



# FORESTRY PRACTICES UPDATE JULY 2022

## INTRODUCTION

P&G conducts ongoing assessments to identify opportunities to increase the scale, pace, and rigor of our forestry efforts. This report, focused on wood pulp, summarizes our continued progress in reaching our ambition to keep forests as forests for generations to come.

As part of our commitment to responsible forestry management practices, P&G provides a high level of transparency on wood pulp via our [ESG portal](#) and maintains an active dialogue with a number of external stakeholders to understand their views. The purpose of this report is to share updates on the following topics that are important both to our stakeholders and us:

- Protecting Primary Forests and Intact Forest Landscapes
- Protecting Woodland Caribou
- Free, Prior, and Informed Consent
- Non-Compliance Protocols
- Forest Certification
- Non-Wood Fiber Innovation

While this report shares an update on wood pulp, we encourage interested stakeholders to read more about our comprehensive efforts to ensure responsible forestry practices in our supply chain at our [ESG Portal: Forestry](#).

# PROTECTING PRIMARY FORESTS & INTACT FOREST LANDSCAPES

**P&G aims to eliminate intact forest landscapes (IFLs) from its wood pulp supply chain.**

- IFLs have been mapped by a credible 3rd party Global Forest Watch, and we have overlaid our wood pulp sourcing with IFLs.
- We have been working toward reducing IFLs in our supply chain and have made significant progress – resulting in less than 1% of the area our suppliers manage overlapping with IFLs.

**To make further IFL reductions, P&G will:**

- Advocate for permanent IFL protection by the Canadian government. We will collaborate with suppliers, certification systems, NGOs, and other companies to help achieve this important step.
- Activate regular satellite monitoring to identify suppliers operating in IFLs for potential forest cover loss.

While we will pursue this IFL ambition, there is uncertainty in our ability to achieve it given it will require action by parties outside of our control. Based on our extensive sourcing experience and dialogue with suppliers and stakeholders, we cannot practically dictate that our suppliers not source wood pulp that may include a small amount of wood fibers from IFLs. The government has influence on harvest locations and, in some cases, explicitly directs our suppliers harvesting on these lands. The harvesting of these trees is for use in many industries including lumber, biomass, paperboard, wood pulp, etc. P&G only sources 3% of wood pulp out of Canada and less than 1% of wood products from Canada.

**P&G aims to protect primary forests.**

Primary forests in tropical forest regions have been mapped, and P&G does not source wood pulp from these areas. A credible 3rd party has not yet mapped primary forests in dry regions or tundra forests where P&G sources 100% of our wood pulp. We support third-party, credible mapping efforts to aid our ability to understand their geographic locations, develop plans, and enable ongoing monitoring to address wood pulp sourcing from these areas.

# PROTECTING WOODLAND CARIBOU

**Boreal caribou are an important indicator of a healthy ecosystem within Canada's boreal forest. P&G supports the recommendations made in the Canadian government's Boreal Caribou Recovery Strategy (refer to Note), which includes an aim for all forest operations to adhere to 65% undisturbed caribou habitat.**

We have made significant progress toward the Boreal Caribou Recovery Strategy's target. Based on our most recently available data, we estimate that our suppliers now have 59% undisturbed caribou habitat on lands they manage (first half 2022 sourcing).

**Our previous efforts to help increase conservation of caribou habitat include:**

- Buying at least 95% Forest Stewardship Council® certified pulp from Ontario and Quebec that have specific requirements to conserve woodland caribou habitat
- Facilitating a multi-stakeholder (suppliers, government, NGOs) meeting in partnership with NRDC in 2018 dedicated to discussing how industry and NGOs could address caribou concerns
- Becoming a founding member of the Canadian Boreal Forest Agreement (CBFA). Signed in 2010, the CBFA is a historic agreement covering more than 72 million hectares of public forests

**To support further increases to 65% undisturbed caribou habitat, P&G will take the following steps:**

- Advocate for Canadian Provinces to submit caribou habitat protection plans to the Federal government.
- Encourage our suppliers to make their caribou management plans public while requiring 100% of our suppliers to have robust plans.
- Continue a stepwise approach of giving preference to suppliers with caribou non-disturbances closer to and above 65% while decreasing sourcing from suppliers with the highest caribou habitat disturbance level without FSC® certification.
- We will apply our Forest Grievance Process for suppliers with the highest caribou habitat disturbance levels and continue reporting our progress in our [Wood Pulp Grievance Tracker](#).

## **FREE, PRIOR, & INFORMED CONSENT**

**At P&G, respect for Human Rights is fundamental to the way we manage our business. Our Wood Pulp Sourcing Policy requires suppliers to:**

- Support the rights of Indigenous and traditional communities to self-determination on their lands.
- Respect human rights and ensure Indigenous and traditional communities have the right to give or withhold consent by participating in the free, prior, and informed consent (FPIC) process in accordance with international human rights norms.
- Establish the necessary policies to prove that Indigenous Peoples and traditional communities' rights to FPIC are respected, protected, and promoted.

