



THE TIME IS NOW

**2022 – 2023
ANNUAL REPORT**



2022: THE CLIMB TO NEXT GEN

Our approach has long been to transform unsustainable paper and wood-based textile supply chains to stop them from plundering what is beautiful, long-standing and naturally rich. Our natural world is in a precarious position, and to avoid the worst trajectory, we can't afford to be reckless. We must be considered; strategic. But we also have to move faster than feels comfortable and take strides that are a great stretch if we are to actually address this existential crisis in time.

We are in the foothills of a transition from take-make-waste supply chains to something fundamentally more planet-friendly. Looking up toward the climb ahead one can feel intimidated, but also filled with excited anticipation. Working at the very edge of the possible is where good work transitions into an audacious endeavour.

We believe that 2022 will be remembered as the year Canopy got a firm foothold in catalyzing production of 60 million tonnes of Next Gen alternatives to forest fibre for making paper, packaging, and viscose textiles. Doing so will alleviate the pressure on forests and enable us to work alongside partners to conserve 90 million hectares of climate-critical forests.

In our markets work, CanopyStyle surpassed 500 brand signatories (522 to be exact) and 360 brands have adopted Pack4Good policies. These hundreds of brand partners work diligently with our team to eliminate Ancient and Endangered Forest sourcing from their textiles and packaging and to create the market incentives for new circular supply chains that are fit for the 21st century.

These clear market signals were foundational to the opening of the world's first commercial Next Gen pulp mill for viscose, Renewcell, in Sweden. Renewcell takes millions of discarded cotton textiles, rather than huge swaths of forests, to make next season's clothing. They are the first of a strong pipeline of innovators to scale, bringing substantive and immediate environmental gains – as well as illuminating the path for what is possible.

Days after Renewcell opened, Canopy was at COP27 in Egypt to announce a number of our brand and producer partners' readiness for the first 500,000 tonnes of Next Gen viscose and paper once it is produced. This strong market signal de-risks investment into these new technologies as we strive to compress the timelines, and move and scale the capital and infrastructure needed to leave carbon-intensive *take-make-waste* production behind us.

Over 53% of global viscose production is now verified as low risk of being made from Ancient and Endangered Forest fibre. Two big paper producers joined Pack4Good and are working to ensure they are low risk sources for our brand partners to choose from. As part of a global effort, Canopy galvanized producers representing 75% of global viscose to urge national representatives to support the 30% protection by 2030 (30x30) agreement at COP15 – contributing to the successful securing of the “Paris Agreement for Biodiversity”.

It has been a good year. As always, a huge thanks to our partners – both strategic and philanthropic. We are scaling this peak together! Now for more, faster, and with a little more audacity!



Nicole Rycroft

Founder and Executive Director, Canopy



© Peter Mather

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THE
CLIMATE
IS
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CANOPISTYLE: THE 500 CLUB

In 2022, our ever-growing CanopyStyle initiative continued to branch out, surpassing 500 brand partners representing more than 902 billion USD in collective annual revenue. All partners have committed to keeping vital forests off the runway and out of their viscose supply chains and to spurring the production of low-carbon, Next Gen alternatives.

NEW KEY PARTNERS:

IKEA, Primark, John Lewis & Partners,
INTERSPORT Sweden, SHEIN

NEXT GEN NOW:

Garments made with Next Gen inputs hit stores from CanopyStyle partners Zara, Reformation, The Gap, BESTSELLER and H&M.



MORE! MORE! MORE!

When it comes to Canopy's hottest resource, the *Hot Button Report*, 2022 was the Year of More – more green shirts, more Next Gen, and more conservation work, as an unprecedented number of producers (six) earned the highest available ranking of 'dark green shirt'. All 17 of our 'green shirt' producers are investing in, creating, or trialing Next Gen products.

NEXT GEN NOW:

There are seven established commercial lines of Next Gen viscose products available, with plans for more to come over the next three years.



