



# P&G'S FOREST POSITIVE SOURCING POLICY

Protection of forests and other natural ecosystems is critical for maintaining biodiversity, combating climate change, and sustaining livelihoods. As part of our overall sustainability goals, P&G is committed to eliminating deforestation and ecosystem conversion from our supply chains and safeguarding human rights across our operations and suppliers. Given that wood pulp, fiber-based packaging, and palm oil are valuable renewable resources, we have a sourcing policy to address each commodity.

P&G sources wood pulp for tissue, towel, and absorbent hygiene products and palm oil for fabric, home, and personal care products. We also source paper-based packaging to house and transport our products. We will diligently pursue sourcing that protects forests and the communities that rely on them. We aim to eliminate deforestation, protect or conserve special sites, respect human and labor rights, and affirm the rights of Indigenous Groups.



# WOOD PULP SOURCING POLICY

P&G sources wood pulp that is used in the production of products in Family Care, Baby Care, and Feminine Care business units such as paper towels, diapers, feminine hygiene products, and toilet paper. P&G will ensure the forests harvested for our pulp are managed sustainably and responsibly. As part of this effort, we will continuously review all pulp suppliers to ensure they are providing us with sustainably sourced fiber that complies with this policy.

## INCREASE FOREST POSITIVE IMPACTS

P&G is focused on having a [Forest Positive](#) impact and as such, suppliers are expected to play a part in conservation and restoration efforts beyond maintaining forest certification. Projects such as reforestation efforts, improving degraded lands, partnering with Indigenous Peoples, and protecting endangered species are elements of our Forest Positive approach.

## NO ILLEGAL LOGGING

P&G will not use illegally sourced fiber or conflict timber in our products. We will document that fiber is legally harvested and that other legal requirements are met.

## NO DEFORESTATION

P&G does not allow deforestation and does not permit forest degradation in our sourcing. Permanent conversion of land from forests to non-forest increases greenhouse gas emissions and has negative effects on biodiversity and the local communities that rely on them. P&G works with suppliers and stakeholders to address deforestation concerns in high-risk areas. P&G's commitment to increasing the use of third-party certification lowers the risk of deforestation and forest degradation within our supply chain.

P&G does not support conversion of forests to non-natural ecosystems in our supply chain. In restricted situations, conversion of forest to other non-forest rare natural ecosystems such as wetlands, savannahs, and native grasslands could occur. The following conversion types are not allowed in our supply chain:

- Agricultural land including commercial crops or livestock
- Commercial and residential developments
- Tree plantations with non-native trees, heavy reliance on chemicals, or lack key elements of natural forests

## PROTECT HIGH CONSERVATION VALUE (HCV) AREAS

P&G will source only from suppliers that do not harvest from forests that are mapped High Conservation Value (HCV) areas without third-party certification. HCV forests are areas that have been designated to have critical or important environmental, cultural, ecological, or

landscape values. These areas also include peatlands and high carbon stock forests. P&G supports multi-stakeholder efforts to develop information sources and tools that will help suppliers identify these areas on their own properties and in their procurement of wood raw materials from third-parties (e.g. [www.hcvnetwork.org](http://www.hcvnetwork.org)).

## **RESPECTING HUMAN RIGHTS**

At P&G, respect for [Human Rights](#) is fundamental to the way we manage our business. We support the [U.N. Guiding Principles for Business and Human Rights](#) which respects and honors the principles of internationally recognized human rights including:

- Those rights expressed in [The International Bill of Human Rights](#) (i.e., Universal Declaration of Human Rights and the International Covenants on Economic, Social and Cultural Rights and Civil & Political Rights.) and
- The principles concerning fundamental rights as set out in the [International Labor Organization Declaration on Fundamental Principles and Rights at Work](#).

As such, suppliers are expected to have the necessary policies and procedures in place to follow P&G's [Responsible Sourcing Guidelines for External Business Partners](#). The Guidelines explain the global standards to be followed on behalf of P&G. External business partners, their subcontractors and suppliers are expected to be informed of and share P&G's commitment to these standards. P&G supports the [United Nations Declaration on the Rights of Indigenous Peoples](#), which declares that indigenous peoples have the right to full enjoyment, as a collective or as individuals, of all human rights and fundamental freedoms.