**P&G will undertake assessments and independent verification exercises to evaluate the fulfillment of FPIC rights by our wood pulp suppliers when warranted or requested as part of our Forest Grievance Process.**

## **NON-COMPLIANCE PROTOCOL**

**P&G holds suppliers accountable to our Wood Pulp Sourcing Policy which prohibits:**

- Illegally sourced fiber
- Deforestation
- Forest degradation
- Conversion of forests to non-natural ecosystems
- Harvesting from High Conservation Value (HCV) areas without 3<sup>rd</sup> party certification

**P&G will continue to follow our rigorous prevention of and monitoring for non-conformances. As stated in our Policy, suppliers are required to participate in:**

- 3<sup>rd</sup> party forest certifications that require independent 3<sup>rd</sup> party annual audits
- P&G Semiannual sustainability desk-side audits
- P&G Biennial forest field assessments, including management plan appraisal
- P&G Quarterly evaluations of sustainability efforts and plans
- Satellite monitoring

**Once a grievance is received, we will continue to follow our new Forest Grievance Process to ensure that concerns are remediated effectively and timely.**

## **FOREST CERTIFICATION**

P&G requires 100% of the wood pulp we source to be certified by a globally recognized certification system (Forest Stewardship Council, Sustainable Forestry Initiative<sup>®</sup>, and Programme for the Endorsement of Forest Certification<sup>®</sup>), which include criteria focused on protecting both environmental and social values of forests. By producing all of our products with 100% certified pulp, we are helping to promote forestry practices that leave a smaller environmental footprint, protect vulnerable species, and positively impact communities that depend on them.

These three forest certification systems used by 100% of our wood pulp suppliers include:

- Avoiding deforestation and degradation
- Replanting and reforestation after harvesting
- Preserving water, soil, and air
- Protecting biodiversity
- Respecting the rights of Indigenous Peoples (supporting United Nations Declaration on the Rights of Indigenous Peoples)
- Protects endangered species

FSC is one of the world's most trusted forest certifications, and P&G maintains a preference for FSC-certified fibers. P&G has been working directly with our supply chain partners and NGOs to grow the supply of FSC-certified materials and pulp. P&G Family Care brands (tissue and towel products) have an ambition to source 100% with FSC certification by 2030.

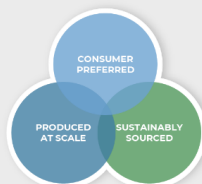


**In 2021, our Family Care (paper) business achieved our goal of sourcing 75% Forestry Stewardship Council (FSC)-certified wood pulp.**

# NON-WOOD FIBER INNOVATION

The use of non-wood fibers has been part of P&G's development program for more than two decades. P&G is investing in innovation in non-wood fibers and FSC-certified fast-growing wood fibers. Our goal is to discover a non-wood fiber that is:

- 1) consumer-preferred
- 2) produced at scale
- 3) responsibly sourced



**We will continue to advance additional solutions and have made progress, including:**

Created a Charmin product made with plant-based and wood fibers. Initial market testing demonstrated that this product is consumer-preferred.



Invested in a new, non-wood fiber supply chain to determine whether we can ensure both the scale and ability to source sustainably. Developed a new Charmin Ultra Eco bamboo product and will conduct consumer testing and limited sale in 2022.



Finding non-wood fibers has proven challenging, as available alternatives often come with product performance trade-offs for the consumer or lack of sufficient supply chain scale. We remain committed to continued investment in non-wood fiber innovation as the work to bring these products to market at quality and scale will be significant. And importantly, we are working to ensure these fibers are responsibly sourced and help move us toward a lower environmental impact. We will continue to conduct broad assessments of potential non-wood fiber materials and supply chains.

## CONCLUSION

We will continue to partner with others to help further accelerate positive impact and remain committed to transparently communicating our challenges and progress. For full information on all our forestry efforts, visit our [ESG Investor Portal: Forestry](#).

**Note:**

**Canadian federal government Boreal Caribou Recovery Strategy here:**

- [Species at Risk Act: Recovery Strategy for the Woodland Caribou, Boreal Population in Canada](#)
- [Species At Risk Act: Range Plan Guidance for Woodland Caribou, Boreal Population](#)
- [Environment Canada: Scientific Assessment To Inform The Identification Of Critical Habitat For Woodland Caribou, Boreal Population, In Canada](#)

These provide caribou guidance on range plans, landscape-level planning, habitat management, mortality management, population monitoring, and a 65% undisturbed caribou habitat recommendation.