

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

P&G operates through five industry-based Sector Business Units or SBUs: Fabric and Home Care; Baby, Feminine & Family Care; Beauty; Grooming; and Health Care. We manage our 10 product categories within these SBUs. Our 10 product categories are: Fabric Care, Home Care, Baby Care, Feminine Care, Family Care, Grooming, Oral Care, Personal Health Care, Hair Care, and Skin & Personal Care

The SBUs have sales, profit, cash and value creation responsibility for our largest and most profitable markets, called Focus Markets—accounting for about 80% of Company sales and 90% of after-tax profit. In each Focus Market, Market Operations works across the five SBUs on scaled market services and capabilities, including customer teams, transportation, warehousing, logistics and representing P&G externally. The rest of the world is organized into Enterprise Markets—a separate unit with sales, profit and value creation responsibility. The SBUs provide innovation plans, supply plans and operating frameworks for the Enterprise Markets to deliver these mutually agreed business goals. Enterprise Markets are important to the future of P&G because of their attractive market growth rates, and the intent is to accelerate this growth and value creation. Supporting the SBUs, Market Operations and Enterprise Markets are key corporate resources focused on scaled services, governance, stewardship and areas requiring high mastery. This structure enables a more empowered, agile and accountable organization to accelerate growth and value creation.

Additional details on our corporate structure are publicly available at <https://us.pg.com/structure-and-governance/corporate-structure/>

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	July 1 2021	June 30 2022

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

Timber products

Commodity disclosure

Disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

Yes

Explanation if not disclosing

<Not Applicable>

Palm oil

Commodity disclosure

Disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

Yes

Explanation if not disclosing

<Not Applicable>

Cattle products

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

Soy

Commodity disclosure

Not disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

Soy derivatives purchases are less than 1% of total external material purchases. It is not considered significant at this time.

Other - Rubber

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

Other - Cocoa

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

Other - Coffee

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Operational control

F0.6

(F0.6) Select the countries/areas in which you operate.

- Argentina
- Austria
- Belgium
- Brazil
- Canada
- Chile
- Colombia
- Czechia
- Egypt
- France
- Germany
- Hungary
- India
- Indonesia
- Ireland
- Italy
- Japan
- Malaysia
- Mexico
- Morocco
- Nigeria
- Pakistan
- Peru
- Philippines
- Poland
- Romania
- Russian Federation
- Saudi Arabia
- Singapore
- South Africa
- Spain
- Switzerland
- Turkey
- Ukraine
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Viet Nam

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.7a

(F0.7a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Forest risk commodity

Timber products

Value chain stage

Supply chain

Exclusion

Business activity

Description of exclusion

Fiber-based packaging is not included

% of volume excluded

1-5%

Potential for forests-related risk

Potential for forests-related risk, evaluated, but not disclosing to CDP

Please explain

We do not manufacture paper-based packaging but do purchase from external suppliers to house and transport products in almost all business units.

We expect to add fiber-based packaging to the disclosure in future years. Fiber-based packaging was 1-5% of P&G's global procurement spend in FY21/22. This is not considered significant but is considered a priority material. Read more about paper-based packaging on our ESG website here: <https://www.pginvestor.com/esg/environmental/forestry/paper-packaging/default.aspx>

F0.8

(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	7427181091

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Using as input into product manufacturing

Form of commodity

Pulp

Source

Contracted suppliers (processors)

Country/Area of origin

- Brazil
- Canada
- Denmark
- Estonia
- Finland
- Latvia
- Norway
- Poland
- Sweden
- United Kingdom of Great Britain and Northern Ireland
- United States of America

% of procurement spend

1-5%

Comment

Pulp is a large portion of procurement spend in Family Care, Baby Care, and Feminine Care but is low when including all P&G business units.

Palm oil

Activity

Using as input into product manufacturing

Form of commodity

- Crude palm kernel oil (CPKO)
- Refined palm oil
- Palm oil derivatives
- Palm kernel oil derivatives

Source

- Trader/broker/commodity market
- Contracted suppliers (processors)
- Contracted suppliers (manufacturers)

Country/Area of origin

- Indonesia
- Malaysia

% of procurement spend

1-5%

Comment

The surfactants in some of our P&G products are derived from palm.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	21-30%	To determine this value, we used the net earnings generated in the Family Care, Feminine Care, and Baby care Business Units. In financial year, 2021/22 this was 23% as reporting in our financial statement filings. See general revenues information about P&G here: https://www.pginvestor.com/about-p-g/p-g-at-a-glance/default.aspx
Palm oil	51-60%	To determine this value, we used the net earnings generated in the Beauty Care and Fabric & Home Care Business Units. In financial year, 2021/22 this was 53% as reporting in our financial statement filings. See general revenues information about P&G here: https://www.pginvestor.com/about-p-g/p-g-at-a-glance/default.aspx
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

1538000

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

% of reported volume verified as deforestation- and/or conversion-free

<Not Applicable>

Please explain

P&G is committed to no deforestation or conversion in our forest commodity supply chains. We take specific steps to ensure DCF in our palm and wood pulp supply chains and share these on our investor portal (<https://www.pginvestor.com/esg/environmental/forestry/default.aspx>). However, the framework and definitions used in this CDP question limits our ability to fully report our activities that uphold our DCF commitment. Our approach to DCF is a multi-pronged effort that includes our sourcing policies, certification, supply chain monitoring including traceability reviews and satellite monitoring, and grievance process. This process is difficult to reflect in the required categories with vague definitions and many P&G overlapping actions that could be reported in multiple categories.

For example, the CDP guidance directly states, "there is no universal threshold for no or negligible risk, as it can vary depending on the specific commodity and sourcing area." CDP points to the AFI definition of minimal level but says it is "...a small amount of deforestation or conversion that is negligible in the context of a given site because of its small area and because it does not significantly affect conservation values of natural ecosystems or the services and values they provide to people." These generic definitions are subject to interpretation by the reporting company and could lead to various reported figures.

Common third-party risk assessments, like FSC Controlled Wood National Risk Assessments and Maplecroft, will not provide DCF risk designations of "no" or "negligible". They will only provide "low risk" as their lowest risk designation level as "no" or "negligible" are potentially a very high requirement to meet. We are concerned as these assessments correctly do not note "no" or "negligible" risk that reporting companies are going to have vastly different additional actions to go from low risk to negligible.

Given our commitment to transparency and our desire to share the full scope of our efforts, we will continue to share data on how we deliver vs. our DCF commitment via our investor portal. Our concerns with the current framing of this question include:

The current definitions are open to interpretation solely based upon the reporting company (e.g. “no” or “negligible” risk). Reporting a value without the added context and lack of standardization is concerning, especially if responses will be compared across companies.

Our multiple and overlapping efforts to uphold our DCF commitment cannot be properly reflected in the current question structure.

As CDP is known to evolve questions from year to year, we will reevaluate our ability to respond to this question next year based on any changes CDP may make.

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

504354

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

% of reported volume verified as deforestation- and/or conversion-free

<Not Applicable>

Please explain

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F1.5c

(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Bahia, Espírito Santo, Minas Gerais, Paraná, Santa Catarina, and São Paulo)

% of total production/consumption volume

36

Please explain

Volumes are traceable specifically to pulp mill by invoices, transport, and/or customs documents. Pulp mills then report state/providence data in biennial Deskside Assessments that are audited during Forest Field Assessments. Brazilian law also requires traceability to the forest management unit that is also reviewed during Forest Field assessments. Sourcing from Brazil is 36% of pulp sourced for our business for all 100% of our pulp purchases that is traced to the state and province level.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

64

Please explain

Additional sourcing from United States of America, Canada, Sweden, Latvia, Estonia, Finland, Denmark, United Kingdom, Poland, and Norway. Volumes are traceable specifically to pulp mill by invoices, transport, and/or customs documents. Pulp mills then report state/providence data in biennial Deskside Assessments that are audited during Forest Field Assessments. Sourcing from these countries is 64% of pulp sourced for our business for all 100% of our pulp purchases that is traced to the state and province level.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Peninsula Malaysia, Sabah and Sawawak)

% of total production/consumption volume

67

Please explain

These locations cover 98% of the palm sourced by our business out of which circa 67% that is currently traced to the country/jurisdiction levels in Malaysia .This is determined from direct refinery purchases and Palm Oil Mill declaration from the suppliers.
We use our shipment receipts system to determine the ship from and suppliers and then reach out to each of those suppliers to determine the PO mil locations which is then collated and shared on our ESG Portal.
The majority of source is from peninsula Malaysia which accounts for 74%, with 19% from Sabah and 7% from Sarawak.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Sumatra, Kalimantan and Sulawesi)

% of total production/consumption volume

33

Please explain

These locations cover 98% of the palm sourced by our business out of which circa 33% that is currently traced to the country/jurisdiction levels in Indonesia .This is determined from direct refinery purchases and Palm Oil Mill declaration from the suppliers.
We use our shipment receipts system to determine the ship from and suppliers and then reach out to each of those suppliers to determine the PO mil locations which is then collated and shared on our ESG Portal.
The majority of the Indonesian sourcing is from Sumatra which is circa 63% with a 2/3 and 1/3 North/South split and 37% from Kalimantan with a 2/3 and 1/3 split West/East Split.