PACK4GOOD CHURNING UP POSITIVE CHANGE

Our packaging campaign scooped up success and went luxe in 2022, with 44 companies joining our Pack4Good initiative. Now at a milestone of 360 brands, worth a collective 192 billion USD in annual revenues, Pack4Good is the total package – reducing waste, cutting carbon emissions, and delivering outside-the-box sustainable solutions.

NEW KEY PARTNERS:

Iconic ice cream brand Ben & Jerry's is the first major food company to develop a Pack4Good policy.

NEXT GEN NOW:

LVMH-owned luxury champagne maison, Veuve Clicquot, released the Ecoyellow Gift Box, a beautiful paper box made from 50% hemp and 50% recycled paper.



NEXT GEN: SUPERSIZED

In 2022, Canopy's Next Gen Solutions took giant leaps forward in the quest to replace forest fibre with circular or low-carbon alternatives. With breakthroughs in circular materials production, brand leadership, and technological transformations, progress on our milestones has been nothing short of epic.

KEY NEW PARTNERS:

Iroony and 9Fiber

NEXT GEN NOW:

At COP27 in November, Canopy partners – including H&M, Inditex, Stella McCartney, Ben & Jerry's, HH Global, and Kering – announced a collective commitment to purchase 550,000 tonnes of Next Gen packaging and textiles by 2030, sending a strong signal to the investment community to unlock the capital needed to build commercial-scale Next Gen pulp mills.



RENEWCELL X CANOPY SCALE NEW HEIGHTS IN CLIMB TO NEXT GEN

In November, Swedish innovator Renewcell opened the world's first commercial-scale textile-to-textile Next Gen mill in Sundsvall, Sweden, where Canopy's Executive Director literally scaled the rafters to perform a congratulatory banner drop.

In contrast to conventional wood pulping, Renewcell's system uses no tree fibre – leaving forest habitat and carbon storage intact. Each tonne of Renewcell's CIRCULOSE® avoids five tonnes of CO₂ emissions compared to dissolving pulp from trees.



NEXT GEN IS A WIN-WIN-WIN FOR THE PLANET

More Renewcell mills – and scaled production of other textile-to-textile technologies like Renewcell’s – will enable the fashion industry to stop using high-carbon forests to make fabrics and to embrace circularity. These modern technologies also provide a supply chain for used cotton textiles to go back into a circular economy rather than to the landfill.

THE CANOPY CONNECTION

Canopy connected Renewcell with a major viscose producer and speed-dated that producer with our brand partners, leading to Renewcell’s first offtake agreement. That five-year offtake, for two thirds of initial production, helped unlock Renewcell’s financing and construction of this new mill.



TOP OF MIND: CONSERVATION

LOVE THE LEUSER

We built support for an EcoTourism Masterplan amongst champions in Aceh, Indonesia. Last summer, the Aceh Agency of Tourism gave a green light and we are now working alongside ecotourism experts, local allies and government decision makers to develop a comprehensive plan for the Leuser Ecosystem, a central plank in supporting a conservation-based economy to be built in Aceh.

BOOSTING 30x30:

Viscose producers representing more than 75% of global production signed a letter, presented at COP15, supporting a global framework to protect at least 30% of the world's rare ecosystems, including primary forests and intact forest landscapes, by 2030.

OUTSTANDING FOR FORESTS

Canopy experienced a heretofore unseen 'awards season' throughout 2022 that included our Founder and Executive Director, Nicole Rycroft, being awarded the Meritorious Service Cross of Canada, recognizing great Canadians for accomplishing exceptional deeds. Nicole also was the Sustainability Awardee of the Global Australian Award, and named a Sustainability Thought Leader by Vogue Business.

Canopy as an organization received the Keeling Curve Prize, which is awarded annually to ten of the world's highest-impact climate initiatives.



A TREE-MENDOUS LIFT

Last year was a bumper year for media stories about Canopy. Perhaps most notably, Nicole Rycroft co-authored an article that was in *TIME Magazine*. Canopy was also profiled in top-tier publications like *Forbes*, *The Guardian*, and the *Financial Times*.

