

Appendix C: RECOMMENDATIONS FOR IMPROVEMENT

Recommendations for Mitsubishi Chemical Corporation Fibers Materials Unit for continuous improvement

September 17, 2021

Canopy applauds Mitsubishi for completing its first CanopyStyle audit. The audit demonstrates that Mitsubishi has reduced its risk of sourcing from Ancient and Endangered Forests and other controversial sources.

The CanopyStyle audit is a learning opportunity, and in the spirit of continuous improvement, actions can be taken over time to more thoroughly implement the company's policy commitments. Based on the review of the audit report, Canopy recommends the following immediate next steps:

- Risk levels cannot be verified for one supplier, which is also an MMCF producer. This producer must be verified against the CanopyStyle audit framework to confirm low risk. Canopy recommends Mitsubishi work with this supplier to initiate an audit process.
- Ensure that contracts with current and future suppliers include a requirement to implement Mitsubishi's fibre sourcing and forest policy, and communicate this with suppliers.
- Develop and implement an internal action plan (including timeline and milestones) 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. Demonstrate progress towards developing commercial-scale production based on alternative fibre sources.
- Implement the company's FSC preference by implementing an action plan to increase the amount of certified fibre used, with a preference for fibre from FSC certified forests (FSC 100%).
- With support from Canopy, support large-scale, science-based conservation solutions, and international and national targets and programs for preserving designated protected and conservation areas.
- 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 suppliers unified criteria for measuring output indicators like wastewater, sludge, air emissions and other process- related parameters.

We recommend that Mitsubishi develop and implement action plans for these priority issues, so that they can be addressed prior to the next audit.

As mentioned in the CanopyStyle audit framework, ongoing audits and/or random site visits will support Mitsubishi to continue to implement their policy and meet the expectations of the CanopyStyle Initiative.

Once again, we congratulate you for the completion of your audit and for proactively taking steps to screen for, and ensure no use of, Ancient and Endangered Forests and other controversial

sources. We look forward to working collaboratively with Mitsubishi to address these recommendations and other outstanding issues.