F1.5f

(F1.5f) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

<Not Applicable>

Volume produced/consumed

<Not Applicable>

Metric

<Not Applicable>

Country/Area of origin

<Not Applicable>

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

<Not Applicable>

Does the source of your organization's biofuel material come from smallholders?

<Not Applicable>

Comment

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Increased operating costs

Description of impact

P&G has the ambition to be a Force for Good and a Force for Growth. Sourcing from companies that purchase materials from responsibly managed forests is a key component. There has been negative internal and external stakeholder feedback from sourcing from companies that are disassociated from the Forest Stewardship Council. Brand damage could be significant by sourcing or continuing to source from these companies. The impacts are financially detrimental in limiting the potential supplier base and sourcing geography. Greater cost savings, increased number of suppliers, and supply chain flexibility could occur if we did not take action.

We estimate up to 25% of pulp sourcing could come from these regions or suppliers (384,500 tons in FY21/22).

Primary response

Avoidance of sourcing from high-deforestation risk jurisdictions

Total financial impact

3845000

Description of response

In 2008, P&G stopped sourcing wood pulp from Asia Pulp & Paper (APP). P&G has never sourced wood pulp from Asia Pacific Resources International Holdings Limited (APRIL). The response was determined while engaging with stakeholders including employees, non-governmental organizations, third-party certification organizations, and investors. As FSC is P&G's preferred certification system, pulp sourcing was shifted to other regions and suppliers. These potential risks are further mitigated by our Wood Pulp Sourcing Policy has grievance process that prohibits deforestation and investigates any claims.

This strategy has in place and successful so far as P&G continues to not purchase directly from APP or APRIL as they are still disassociated from FSC.

Financial impact was determined by estimating the increased costs of moving sourcing to a region that is certified and complies with the Wood Sourcing Policy. We estimate 25% of pulp sourcing could come from these regions or suppliers (384,500 tons in FY21/22). Moving supply to other regions could have an impact of \$0 - \$20 per ton. We use the middle figure of \$10 per ton. \$10 per ton x 384,500 tons = \$3,845,000

Forest risk commodity

Palm oil

Impact driver type

Reputational and markets

Primary impact driver

Increased cost of certified sustainable material

Primary impact

Change in revenue mix and sources

Description of impact

P&G has the ambition to be a Force for Good and a Force for Growth. We made a commitment to use 100% RSPO certified palm used in P&G brands by 2022 as a compliance verification mechanism to meet our Palm Sourcing policy and minimise reputational risk. During the period FY 21/22, we saw a sharp increase in certification cost as a result of the demand increase across the industry.

We saw on average the RSPO certification premiums double as a result of sharp increase in demand for certified products and without the increase in supply causing tightness in the market place.

Primary response

Increased use of sustainably sourced materials

Total financial impact

28750000

Description of response

Despite the doubling of RSPO certification costs across the fiscal year, the priority was to hit the 100% RSPO certification target which we achieved at the end of July 2021 and continued to deliver it for the balance of the fiscal year. This required us to diligent to ensure we minimised the certification cost by benchmarking costs across our global supply base and educating our buyer to negotiate in a tight window.

We saw the average premiums increase from \$55/mt in the previous fiscal year to \$110/mt in this fiscal year- doubling the certification unit cost. So net this lead to an increase of \$55/mt over the total volume of 504, 345 mT is circa \$28. 750, 000.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we estimate deforestation/conversion footprint based on sourcing area

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Since a specified cutoff date, please specify year (November 1994)

Known or estimated deforestation/ conversion footprint (hectares)

0

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Zero hectares of forest identified as deforested or converted from natural ecosystems during the reporting period (FY 21/22) referencing back to our cutoff date of November 1994. Deskside assessments and forests field visits did not reveal any known deforested hectares. We also received no substantiated grievance allegations related to deforestation or conversion during the time period within our pulp supply chain.

One hundred percent of pulp sourced by P&G is 3rd party certified to further reduce risk for deforestation. Monitoring of this commitment is on a continuous basis. Incoming invoices are reviewed to ensure they must contain the certification claim. This is part of the evidence the material received to P&G as deforestation free or sourced from areas designated as low risk for deforestation.

P&G does recognize there is still very small incidental risk of wood from deforestation or natural ecosystem conversion. Chips to make pulp are mixed together before the pulp manufacturing process at our suppliers' factories. These chips are a combination of material certified to a full forest management certification system claim or FSC Controlled Wood. FSC Controlled Wood ensures low risk but it is not completely free from risk. The most common type of deforestation is conversion from residential or commercial real estate development, coal mining, oil and gas, or other mineral extraction process outside control of our direct suppliers. This material is commonly taken to sawmills not controlled by our suppliers and chips produced as residuals from log processing are then taken to our supplier's pulp mills. The amount of this material in P&G's pulp supply chain is estimated to be dismissingly low.

Forest risk commodity

Palm oil

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we monitor deforestation/conversion footprint in our supply chain

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Other, please specify (reporting period FY 21/22)

Known or estimated deforestation/ conversion footprint (hectares)

5860

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Our target is to source 100% of palm feedstock used in P&G brands to be RSPO certified. In this reporting year we delivered 100 % RSPO certification for P&G brands. RSPO certification is our compliance verification step to ensure that the palm used in P&G is free of deforestation, development on peat and exploitation. In addition we work with Earthqualizer, a 3rd party service provider who specializes in satellite monitoring service to detect land use change. Using our Palm Oil mill list they can detect potential non compliance in our supply chain. If there is any potential non compliance detected we work with our Tier 1 suppliers to exclude them or remediate. We published our direct palm supplier and Palm Oil Mil list on our P&G Investor portal and also publish our grievance tracker which summarises the non compliance to our policy and the action taken.

Out of a total landbank of 15,755,209 ha, EQ detected potential deforestation / non compliance of 5,860 hectares of which roughly 50% were false positives which converts to ~99.98% of the landbanks were issue free.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
Global Forest Watch Pro
Preferred by Nature Sourcing Hub
Other, please specify (FSC Controlled Wood National Risk Assessments, RISI/Fastmarkets Reports, and WRI Aqueduct Water Risk Atlas)

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Tariffs or price increases
Leakage markets
Brand damage related to forests risk commodities
Corruption
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Other forest risk commodity users/producers at a local level
Regulators
Suppliers

Please explain

P&G conducts continual risk assessments of our value chain and suppliers. These short-term (1-2 years), medium-term (3-5 years), and long-term (>6 years) provide guidance on potential risk within our supply chain and suppliers. Internal company methods, including personal knowledge and experience of employees, are used to evaluate risk to availability of forest risk commodities, tariffs or price increases, leakage markets, brand damage, and corruption. Global Forest Watch is used to determine risk areas specifically for deforestation and impacts to High Conservation Value areas including Primary Forests and Intact Forest Landscapes. These topics relate to impact of activity on the status of ecosystems and habitats, climate change, brand damage, and social impacts. Preferred by Nature Sourcing Hub provides general country risk assessments related to impacts of activity on the status of ecosystems and habitats, regulation, climate change, corruption, and social impacts. FSC Controlled Wood National Risk Assessments provide similar country level impacts. RISI/Fastmarket reports provide information on availability of forest risk commodities, tariffs or prices increases, and potential corruption. The World Resources Institute Aqueduct Water Risk Atlas is used to determine sourcing impacts on water security.

The issue considered most significant is the impact of activity on the status of ecosystems and habitats. These are assessed using Global Forest Watch, Preferred by Nature Sourcing Hub, and FSC Controlled Wood National Risk Assessments. P&G continually reassess our sourcing footprint, specifically the harvest origin country and state/province, against these sources. They provide insights to the highest risks in these regions such as impacts on primary forests, Intact Forest Landscapes, deforestation, and Indigenous Peoples' rights. When risks are identified, we work to learn more about how 3rd party certification can support certification and efforts our suppliers take beyond certification. Assessments take place at least once a year or when our sourcing footprint is updated on data gathered directly from a supplier or the twice a year deskside assessment.

We assess impacts in our direct operations but risks to forest related commodities are low as we do not manage or own forests.

Palm oil

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
Global Forest Watch Pro

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Tariffs or price increases
Leakage markets
Brand damage related to forests risk commodities
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Suppliers

Please explain

P&G conducts continual risk assessments of our value chain and suppliers. These short-term (1-2 years), medium-term (3-5 years), and long-term (>6 years) provide guidance on potential risk within our supply chain and suppliers. Internal company methods, including personal knowledge and experience of employees, are used to evaluate risk to availability of forest risk commodities, tariffs or price increases, leakage markets, brand damage, and corruption. A combination of Global Forest Watch Pro Conservation International proprietary palm oil risk assessment tool, Palm Oil Coalition Group(POCG) Implementing Reporting Framework (IRF) tool and certification bodies data (RSPO, MSPO and ISPO) are used to determine risk areas specifically for deforestation and impacts to High Conservation Value areas including Primary Forests and Intact Forest Landscapes. Where there is sourcing from potentially high risk areas such as HCV/HCS we work with our suppliers to implement on ground programs such as in the Leuser ecosystem in Northern Sumatra.

