivery documents with FSC claims (and a corresponding license code) to ensure you are getting actual certified products. See Figure 1.





For more information on Canopy's initiatives and efforts to protect forests, visit: www.canopyplanet.org For **paper and packaging**, FSC-certified products are widely available throughout the supply chain. The claim will appear on your invoice for the products your company purchases. FSC labels also routinely appear on finished packaging products and support the uptake of FSC certification through communication to the public.

For the man-made cellulosic fibre (MMCF) industry, claims for FSC products may not be transferred beyond Tier 1 (the viscose/rayon producer) because many Tier 2, 3 and 4 companies (spinners, weavers, sewers) do not yet have Chain of Custody certification to allow them to pass on claims. However, it is important that you ask your MMCF producer to provide evidence that the wood fibre going into your supply chain is FSC-certified (either FSC 100% or FSC Mix) to ensure responsible forestry.