## **FREE, PRIOR AND INFORMED CONSENT**

P&G respects the rights of indigenous and local communities to give or withhold their free, prior, and informed consent (FPIC) for development of land they own legally, communally or by customary rights. On an ongoing basis, we expect our suppliers to have the necessary mechanisms in place to respect, protect, and promote FPIC, particularly in the case of Indigenous Peoples. The FPIC processes should be done in a culturally appropriate manner and follow credible methodologies such as the [UN-REDD \(2012\) Guidelines on Free, Prior and Informed Consent](#) and [FAO \(2015\) Free, Prior and Informed Consent Manual](#).

## **MINIMUM FOREST CERTIFICATION**

To support the implementation of our environmental and social commitments, all wood pulp sourced by P&G is required to be certified by one of the following third-party certification systems: Forest Stewardship Council® (FSC®), Sustainable Forestry Initiative® (SFI®), or Programme for the Endorsement of Forest Certification (PEFC). Within these systems, P&G only accepts the following certification claims:

- FSC: FSC 100%, FSC Mix Credit, and FSC Controlled Wood
- SFI: 100% SFI Certified Chain of Custody
- PEFC: 100% PEFC Certified Chain of Custody

These claims require rigorous annual third-party, independent audits of forests and reviews of supplier's internal due diligence systems. Critical criteria essential to sustainable forest management evaluated during these audits include, but are not limited to, high conservation value areas, protection of endangered species, UNDRIP and/or FPIC for Indigenous Peoples and local communities, and deforestation or conversion.

These audits must be conducted by companies accredited to conduct forest management audits by Assurance Services International or the International Accreditation Service such as Preferred by Nature, PwC, SCS Global Services, SGS, SAI Global, and KPMG.

P&G has preference for FSC certified materials and encourages suppliers to get their sourcing forests and supply chains fully FSC certified to the FSC Forest Management Standard. P&G joins many premier environmental non-governmental organizations in considering FSC the gold-standard of forestry certification systems. FSC protects biodiversity and ecosystems, supports Indigenous Peoples and local communities, and protect sensitive lands.

### **ENSURE EFFICIENT USE OF RESOURCES**

P&G believes that we should invest our resources where we can make the greatest sustainability improvements and will partner with suppliers to:

- Focus on source reduction in the long term or use of less fiber through development of innovative technologies that provide maximum product performance using minimal fiber.
- Evaluate the use of non-forest derived sources of fiber, recognizing that alternatives must also meet principles of sustainable management.
- Explore and implement energy and water conservation opportunities in our paper making operations.
- Invest in research to identify the technical breakthroughs needed to allow us to use alternative fibers in our premium products without an impact on product performance, manufacturing efficiency, resource and energy usage and waste generation.

### **RIGOROUS PREVENTION OF & MONITORING FOR NON-CONFORMANCE**

P&G continuously reviews wood pulp suppliers to ensure they provide us with sustainably sourced fiber and follow this policy. To evaluate compliance suppliers are required to participate in:

- Semiannual sustainability desk-side audits
- Biennial forest field assessments including management plan appraisal
- Quarterly evaluations of sustainability efforts and plans.

These processes include reviews of deforestation, biodiversity, high conservation value areas, and Indigenous Peoples' rights, including FPIC. P&G meets with relevant Indigenous People and local communities to understand their perspective on the supplier's free, prior, and informed consent process to ensure the engagement is taking place in a culturally appropriate manner, place, and time. When necessary, we will bring in expert third parties to assist in these evaluations.

The [P&G Business Conduct System](#) and the [Worldwide Business Conduct Helpline](#) are other mechanisms P&G uses to monitor compliance. It is a grievance system to allow those both inside and outside the company to raise concerns, with or without identification.

### **ADDRESSING FORESTRY GRIEVANCES**

Alleged non-compliances to this and any P&G policies identified during any of these activities will follow our Forestry Grievance Process. This three-phase process of Evaluate, Investigate, and Remediate allows P&G to ensure our policies are being followed. Potential actions by P&G when non-compliances are confirmed are to engage, suspend, or terminate supplier relationships. Scale, scope, and irremediability of the allegation are used to determine the level of P&G response. More details can be found in the [Forestry Grievance Process](#).

We have and will continue to share the results and status of investigations, plans, and actions taken at P&G's [ESG for Investors website](#). All public disclosures will maintain confidentiality of anonymous grievance submitters and proprietary information.