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We assess impacts in our direct operations but risks to forest related commodities are low as we do not own or manage forests. We have recently started assessing the carbon footprint of upstream supply chain particularly assessing the methane capture at the Palm Oil Mill which has a big impact on the overall result.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have mapped the entire value chain	<Not Applicable>	<Not Applicable>
Palm oil	Yes, we have mapped the entire value chain	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Own operations
Tier 1 suppliers
Tier 2 suppliers
Smallholders
Customers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Mapping is completed through several methods. Direct purchases, invoices, and purchasing relationships are used to determine Tier 1 suppliers. The twice a year Deskside Assessment gathers details from suppliers on their sub-suppliers (P&G's tier 2). These are predominantly tier 1 supplier's forest harvesting locations as they source wood directly from forests that include smallholders. Some sawmills are listed as tier 2 suppliers as they provide by-products from processing of other wood products such as lumber. These sawmills have data on their suppliers (P&G tier 2 suppliers) that are forest owners that include smallholders. Customers of finished goods are known through contracts and sales relationships. P&G does not have a supply chain beyond our direct retail customers as finished products are then delivered directly to final consumers.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Palm oil

Scope of value chain mapping

Tier 1 suppliers
Tier 2 suppliers
Customers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

We work with our Tier 1 suppliers to share the supply chain mapping to Palm Oil Mill list every 6 months as per the RSPO members expectation. We publish this on our ESG portal and is attached below. We then use Earthqualizer to map supply chain to the plantation for grievance management. Whilst the traceability to plantation list is not published as that data is proprietary to Earthqualizer, we use the system to manage non compliance.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

PG-Palm-Oils-Mill-List-FINAL (2).pdf

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

Use of a classification system to determine deforestation and/or conversion risk of sourcing areas	Methodology used for classifying levels of risk	Use of risk classification	Attachment indicating risk classification for each sourcing area (optional)
1 Yes, we use a classification system	P&G uses several sources for deforestation and conversion risk level of sourcing areas including Forest Stewardship Council National Risk Assessments and Preferred By Nature's Sourcing Hub. We do rely on a general level of high risk designation when regions, states, or provinces have deforestation or conversion rates greater than 0.02% or 5,000 ha on an annual basis. This was chose based upon general industry standards and mirrors FSC Controlled Wood risk thresholds.	The classification system is currently two tiered with high and low risk based upon threshold requirements.	

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

As part of our Enterprise Risk Management process, the Company assesses the significance of potential risks based on several factors, including potential financial impacts, impacts to corporate reputation, impacts on customer demand, potential for business disruption, impacts on employee and staffing needs, and legal or regulatory risk. Within each of these dimensions, impacts are characterized as low, medium, or high (or, for financial impacts, very high). The extent of low, medium, high and very high impacts across these dimensions is then used to assess overall enterprise risks. The thresholds for low/med/high/very high for financial impacts are assigned dollar levels: (1) impacts below \$10 million or between \$10 million-\$50million are low; (2) \$50 million-\$125 million are medium; (3) \$125 million-\$300 million or \$300 million-\$650 million are high; and (4) \$650 million -\$1 billion or more are very high. The thresholds for low/medium/high for remaining impact areas are qualitative descriptors.

F3.1b**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.****Forest risk commodity**

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased cost of certified sustainable material

Primary potential impact

Increased operating costs

Company-specific description

By potentially sourcing 100% FSC certified sourcing, P&G can demonstrate real results of our commitment to being a Force for Good and a Force for Growth through our responsible sourcing. However, the impacts of becoming FSC certified or further updates to the FSC could increase operating costs for suppliers and forest landowners.

The new FSC Canada forest management standard has increased the requirements for caribou management and Free Prior Informed Consent (FPIC) process with Indigenous Peoples and local communities. This impacts the 31% of our sourcing that originates in Canada.

The FSC US standard is undergoing revision now to conform with FSC International requirements. This includes the updated requirement that certificate holders have at least 10% of the land in a Conservation Area Network where economic interests cannot be the main driver of management decisions. This impacts the 29% of our sourcing that originates in the USA.

Current FSC certified forests could decide to drop their certification because of increased requirements. The combination of decreased supply from less FSC certified forests and costs to maintain certification increase costs to our suppliers to procure FSC certified pulp. These costs could then be passed on to P&G when we purchase FSC pulp from suppliers. The increased costs of certified pulp could be between 1 - 20%.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

30800000

Potential financial impact figure - maximum (currency)

154000000

Explanation of financial impact

The potential financial impact is based on the assumed average increase in FSC premiums as a result of the tightness and limited supply. These rates can vary region to region based upon availability of FSC material in the area. For example, FSC material is available in Brazil and not readily available in the United States. Price premiums could be higher in areas with lower availability. The range provide is the estimated potential price premiums (\$20 - \$100/metric ton) averaged across all sourcing regions using P&G's FY 21/2 purchasing amount of 1.54 million ADMT.

With the breadth and diversity of our operations, it is not feasible to provide an estimate of the potential impact that would represent all scenarios under the various risk areas. We have used various assumptions and modelling to arrive at the figures represented below, with more detailed explanations provided as appropriate. Actual results in any specific instance could vary from these figures depending on a number of factors.

Primary response to risk

Engagement in multi-stakeholder initiatives

Description of response

P&G is working with suppliers, landowners, and certification systems to support increased certified forests. P&G is partnering with The Nature Conservancy as part of the Working Woodlands Project to develop management plans for smallholders and get FSC certification. Read more about the Working Woodlands Project here: <https://www.nature.org/en-us/about-us/where-we-work/united-states/working-woodlands/>

P&G continues to partner with Domtar to support the Four States Timberland Association in the United States since 2017. P&G provided investment to cover the cost for smallholders access to foresters for free or reduced cost management plans. This has resulted in 256,208 hectares of smallholder forest becoming FSC certified. Read more about the initiative here: <https://fourstaterimberlandowners.com/>

P&G funded a pilot study to ensure the updated FSC Canada Forest Management standard was feasible for pulp suppliers. P&G also has funded FSC USA in support of smallholder group certification. The response is being implemented now and is ongoing. P&G does not expect these efforts to have an end date. P&G's preference for FSC means we must continually monitor standard changes to determine impacts on P&G.

Cost of response

1000000

Explanation of cost of response

Costs include P&G's direct financial contribution to these efforts and in-kind use of P&G employee time. The \$1 million estimate represents a cumulative investment over the last decade.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Change in revenue mix and sources

Company-specific description

We have delivered 100% RSPO certification for all Palm used in P&G brands. However we still source ~20% of total P&G palm volume that is not RSPO certified but is sold to B2B customers through P&G Chemicals. We're unable to source the remaining ~104,000 mt of PKO sold to B2B customers as RSPO certified due to availability of RSPO certified PKO which is very much sold out in the market place. The current incremental supply of certified PKO is determined by the sale of certified Palm oil where there is a surplus of supply - this does not incentivise the growers to increase the supply of certified PKO as the PKO is a by product of the palm oil production process and accounts for about 10% of the overall volume of palm industry.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

10400000

Potential financial impact figure - maximum (currency)

15600000

Explanation of financial impact

The potential cost of the RSPO MB PKO is in the range \$100 - \$150.mT during this financial year. The volume coverage of PKO sold by P&G Chemicals to B2B customers is 104,000 mT hence the range is between \$10,400,000 and 15,600,000

Primary response to risk

Engagement in landscape level approach (including jurisdictional approach)

Description of response

We have been engaged in working with Smallholders in Johor in Southern Malaysia since 2015 mainly to improve livelihood via improvement in yields. We have also plans

to certify the smallholders using the RSPO RISS certification scheme. During this reporting period, FY 21/22 we certified 104 Smallholders through the RSPO certification process. Whilst this is small volume, <1% of the P&G requirement but we expect we will continue this program with engagement with other stakeholders to create a jurisdiction approach in Johor. Key partners are WWF and the other growers in the region including Sime Darby and FGV.

