



**CIRCULOSE ANCIENT FOREST FRIENDLY
AND NEXT GENERATION SOLUTIONS POLICY
24TH JULY 2024**

Circulose is committed to playing a leadership role in scaling technology and capacity for next generation solutions production for man-made cellulose alternatives made by recovering cellulose from worn-out clothes and production scraps instead of Ancient and Endangered Forests. We are also committed to supporting supply chain solutions that promote responsible environmental and ethical practices in manufacturing, and the protection of global ecosystems including Ancient and Endangered Forests.

Circulose recognizes that business leadership and long-term success must consider the environment. Consequently, Circulose is dedicated to building environmental awareness about these issues among customers, employees, suppliers and peers.

Conserving Ancient and Endangered Forests and Ecosystems

Circulose provides a clear solution to inputs originating from the world's Ancient and Endangered Forestsⁱ, by scaling a state of the art technology to recover cellulose from worn-out clothes and production scraps. As such we are helping to protect the world's remaining Ancient and Endangered Forests including the Canadianⁱⁱ and Russian Boreal Forests; Coastal Temperate Rainforestsⁱⁱⁱ; tropical forests and peat lands of Indonesia^{iv}, the Amazon and West Africa, and the protection of biodiversity and ecosystems contained within these forests.

As the issue of Ancient and Endangered Forest fibre in packaging, paper and cellulosic fabrics gains increasing awareness among global retailers, brands, designers and producers, Circulose will work with suppliers, [Canopy](#) and [businesses](#) that have Canopy policies in place to support the protection of Ancient and Endangered Forests and forward solutions to reduce demand on the world's forests. We will prioritize production partners who avoid sourcing from Ancient and Endangered Forests to maximize the availability of solutions that meet the purchasing preferences of Canopy's policy signatories.

Innovation and Development

Through Circulose's patented process, the environmental impact from textiles can be drastically reduced by recycling cellulosic based textiles (cotton, viscose, etc.). This provides Circulose customers with a guarantee that the company is not sourcing from controversial sources including wood from: illegal logging^v, endangered species habitat, logging in contravention of First Nations/indigenous peoples' rights or in contravention of Free, Prior or Informed Consent (FPIC).

Advance Joint Conservation Solutions

Circulose supports the implementation of visionary agreements in key forest areas, such as the Canadian Boreal Forests, Coastal Temperate Rainforests and Indonesia. We look to Canopy to identify opportunities to encourage existing and new initiatives that seek to protect the world's remaining ancient and endangered forests.

Reduce our Carbon Footprint

Circulose aims to reduce our company's own greenhouse gas emissions. Where possible will play a role in mitigating climate change by participating in initiatives that reduce the loss of biogenic carbon from carbon-rich forests (e.g. ancient old growth temperate rainforests and forests growing on peat lands) by encouraging the development of products made within a

circular mode of production and low carbon feedstock.

Pollution Prevention

Conventional pulp production is a resource-intensive process that can lead to air and water emissions that impact overall environmental quality. Circulose is scaling a technology producing a dissolving pulp made with 100% recycled textiles. The recycling process turns cotton- rich unused textiles into a viscose grade dissolving pulp, branded as CIRCULOSE®. CIRCULOSE® is a Next Gen material made of 100% recycled textile waste that is recyclable and is replacing virgin materials typically derived from wood pulp while keeping their outstanding properties.

Internal Paper and Packaging

Circulose is committed to improved efficiency in paper use in its own operations, and to reducing waste. We are committed to ensuring that any paper and packaging we use does not include fibre sourced from Ancient and Endangered Forests^{vi} and to achieving this by the end of year 2025 or sooner. In line with Circulose's own business production, we will source agricultural residue and/or 100% post-recycled content paper and packaging products.^{vii} If any of our paper and packaging suppliers are found to be sourcing from Ancient and Endangered Forests we will engage them to change practices and/or re-evaluate our relationship with them.

Promote Industry Leadership

Circulose recognizes the benefit of creating environmental awareness amongst its team, customers, and partners. The company will work to highlight our environmental efforts on our website, in public communications and social media, and in partnership with stakeholders.

Strong Certification and Forest Management Standards

Circulose fully supports responsible forest management practices that protect biodiversity and ecosystem integrity, provide long-term social and economic benefits to communities, and facilitate a stable, sustainable supply chain and climate of operational certainty. If any of our business partners, clients or suppliers are using forest products we will encourage them to preference fibre certified to the Forest Stewardship Council (FSC) standard outside of Ancient and Endangered forests if virgin fibre is needed and until alternatives to virgin wood-based products are available.

Circulose also support the adoption of Roundtable on Sustainable Biomaterials certification throughout our entire alternative fibre supply chain.



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ⁱ Ancient and Endangered forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. As a starting point to geographically locate ancient and endangered forests, maps of High Conservation Value Forests (HCVF), as defined by the Forest Stewardship Council (FSC), and of intact forest landscapes (IFL), can be used and paired with maps of other key ecological values like the habitat range of key endangered species and forests containing high concentrations of terrestrial carbon and High Carbon Stocks (HCS). (The Wye

River Coalition's Endangered Forests: High Conservation Value Forests Protection – Guidance for Corporate Commitments. This has been reviewed by conservation groups, corporations, and scientists such as Dr. Jim Stritholt, President and Executive Director of the Conservation Biology Institute, and has been adopted by corporations for their forest sourcing policies). Key endangered forests globally are the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical forests and peat lands of Indonesia, the Amazon and West Africa. For more information on the definitions of ancient and endangered forests, please go to: <http://canopyplanet.org/solutions/ancient-forest-friendly/the-science-behind-the-ancient-forest-friendly-brand/>

ⁱⁱ Protection of Boreal Forests where the largest remaining tracts of forests are located worldwide is critical. Canada's Boreal Forest contains the largest source of unfrozen freshwater world-wide and are part of the world's largest terrestrial carbon sink – equivalent to 26 years worth of global fossil fuel use. Canopy is committed to working collaboratively on the establishment of new protected areas, the protection of endangered species and the implementation of sustainable harvesting in Canada's Boreal Forest.

ⁱⁱⁱ Conservation solutions are now finalized in the Great Bear Rainforest, located in coastal temperate rainforests that originally covered 0.2% of the planet, and where now less than 25% of the original forests remain. On February 1st, 2016 the Government of British Columbia, First Nations, environmental organizations and the forest industry announced 38% protection in the Great Bear Rainforest and an ecosystem-based management approach that will see 85% of this region off limits to logging. Provided these agreements hold – sustainable sourcing has been accomplished in this ancient and endangered forest. We encourage ongoing verification of this through renewal of Forest Stewardship Council certification. British Columbia's last stands of coastal temperate rainforests on Vancouver Island are not currently afforded the same future. We look forward to supporting and encouraging protection for landscapes of hope on BC's Vancouver Island.

^{iv} Indonesia experiences the second highest rate of deforestation among tropical countries, with the island of Sumatra standing out due to the intensive forest clearing that has resulted in the conversion of 70% of the island's forested area (FAO Forest Assessment 2010; Margono, B.A. et al. 2012)

^v Legal forest management is management that complies with all applicable international, national, and local laws, including environmental, forestry, and civil rights laws and treaties.

^{vi} <https://canopyplanet.org/tools/forestmapper/>

^{vii} See Canopy's Paper Steps: <http://canopyplanet.org/resources/the-paper-steps/>