NEXT GEN NOW MOMENT:

Proving not doing business-as-usual can make a great business story, Canopy's COP27 Next Gen announcement was featured in a long-form article in *The Wall Street Journal*.

Building 21st Century Supply Chains

Future Fabrics Expo, London, June 2022

Nicole Rycroft | Founder & Executive Director



CANOPY BY THE NUMBERS

CanopyStyle totals

522

brands

\$902 Billion

represented in annual revenues

Pack4Good totals

360

brands

\$192 Billion

represented in annual revenues

620,000+

tonnes in commitments from brands for NextGen

4 Million

hectares protected in Canada's Boreal Forest

53%

of global viscose production verified as low risk

90%

of viscose production with a Canopy policy

8

global packaging producers develop Canopy policy

1000+

choices in the EPD

0

dollars received from corporations

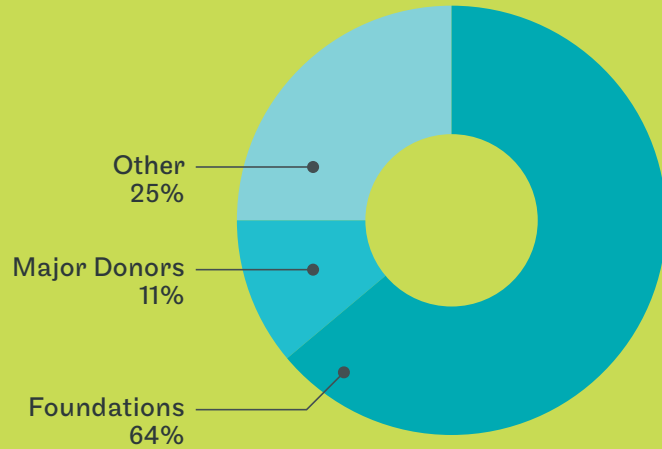
11

Canopals hired in 2022

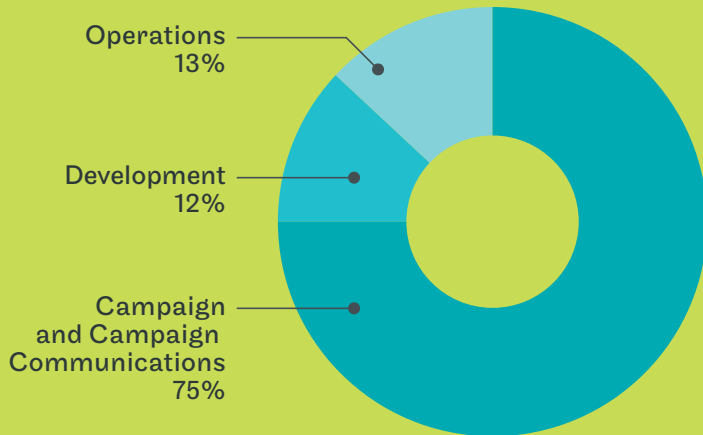
20%

increase in budget over 2021/22

2022/23 Revenues \$6,495,378.47



2022/23 Expenses \$4,888,712.27



\$1.6M of restricted funds has been deferred to 2024.

Canopy does not accept donations from or charge a fee to the companies with which we work. This maintains our independence and clarity on the nature of the partnerships. It also ensures that company budget limitations do not prohibit brands from engaging in our campaigns.

For the complete policy, go to <http://canopyplanet.org/about-us/corporate-donations-policy/>

In this turn-around decade for our planet, we are grateful to have you as part of our community.



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www.canopyplanet.org

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Environmental Benefits Statement

By using paper made with 100% post-consumer recycled content, the following resources have been saved.

trees	water	energy	solid waste	greenhouse gases
0.5 fully grown	163.6 litres	0.2 million BTU	0.7 kilograms	88.9 kilograms

Environmental impact estimates were made using the Environmental Paper Network Paper Calculator Version 4.0. For more information visit www.papercalculator.org