Cost of response

1000000

Explanation of cost of response

We have been putting in ~\$1,000,000 a year in this effort through the creation of Centre for Sustainable Smallowners, a one stop shop with capacity building capability educate farmers in good agricultural practice, best fertilizer management and good business management.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Improved community relations

Company-specific description

According to the Forest Stewardship Council, Indigenous Peoples are 5% of the global population with nearly 70 million of them reliant on the forests for their livelihood. Opportunities to engage with Indigenous Peoples are especially available in P&G sourcing areas such as First Nations in Canada and the Sami in Sweden. Indigenous Peoples could be present in the 71% of our sourcing located in Canada, Brazil, and Europe. The opportunity for engagement and empowerment is simply the right thing to do as sourcing of natural resources could have a negative impact on the local communities that rely on them. The engagement would provide the opportunity benefits of positive brand reputation and potential increases in FSC certified land available. These opportunities could support P&G in meeting our 100% FSC sourcing ambition by 2030. It is common for the values of Indigenous Peoples and FSC certification to align and choosing for their lands to be FSC certified. There are also Indigenous Peoples employed by our direct suppliers or are Indigenous Group majority owned forest management companies who are 2nd tier suppliers in P&G supply chains. P&G partners with our suppliers to ensure culturally appropriate economic development opportunities.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

5000000

Explanation of financial impact figure

The estimated range provided is an estimate on the potential positive impact from brand reputation. These include direct gains from potential consumers and also the opportunity costs for mitigating risks from brand reputation damage.

With the breadth and diversity of our operations, it is not feasible to provide an estimate of the potential impact that would represent all scenarios under the various risk areas. We have used various assumptions and modelling to arrive at the figures represented, with more detailed explanations provided as appropriate. Actual results in any specific instance could vary from these figures depending on a number of factors.

Cost to realize opportunity

2000000

Strategy to realize opportunity

P&G's current strategy is to build on this indirect engagement from purchasing raw material to more direct investment. We have made our first direct investment with the Wahkohtowin Development GP that is an Indigenous owned and led organization. Our investment for the Land Guardians program that supports Indigenous youth with land based natural resources education and experiences. The program is designed to empower Indigenous youth to have greater connections to their traditional and customary lands and potentially receive jobs in the natural resources field.

Indirect costs also occur with purchases of forest products from Indigenous owned or managed forests. These Indigenous managed or owned forests are 2nd tier suppliers and the higher costs would be passed on to P&G.

P&G is continuing to review proposals to provide investments directly to Indigenous Peoples or organizations led by Indigenous Peoples. We hope to invest in projects to empower these groups to further their connection to the land and better participate in the forest planning process. Recent activity, such as the recently released action plan from the Government of British Columbia on the Declaration on the Rights of Indigenous Peoples Act, has increased the demands of engagement from Indigenous Peoples. The groups are already overextended with COVID recovery and other healthcare needs, job needs, housing crisis, and participation in the Truth and Reconciliation process. Monetary investment could support Indigenous Communities in future participating in natural resource activities and planning while still maintaining engagement in these other important areas.

With the breadth and diversity of our operations, it is not feasible to provide a very specific estimate of the cost to realize the opportunity that would represent all scenarios under the various risk areas. We have used various assumptions and modelling to arrive at the figures represented, with more detailed explanations provided as appropriate. Actual results in any specific instance could vary from these figures depending on a number of factors.

Forest risk commodity

Palm oil

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Improved supply chain engagement

Company-specific description

As part of our Ambition 2030, we've committed to work with Palm Smallholders to improve their livelihoods through improvement in yield and lead to RSPO Independent Smallholders Scheme (RISS) Certification in Johor Malaysia. Our Ambition is to create 250 learning farms which will be used as a training ground to diffuse good agricultural practices to ~8000 smallholders to help them improve yield through yield making and yield taking. The plan is also to take ~600 smallholder through the RISS certification process over the next 2 yrs. This will create additional yield in the range of 30-50% improvement to get the smallholders in our program to the Malaysian national average - potentially reduce deforestation as smallholders improve their income and create a legacy for their family.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

864000

Potential financial impact figure – maximum (currency)

960000

Explanation of financial impact figure

This scenario assumes 4mt/year Fresh Fruit (FFB) improvement per year per hectare, the average holding is about 2 hectares per smallholder so each smallholder is expecting to see an improvement of 8 mt of FFB/year. The current average Fresh Fruit Bunch pricing is in the range of \$180-\$200/mt. This equates to an increase between \$1440 - \$1600 /year per farmer. This will go directly to the farmer and not to P&G and is significant for the farmer. If 600 smallholders benefit from this program, the total benefit to all 600 smallholders will be in the range of \$864,000 - \$960,000 /yearly.

With the breadth and diversity of our operations, it is not feasible to provide an estimate of the potential impact that would represent all scenarios under the various risk areas. We have used various assumptions and modelling to arrive at the figures represented below, with more detailed explanations provided as appropriate. Actual results in any specific instance could vary from these figures depending on a number of factors.

Cost to realize opportunity

1000000

Strategy to realize opportunity

P&G in collaboration with Asia School of Business, which is an extension of the MIT Sloan School of Management in Kuala Lumpur has set up the Centre of Sustainable Smallholders (CSS) which is a one stop shop to help the smallholders achieve their objective. The CSS team consists of researchers, field workers, agronomists and academics - they have capacity building capability and work with the smallholders to run workshops in good agricultural practice with field demonstrations to bring it to life. We are focussed on creating 250 learning farms which acts as the centre of learning which we use as training grounds to help diffuse good agricultural practices, good fertilizer management and other business training. We expect to hit the 250 learning farms by end of 2023 and diffuse the good agricultural practices to 8000 farmers by the end of 2025.

The method for calculating is captured in the above paragraph - Explanation of financial impact figures.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual or committee	Responsibilities for forest-related issues
Board-level committee	<p>The Governance and Public Responsibility Committee of the Board of Directors has oversight of the Company's corporate commitments and efforts regarding environmental sustainability, including corporate efforts related to forestry. This Committee consists of a Committee Chair and 6 members. The Committee regularly receives updates on overall progress of our sustainability program and goals, either separately or as part of the full Board, including efforts on forests. The Committee also receives regular updates on the Company's external ESG ratings and rankings. The Committee also reports back to the full Board regarding these issues.</p> <p>An example of a decision made by the Governance and Public Responsibility Committee in 2021 was its alignment to the decision for P&G to publish a Forestry Practices Update (which was published in July 2022).</p>
Board-level committee	<p>The Company's Audit Committee have oversight responsibilities for our Enterprise Risk Management (ERM) program. Sustainability issues, including those related to forests, are included in the ERM process, so the Audit Committee also considers forest-related issues via their oversight of the ERM process. On a regular basis, a multi-functional team within the Company identifies and assesses potential risk factors as part of our Enterprise Risk Management (ERM) program that may adversely affect our business, operations, financial position or future financial performance including an assessment of environmental sustainability risk factors. Findings and recommendations are reviewed with senior management as well as the Company's Board of Directors and its Audit Committee.</p> <p>An example of a decision made by the Audit Committee would be its approval of the Company's Risk Factors for inclusion in the Company's 10-K filing, which included descriptions of sustainability-related risk.</p>
Other, please specify (Board of Directors (entire Board plays a role in oversight in addition to the committees outlined above))	<p>The Board of Directors oversees alignment of ESG commitments and integration of forest-related objectives into the Company's business strategy, oversight of forest related risks and opportunities at a strategic level, and oversight of significant forest related investments. Board members : (1) receive updates of progress against corporate commitments; (2) receive reports from Board Committees about their oversight of issues related to forests; and (3) have broad visibility to overall corporate strategy and objectives and can provide strategic guidance - hence they are well positioned to oversee our ESG efforts.</p>
Board-level committee	<p>The Innovation & Technology Committee of the Board of Directors oversees the Company's innovation pipeline. As part of this role, the Innovation & Technology Committee regularly reviews the Company's innovation efforts related to sustainable products and packaging, including alignment of those efforts with the Company's forest-related ambitions.</p>
Other C-Suite Officer	<p>ESG Executive Council - Chief R&D Officer, Chief HR Officer, Chief Sustainability Officer, P&G's Executive Sponsor for Sustainability (currently CEO of Beauty Care Sector Business Unit), Chief Purchases Officer, Chief Equality & Inclusion Officer, Chief Product Supply Officer, Chief Marketing Officer, Chief Financial Officer, Chief Legal Officer, and P&G's President – Europe (as representative of the Company's Market Operations).</p> <p>Purpose: Maintains overall oversight of ESG efforts, including forests. Includes monitoring progress vs. goals, providing strategic direction, alignment to proposed program objectives and goals, discussion and allocation of resource needs.</p> <p>Governance Links: Multiple members of the ESG Executive Council work directly with the Company's Board of Directors and its Committees. These executives, under the leadership of the Chairman of the Board & CEO, coordinate relevant Sustainability topics and updates for the Company's Board and its Committees.</p>

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Monitoring progress towards corporate targets Reviewing and guiding major plans of action Reviewing and guiding strategy	<p>The Governance and Public Responsibility Committee of the Board of Directors has oversight of the Company's corporate commitments and efforts regarding environmental sustainability, including corporate efforts related to forests. This Committee consists of a Committee Chair and 6 members. The Committee regularly receives updates on overall progress of our sustainability program and goals, either separately or as part of the full Board, including efforts on climate change. The Committee also receives regular updates on the Company's external ESG ratings and rankings. The Committee also reports back to the full Board regarding these issues.</p> <p>An example of a decision made by the Governance and Public Responsibility Committee in 2021 was its alignment to the decision for P&G to publish a Forestry Practices Update (which was published in July 2022).</p>

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

Experience leading or directing large multinational corporations for which forest related commodity sourcing is a relevant issue. These include experiences with deforestation, degradation, human rights, and other high risk areas related to forest commodities.

Example: Senior Vice President of the World Wildlife Fund joined P&G's Board of Directors in April 2023. She currently leads Private Sector Engagement for World Wildlife Fund (WWF-US), one of the world's leading global conservation organizations, a role she's had since 2016. In this capacity, she has partnered with more than 100 organizations to integrate business strategy and consumer engagement to help sustainably address pressing issues at the intersection of nature, people and climate, collaborating across industry, governments, NGOs and academia. Prior to WWF, she served as CEO of The Sustainability Consortium, a global non-profit organization transforming the consumer goods industry to deliver more sustainable consumer products, and as a senior expert in McKinsey's Sustainability and Resource Productivity Practice.

Bio's of all P&G board members can be found via following link: <https://us.pg.com/structure-and-governance/board-of-directors-composition/>

Primary reason for no board-level competence on forests-related issues

<Not Applicable>

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

<Not Applicable>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Setting forests-related corporate targets Monitoring progress against forests-related corporate targets Managing value chain engagement on forests-related issues Assessing forests-related risks and opportunities Managing forests-related risks and opportunities Assessing future trends in forest risk commodity demand	Quarterly	ESG EXECUTIVE COUNCIL Participants: Chief R&D Officer, Chief HR Officer, Chief Sustainability Officer, P&G's Executive Sponsor for Sustainability (currently CEO of Beauty Care Sector Business Unit), Chief Purchases Officer, Chief Equality & Inclusion Officer, Chief Product Supply Officer, Chief Marketing Officer, Chief Financial Officer, Chief Legal Officer, and P&G's President – Europe (as representative of the Company's Market Operations). Purpose: Maintains overall oversight of ESG efforts, including forests. Includes monitoring progress vs. goals, providing strategic direction, alignment to proposed program objectives and goals, discussion and allocation of resource needs. Meets: Quarterly. Forestry is considered in the context of our overall sustainability efforts and agenda items are brought forward for discussion on an as-needed basis. Governance Links: Multiple members of the ESG Executive Council, including the Company's Chief R&D Officer, Chief HR Officer, Chief Financial Officer, and Chief Legal Officer, work directly with the Company's Board of Directors and its Committees. These executives, under the leadership of the Chairman of the Board & CEO, coordinate relevant Sustainability topics and updates for the Company's Board and its Committees.
Other C-Suite Officer, please specify (The Board of Directors)	Setting forests-related corporate targets Monitoring progress against forests-related corporate targets Managing value chain engagement on forests-related issues Assessing forests-related risks and opportunities Managing forests-related risks and opportunities Assessing future trends in forest risk commodity demand	Annually	The Board of Directors oversees alignment of ESG commitments and integration of forest-related objectives into the Company's business strategy, oversight of climate related risks and opportunities at a strategic level, and oversight of significant forest related investments. Board members have broad visibility to overall corporate strategy and objectives and can provide strategic guidance - hence they are well positioned to oversee our ESG efforts.

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Other C-Suite Officer, please specify (The Governance and Public Responsibility Committee of the Board of Directors)	Setting forests-related corporate targets Monitoring progress against forests-related corporate targets Managing value chain engagement on forests-related issues Assessing forests-related risks and opportunities Managing forests-related risks and opportunities Assessing future trends in forest risk commodity demand	Half-yearly	The Governance and Public Responsibility Committee of the Board of Directors, per its charter, has oversight of the Company's corporate commitments and efforts regarding environmental sustainability, including corporate efforts related to climate change. This Committee consists of a Committee Chair and 6 members. The Committee regularly receives updates on overall progress of our sustainability program and goals, either separately or as part of the full Board, including efforts on climate change. The Committee also receives regular updates on the Company's external ESG ratings and rankings. The Committee also reports back to the full Board regarding these issues.
Risk committee	Assessing forests-related risks and opportunities Managing forests-related risks and opportunities	Annually	The Company's Audit Committee have oversight responsibilities for our Enterprise Risk Management (ERM) program. Sustainability issues, including those related to forests, are included in the ERM process, so the Audit Committee also considers forest-related issues via their oversight of the ERM process. Additional perspective on this process includes: On a regular basis, a multi-functional team within the Company identifies and assesses potential risk factors as part of our Enterprise Risk Management (ERM) program. Findings and recommendations made through the ERM program are reviewed with senior management as well as the Company's Board of Directors and its Audit Committee, which has oversight responsibilities for the program. This process assesses significant factors that may adversely affect our business, operations, financial position or future financial performance and includes an assessment of environmental sustainability risk factors, including forests.
Other C-Suite Officer, please specify (The Innovation & Technology Committee of the Board of Directors)	Managing major capital and/or operational expenditures, related to low-impact forest products or services (including R&D)	Half-yearly	The Innovation & Technology Committee of the Board of Directors oversees the Company's innovation pipeline. As part of this role, the Innovation & Technology Committee regularly reviews the Company's innovation efforts related to sustainable products and packaging, including alignment of those efforts with the Company's forest-related ambitions.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	The Compensation & Leadership Development (C&LD) Committee established an ESG Scorecard which includes progress and plans towards key goals in the areas of greenhouse gas emission reduction, sustainable packaging, responsible sourcing of palm oil and certified fiber, and women and US ethnic representation at management and executive levels. The ESG Factor has been applied to the annual incentive (STAR) program for senior executives.

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain
Monetary reward	Corporate executive team	Increasing commodity volumes with credible third-party certification	The ESG Factor reinforces our key commitments to ESG initiatives (which the Company collectively refers to as Citizenship) by linking a portion of senior executive pay directly to outcomes and progress achieved. The C&LD Committee determines the ESG Factor at the end of the fiscal year, based on the STAR Committee's recommendation, which is derived from an assessment of total Company fiscal year progress towards long-term Equality & Inclusion and Environmental Sustainability goals. These goals are based on various targets and ambitions reported in our annual Citizenship Report and reinforce our desire to be a "force for growth and a force for good" by ensuring a continued focus on gender diversity and multicultural representation, as well as our long-term environmental sustainability goals. The ESG Factor will adjust the Company Factor portion of the STAR award as a multiplier in the range of 80% to 120%. (The STAR program links a substantial portion of each Named Executive Officers annual cash compensation to the Company's performance for the fiscal year.)	At its August 9, 2021 meeting, the Compensation & Leadership Development (C&LD) Committee of the Board of Directors elected to introduce a new Environmental, Social, and Governance (ESG) Factor that will be applied to the annual incentive (STAR) program for senior executives commencing July 1, 2021. The ESG Factor reinforces our key commitments to ESG initiatives (which the Company collectively refers to as Citizenship) by linking a portion of senior executive pay directly to outcomes and progress achieved. The C&LD Committee will determine the ESG Factor at the end of the fiscal year, based on the STAR Committee's recommendation, which is derived from an assessment of total Company fiscal year progress towards Equality & Inclusion and Environmental Sustainability goals. These goals are based on various targets and ambitions reported in our annual Citizenship Report and reinforce our desire to be a "force for good and a force for growth" by ensuring a continued focus on gender diversity and multicultural representation, as well as our long-term environmental sustainability goals. The ESG Factor will adjust the Company Factor portion of the STAR award as a multiplier in the range of 80% to 120%. (The STAR program links a substantial portion of each Named Executive Officers annual cash compensation to the Company's performance for the fiscal year.)
Non-monetary reward	Other, please specify (All P&G employees including C-Suite level)	Other, please specify (Any sustainability effort)	P&G's Power of You program is designed to provide flexible, simple, and consistent recognition of employees by offering formal acknowledgement via an e-Card that can be sent to any employee recognizing a job well done. These are non-monetary recognitions but the individual's direct manager is notified to ensure the recognition is factored into relevant performance appraisals. P&G CEO awards are given to individuals that have delivered outstanding results to the business which includes forest related commodities. These are significant monetary awards to individuals in 1st and 2nd level management tiers only.	P&G's Power of You program is designed to provide flexible, simple, and consistent recognition of employees by offering formal acknowledgement via an e-Card that can be sent to any employee recognizing a job well done. These are non-monetary recognitions but the individual's direct manager is notified to ensure the recognition is factored into relevant performance appraisals. P&G CEO awards are given to individuals that have delivered outstanding results to the business which includes forest related commodities. These are significant monetary awards to individuals in 1st and 2nd level management tiers only.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)
2022 P&G 10-K Filing.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

Row 1

Scope

Company-wide

Commodity coverage

Palm oil
Timber products

Content

Commitment to eliminate conversion of natural ecosystems
Commitment to no land clearance by burning or clearcutting
Commitment to eliminate deforestation
Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)
Commitment to remediation, restoration and/or compensation of past harms
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Adoption of the UN International Labour Organization principles
Commitment to take action beyond own supply chain to tackle environmental issues
Commitment to resolving both social and environmental issues in own operations and supply chain
Commitment to protect rights and livelihoods of local communities
Commitments beyond regulatory compliance
Commitment to transparency
Commitment to stakeholder awareness and engagement
Recognition of the overall importance of forests and other natural ecosystems
List of timebound milestones and targets

Document attachment

P-G-Forest-Commodities-Policy-May-2023.pdf

Please explain
P&G had separate sourcing policies for palm oil and pulp during the reporting period (FY 21/22). P&G has recently released a combined P&G Forest Commodity Policy in Spring 2023 - this is an overall No Deforestation and No Exploitation policy. Within this policy there are specifics on palm and timber including no conversion and no development relevant to timber and palm respectively.

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Forest risk commodity	Public commitments made
Timber products	Yes
Palm oil	Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

New York Declaration on Forests
Tropical Forest Alliance

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
Restoration and compensation to address past deforestation and conversion
Avoidance of negative impacts on threatened and protected species and habitats
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals
Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain

No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

1993-1997

Forest risk countries/areas that the cutoff date applies to

Applied globally

Reason for selecting cutoff date

Sector-wide agreement/recommendation

Commitment target date

<2017

Please explain

P&G aims to have zero gross deforestation in our pulp supply chain. This includes no conversion of natural ecosystems, no new development on peat regardless of depth, and no harvesting in High Conservation Value areas with third party certification in place. The commitment applies to all of our supply chain and sourcing regions which includes all our FY21/22 countries. The cutoff date adopted is November 1, 1994.

Our criteria of zero gross deforestation, no new development on peat regardless of depth, and no conversion of High Conservation Value areas is met by a multi prong effort. Certification systems have annual audits including in 2021 and 2022 to ensure forestry operations are limiting deforestation. Due diligence systems are also required to quantify and monitor risk levels of deforestation throughout the supply chain. The commitment for no conversion applies all of our supply chain and sourcing regions which includes our FY21/22 countries. P&G supported our commitments by purchasing 100% third-party certified pulp from all of these regions in FY 21/22.

We also maintain our supplier compliance systems that also review commitments including, but not limited to, the free, prior and, informed consent process; no harvesting in High Conservation Value areas without certification; and timber legality. P&G has a public mechanism to report allegations of deforestation and other Sourcing Policy violations in our supply chain, a detailed Grievance Process to follow up on allegations, and a public grievance tracker for follow up.

Grievances can be submitted by anyone inside or outside P&G: <https://secure.ethicspoint.com/domain/media/en/gui/73321/index.html>

Forest risk commodity

Palm oil

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
Restoration and compensation to address past deforestation and conversion
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Adoption of the UN International Labour Organization principles
Facilitate the inclusion of smallholders into the supply chain

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Forest risk countries/areas that the cutoff date applies to

Applied globally

Reason for selecting cutoff date

Sector-wide agreement/recommendation

Commitment target date

2021-25

Please explain

Our Policy commits all suppliers of palm in P&G brands to meet RSPO Principles and Criteria (P&C) 2018 and the compliance verification is the RSPO certification - where all palm feedstock going into P&G brands will be 100% certified.

P&G requires direct suppliers to remediate non-compliance when they are confirmed to have caused or contributed to deforestation or conversion after December 31, 2015, or, if supplier maintains an earlier cut-off date, by such earlier cut-off date.

There are many examples of where action has been taken to deliver on the commitments in the policy.

Our grievance tracker (https://s1.q4cdn.com/695946674/files/doc_downloads/esg/PG_ESG_Palm_Oils_Grievance_Tracker.pdf) shows all the cases of where we found potential non compliance in the supply chain and either we have take action to exclude from the supply chain or the supplier has committed to take remediation steps (i.e. restoration and compensation) to mitigate the non compliance. We have also investigated potential FPIC grievances cases in tier 2/3 suppliers and is currently still in progress.

We have part of the Jurisdictional Approach program with WWF Malaysia with an ambition to create 100% RSPO certification for all palm grown in Johor State Malaysia.

As part of our Force for Good program, We have a very active Independent Smallholders program in Johor to improve their livelihoods through improvement in farming and agriculture practices leading to better yields. We have created 19 learnings farms which will act as a training ground and diffuse the good practices to neighbour hood farms. You can read more in the Force for Good section of the ESG portal <https://www.pginvestor.com/esg/environmental/forestry/palm-overview/partnerships-force-for-good-programs/default.aspx>

You can read more of P&G Palm Oil program here <https://www.pginvestor.com/esg/environmental/forestry/palm-overview/default.aspx>

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	<p>Forest-related issues are included in P&G's long-term business objectives. Our long-term business objectives are to continue to be a Force for Good and a Force for Growth to ensure we are responsibly sourcing raw materials. This will allow our customers and consumers to be able to support the responsible management of the world's forests by using our products. Because of the uniqueness of each supply chain, certifications used and milestone dates are on a case-by-case basis for each commodity for those business objectives. Our products and success are dependent on these forest-related commodities that affect the environment and those communities that rely on them. This includes (but is not limited to) paper towels, toilet paper, facial tissue, shampoos, and detergent. We have a responsibility to ensure we contribute positively to these commodity areas. This includes deforestation commitments, preserve or increasing Indigenous Groups rights, increasing certification commitments, and many others.</p> <p>P&G set a long-term objective for all of our Family Care pulp to come from 100% FSC certified sources by 2030 as part of Ambition 2030. For Palm, we've committed to use 100% RSPO certified Palm for all P&G brands by end 2021. This goal, along with many other sustainability related goals, was announced more than a decade before the time commitment. We recognize our impact on the environment and want to be good stewards to the land. We have a responsibility to make the world better.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	<p>Forest-related issues are included in P&G's long-term business objectives. Our long-term strategy is to set goals and milestones to have a positive impact on the forests and communities that rely on them. This ensures that consumers can support responsible management of the worlds forests by buying and using P&G products. Because of the uniqueness of each supply chain, certifications used and milestone dates are on a case-by-case basis for each commodity. Our products and success are dependent on these forest-related commodities that affect the environment and those communities that rely on them. This includes (but is not limited to) paper towels, toilet paper, facial tissue, shampoos, and detergent. We have a responsibility to ensure we contribute positively to these commodity areas. This includes deforestation commitments, preserve or increasing Indigenous Groups rights, increasing certification commitments, and many others.</p> <p>P&G has been in business for over 180 years. Environmental sustainability is embedded in how we do our business. P&G set an ambition for Family Care pulp to come from 100% FSC certified sources as part of Ambition 2030. For Palm, we've committed to use 100% RSPO certified Palm for all P&G brands by end 2021. Strategies to meet the FSC pulp goal are working in multi-stakeholder initiatives to increase the amount of certified forests in key sourcing regions. A long-term strategy to meet the objective is we partner with suppliers to conduct FSC assessments in Canada on publicly managed lands to determine feasibility, costs, and changes in management to meet FSC requirements. In the USA, we work with FSC USA and suppliers to increase smallholders access to group certificates to decrease and share the burden of certification.</p> <p>We also have meet an intermediate goal of have 75% FSC sourcing for Family Care pulp by 2025 in 2022. These intermediate goals/milestones allow us to show demonstrable progress along the journey to our larger 100% FSC ambitions.</p> <p>This goal, along with many other sustainability related goals, was announced more than a decade before the time commitment. We recognize our impact on the environment and want to be good stewards to the land. We have a responsibility to make the world better.</p>
Financial planning	Yes, forests-related issues are integrated	5-10	<p>Forest-related issues are included in P&G's long-term financial planning. Our products and success are dependent on these forest-related commodities that affect the environment and those communities that rely on them. Overall financial planning applies to all forest-related commodities and is guided by long-term trends on forest-related commodities. Long-term financial planning includes the potential increased cost premiums from meeting certification milestones. These increased costs are compared to benefits of potential brand damage and increased sales annually including the reporting period of FY21/22. We are annually planning on potential financial costs related to increased costs for FSC certified as part of our 2030 Ambition to source 100% FSC certified pulp. We also plan to continue investments with multi stakeholder groups including with our suppliers and NGO groups like World Wildlife Fund's Forest Forward program. These would focus on increasing FSC certified forests in key sourcing areas, Canada and the United States in the reporting period of FY21/22 and future years.</p> <p>Potential laws and regulation changes are also included in the strategy as they could reduce the available of land open to harvesting reducing supply and impacting costs. The government of Canada is planning to protect at least 30% of Crown forests by 2030. This could limit the amount of harvestable land in turn lower the amount of pulp.</p>

F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

- Target reference number
Target 1
- Forest risk commodity
Timber products
- Year target was set

2010

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

<Not Applicable>

Third-party certification scheme

FSC (any type)

PEFC (any type)

Base year

2005

Base year figure

0

Target year

2018

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

We have been able to meet this requirement by partnering with suppliers that support forest certification and having this as a minimum requirement to conduct business with P&G within our Forest Commodities Policy. Meeting the target has been verified by reviewing incoming invoices that note certificate types and claims. We also review and confirm levels during the semi-annual deskside assessment. All activities have verified sourcing 100% 3rd party certified material since 2013.

The targets were chosen to ensure P&G has positive impact on forests and communities that rely on them. Certification supports that forests are being harvested sustainable, deforestation is not permitted, and Indigenous Peoples rights respected.

Target reference number

Target 2

Forest risk commodity

Timber products

Year target was set

2019

Target coverage

Business division

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Forest Management certification

FSC Chain of Custody

Base year

2005

Base year figure

0

Target year

2030

Target year figure

100

Reporting year figure

85

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

FSC is one of the world's most trusted forest certifications and P&G maintains a preference for FSC certified fibers. With that said, the availability of FSC-certified pulp is insufficient to meet the demands of P&G at this time. P&G has been working directly with our supply chain and NGO partners to grow the supply of FSC certified materials and pulp in all sourcing regions. A large portion is trying to increase the demand in timber sectors that currently do not have large demand of FSC material, especially the lumber industry. These sectors have larger influence on the forest industry compared to the pulp sector and their demand of FSC material could greatly support P&G's ambitions. The 100% FSC Family Care ambition is a portion of P&G's overall Ambition 2030 targets. The goal is for Family Care only as a significant majority of the pulp for P&G is Family Care. As a result of increased stakeholder requests for data on P&G's paper products in Family Care, we report data for Family Care separate from all P&G pulp uses.

The targets were chosen to ensure P&G has positive impact on forests and communities that rely on them. Most certification standard ensures that forests are being harvested sustainably, deforestation is not permitted, and Indigenous Peoples rights respected. FSC certification adds more rigor with High Conservation Value areas; free, prior, and informed consent with Indigenous People; and specific indicators in Canada for the keystone species woodland caribou. FSC is considered the most rigorous by our environmental NGO partners like the World Wildlife Fund.

P&G continues work on this target by being open in our preference in purchasing FSC. We work to invest in increasing certified acres in areas that are lacking FSC acreage like the southeastern United States. We have invested in FSC group certification to make it easier for small landowners in this region to get FSC certified. We also shift purchases to suppliers that have FSC material and away from those that do not.

Target reference number

Target 3

Forest risk commodity

Timber products

Year target was set

2019

Target coverage

Business division

Target category

Engagement with direct suppliers

Metric

% of procurement spend from direct suppliers compliant with your no deforestation and/or conversion commitments

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Base year

2000

Base year figure

0

Target year

2021

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

P&G has a compliance monitoring system in place that assess compliance with our Wood Pulp Sourcing Policy. The policy is applicable to all wood pulp suppliers and their supply chain. P&G conducts quarterly sustainability meetings that address relevant topics such as deforestation, FSC/SFI/PEFC certification audit results, Indigenous Peoples engagement and activities, intact forest landscape monitoring, and other high priority topics. We also conduct the semi-annual Deskside Assessment that confirms with our direct suppliers the amount of delivered certified material to P&G, supply chain mapping through harvesting origin, species used, deforestation, and other topics. Forestry field assessments are also completed at supplier's facilities and managed forests to verify compliance. Any non-conformances identified through these assessment activities or from external sources are subject to our Grievance Process. Any substantiated allegations and remediation would be noted on our public Grievance Tracker.

P&G has implemented compliance monitoring for several years including our semi-annual deskside assessment, forestry field assessments, and quarterly meetings on sustainability topics. Wood pulp launched the Grievance Tracker (similar to what palm already had in place) in and formal Forestry Grievance Process in 2021 to complete our compliance monitoring program. The process has been rolled out to all suppliers since it applies to all of P&G's supply chain. There were delays in completing the forestry field assessments with COVID restricting visits but travel restrictions have been loosened to allow forest visits to begin again.

Target reference number

Target 4

Forest risk commodity

Palm oil

Year target was set

2020

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO (any type)

Base year

2020

Base year figure

59

Target year

2022

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

P&G has committed to use RSPO certified materials in P&G brands as a compliance verification mechanism to meet its palm oil policy. This is a combination of Palm Oil, Palm Oil derivatives and Palm Kernel Oil and Palm Kernel Oil derivatives. We achieved our target for Palm oil and derivatives in 2018 but it took until July 2021 for us to achieve Palm Kernel oil and derivatives target. We hit 100% for the first time in July 2021 and went on hit 100% for the whole fiscal year.

Target reference number

Target 5

Forest risk commodity

Timber products

Year target was set

2020

Target coverage

Business division

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Forest Management certification

FSC Chain of Custody

Base year

2020

Base year figure

49

Target year

2025

Target year figure

75

Reporting year figure

% of target achieved relative to base year [auto-calculated]
138.461538461538

Target status in reporting year

Achieved

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

FSC is one of the world's most trusted forest certifications and P&G maintains a preference for FSC certified fibers. With that said, the availability of FSC-certified pulp is insufficient to meet the demands of P&G at this time. P&G has been working directly with our supply chain and NGO partners to grow the supply of FSC certified materials and pulp in all sourcing regions. A large portion is trying to increase the demand in timber sectors that currently do not have large demand of FSC material, especially the lumber industry. These sectors have larger influence on the forest industry compared to the pulp sector and their demand of FSC material could greatly support P&G's ambitions. The 75% FSC Family Care goal was chosen to demonstrate our continual progress on increasing FSC progress with meeting the larger 100% FSC ambition by 2030. The goal was for Family Care only as a significant majority of the pulp for P&G is Family Care. As a result of increased stakeholder requests for data on P&G's paper products in Family Care, we report data for Family Care separate from all P&G pulp uses.

The target was chosen to ensure P&G has positive impact on forests and communities that rely on them. Most certification standard ensures that forests are being harvested sustainably, deforestation is not permitted, and Indigenous Peoples rights respected. FSC certification adds more rigor with High Conservation Value areas; free, prior, and informed consent with Indigenous People; and specific indicators in Canada for the keystone species woodland caribou. FSC is considered the most rigorous by our environmental NGO partners like the World Wildlife Fund.

P&G was able to meet this target by being open in our preference in purchasing FSC. We invested in increasing certified acres in areas that are lacking FSC acreage like the southeastern United States. We have invested in FSC group certification to make it easier for small landowners in this region to get FSC certified. We also shifted purchases to suppliers that have FSC material and away from those that do not.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Volume from direct and indirect suppliers	<p>P&G surveys pulp suppliers twice annually for harvesting origin on the state/province level. P&G also meets quarterly with direct suppliers and conducts biennial forest field assessments to monitor progress on goals. Suppliers report their systems in place to monitor origin and proof of legal harvesting. Responses are periodically audited by asking for documentation and evidences.</p> <p>Random lot or batch numbers of pulp products are provided to suppliers to test traceability. Suppliers provided copies of invoices and transport documents that demonstrate which forests and plantations the wood originates.</p> <p>When applicable, these reviews will go to the suppliers of our suppliers for assessment. These are most commonly sawmills that source directly from forests and provide chips to our direct suppliers as by products of the primary processing of lumber.</p>	Not applicable	<Not Applicable>
Palm oil	Yes	Volume from direct and indirect suppliers	<p>Our commitment is to trace >98% of our palm purchases to Palm Oil Mills.</p> <p>Improving and promoting supply chain transparency is a key enabler to delivering our responsible sourcing expectations. We expect direct suppliers to trace palm kernel oil back to the original mill and palm oil back to the plantation of origin. We will publish our mill list and update it two times per year. We also expect direct suppliers to publish their concession maps and support industry efforts to develop a common approach for publishing these maps.</p>	Not applicable	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Timber products	Tree plantation	Brazil	36
Timber products	State or equivalent	Canada Denmark Estonia Latvia Norway Poland Sweden United Kingdom of Great Britain and Northern Ireland United States of America	64
Palm oil	Plantation	Malaysia	67
Palm oil	Plantation	Indonesia	33

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	100
Palm oil	Yes	79
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Chain of Custody

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

69

Form of commodity

Pulp

Volume of production/ consumption certified

1061220

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

Portions, but not all, are also certified to SFI Chain of Custody and PEFC Chain of Custody. Certification system requirements do not permit invoices or other documents to carry more than one certification system or claim.

Forest risk commodity

Timber products

Third-party certification scheme

SFI Chain of Custody

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

6

Form of commodity

Pulp

Volume of production/ consumption certified

92280

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

Portions, but not all, are also certified to FSC Controlled Wood and PEFC Chain of Custody. Certification system requirements do not permit invoices or other documents to carry more than one certification system or claim.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Chain of Custody

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

3

Form of commodity

Pulp

Volume of production/ consumption certified

46140

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

Portions, but not all, are also certified to FSC Controlled Wood and SFI Chain of Custody. Certification system requirements do not permit invoices or other documents to carry more than one certification system or claim.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Controlled Wood

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

22

Form of commodity

Pulp

Volume of production/ consumption certified

338360

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

Portions, but not all, are also certified to SFI Chain of Custody and PEFC Chain of Custody. Certification system requirements do not permit invoices or other documents to carry more than one certification system or claim.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

76

Form of commodity

Crude palm kernel oil (CPKO)

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

385679

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

We use the RSPO certification for compliance verification for use in P&G brands.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Segregated

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

3

Form of commodity

Refined palm oil

Volume of production/ consumption certified

14759

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

This is the volume of palm oil used in P&G brands.

F6.4**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).****Forest risk commodity**

Timber products

Operational coverage

Supply chain

Description of control systems

Third party certification, 2nd party assessment, grievance system

Monitoring and verification approach

Second-party verification
Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage
Suspend & engage
Exclude

% of non-compliant suppliers engaged

<Not Applicable>

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

Monitoring of our deforestation and conversion commitment is on a continuous basis. Incoming invoices are reviewed to ensure they must contain required certifications. This is evidence the material received to P&G as supporting deforestation free requirements or sourced from areas designated as low risk for deforestation. P&G also conducts quarterly sustainability meetings, semi-annual desk-side assessments, and biennial forest field assessments. These activities include reviews of deforestation procedures and monitoring of deforestation and afforestation activities. Reviewing of process and retirement of forest roads is also discussed. Any deforestation non-conformance found will be subject to our Grievance Process and any findings placed on our public external Grievance Tracker. P&G also monitors our grievance system that allows for anyone external or internal to submit allegations of deforestation in P&G's supply chain.

Response to non-compliance is determined on a case-by-case basis depending on the severity of the non-conformance. Larger areas deforested will require more significant responses such as suspension or reduction in purchases. Areas that are deforested that are high conservation value forests and significant cultural or traditional sites to Indigenous Peoples will also require more severe responses. Continued significant non-conformances related to deforestation or lack of engagement could necessitate P&G terminating the business relationship.

Forest risk commodity

Palm oil

Operational coverage

Supply chain

Description of control systems

Our compliance verification is based on RSPO Certification for all palm used in P&G brands. We use a 3rd party system, called Transparency to monitor the sourcing plant delivering the palm feedstock to P&G is RSPO Supply Chain Certified and check that the certificate of analysis confirms that the material is RSPO certified. We also work with Earthqualizer to apply satellite imaging based technology to monitor compliance on our no deforestation and peat policy, and respond and manage violation with our grievance process. We investigate any potential case of non compliance and share the outcome on our ESG Portal via a grievance tracker, which is updated 3x/year.

Monitoring and verification approach

Geospatial monitoring tool
Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage
Suspend & engage
Exclude

% of non-compliant suppliers engaged

<Not Applicable>

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

If there was a grievance or deviation from our policy, the issue is more likely than not in the 3rd party supplier to our direct Tier 1 suppliers. We expect the Tier 1 to engage and develop action with the responsible party. We expect the direct Tier 1 supplier to take market action (e.g suspend) should the responsible party does not follow the grievance procedure to address the violation. to engage and action plan to remediate.

We have also developed a Forest Grievance Process which describes the process that P&G uses to manage non compliance. This is posted on our ESG Portal

https://s1.q4cdn.com/695946674/files/doc_downloads/esg/Forestry-Grievance-Process.pdf

The grievance tracker is also posted on the ESG portal

https://s1.q4cdn.com/695946674/files/doc_downloads/esg/PG_ESG_Palm_Oils_Grievance_Tracker.pdf

All of the above is captured in our Responsible Sourcing Policy - click here for more details

https://s1.q4cdn.com/695946674/files/doc_downloads/esg/2021/Forestry/05/PG-ESG-FOREST-POSITIVE-PALM-SOURCING-POLICY-FINAL-rev-6-21.pdf

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	Yes, from suppliers	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

P&G purchases 100% FSC chain of custody certified material from Brazil. This ensures the wood is harvested according to local laws including the Brazilian Forest Code. Suppliers are also surveyed twice a year to get their confirmation of compliance with local laws. Samples of legality documents from the Brazilian governments are periodically reviewed during forest field assessments.

Country/Area of origin

Brazil

Law and/or mandatory standard(s)

Brazilian Forest Code

Comment

Palm oil

Procedure to ensure legal compliance

All the Tier 1 direct suppliers have agreed to meet our Responsible Sourcing Policy which requires compliance to National and local laws as stipulated in the RSPO Principles and Criteria (2018).

Country/Area of origin

Indonesia
Malaysia

Law and/or mandatory standard(s)

General assessment of legal compliance
Other, please specify (We expect our suppliers to meet our Supplier Guideline - see two guidelines below.)

Comment

We operate within the spirit and letter of the law, maintaining high ethical standards wherever we conduct business and we expect this of our External Business Partner (EBPs). EBPs and their employees must understand how these standards and the law apply to their work on behalf of P&G. No external business partner has the authority to require or request that any of their employees or anyone else to violate these standards or any law or regulation. More details can be found in the links below.
<https://pgsupplier.com/guidelines/pg-guidelines-for-suppliers>
[https://pgsupplier.com/assets/content/Documents/Supplier%20Sustainability/Responsible%20Sourcing%20Expectations%20for%20External%20Business%20Partners%20\(2020\)%20Final.pdf?v=03152021](https://pgsupplier.com/assets/content/Documents/Supplier%20Sustainability/Responsible%20Sourcing%20Expectations%20for%20External%20Business%20Partners%20(2020)%20Final.pdf?v=03152021)

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Capacity building Financial and commercial incentives	Offering on-site technical assistance and extension services Disseminating technical materials Organizing capacity building events Investing in pilot projects Supporting smallholders to clarify and secure land tenure	200	<p>P&G is continuing to partnering with The Nature Conservancy in FY21/22 as part of the Working Woodlands Project to develop management plans for smallholders and get FSC certification in the United States. Read more about the Working Woodlands Project here: https://www.nature.org/en-us/about-us/where-we-work/united-states/working-woodlands/</p> <p>P&G is also part of the Carolinas Working Forest Conservation Collaborative in FY21/22 to work with smallholders to sustainably manage their lands to protect and improve wildlife habitat. Part of this work is to provide a sustainable wood supply through FSC certification. Read more about the initiative here: https://www.forestfoundation.org/carolinas-collaborative-project/</p> <p>P&G continues to partner with Domtar to support the Four States Timberland Association in FY21/22. This project provided smallholders access to foresters and other natural resource professionals. This has resulted in 256,208 hectares of smallholder forest to be FSC certified. Read more about the initiative here: https://fourstatestimberlandowners.com/</p> <p>An example of activities completed during this reporting period are the development of manuals for smallholder forest owners to sustainably manage their land. These manuals were targeted to the activities that would support the smallholders's specific region. For example, reducing invasive species and increasing time between harvests were encouraged for landowners with forests in the northeastern United States. These manuals are being developed for the southeast and midwest of the United States.</p>
Palm oil	Yes, working with smallholders	Capacity building Financial and commercial incentives	Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events		<p>The P&G Independent Smallholders Program is focused on the smallholders within our oleo-chemicals supply chain in Malaysia. We are committed to achieve two strategic objectives: 1) transform their livelihoods through more efficient and sustainable farming practices, and yield increase, a key element of our Ambition 2030 program, 2) develop capability and capacity of independent smallholders to be sustainable suppliers meeting P&G Palm Responsible Sourcing Policy which is based on the RSPO RISS. Key highlight on our focus areas are: i) The Center for Sustainable Small-owners (P&G-CSS) established in 2019 in collaboration with the Asia School of Business. It has been playing key leadership role and "one-stop shop" resource center with researchers, agronomists and field workers collaborating with supply chain teams to drive progress in the independent smallholder program on the ground. The Center for Sustainable Small-Owners aims to reach 8,000 Smallholders Farmers within 5 years. We want to help them drive up yields (+30-50%) to the Malaysian average, making a positive difference to people and communities and embedding sustainable, responsible practices within a key component of our supply network.</p> <p>For more info please go to: https://www.pginvestor.com/esg/environmental/forestry/palm-overview/partnerships-force-for-good-programs/#enabling</p>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Capacity building

Financial and commercial incentives

Details of engagement

Organizing capacity building events

Investing in pilot projects

Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation

Financial incentives for certified products

Description of engagement

P&G meets with suppliers on a quarterly basis to discuss FSC certification efforts through the July 2021 - June 2022 reporting period. This includes suppliers that are currently delivering 100% FSC certified material to P&G. We assess deforestation risk with these suppliers, updates to the certification standards, results of chain of custody and forest management audits, and updates to P&G's Wood Sourcing policies.

For non-FSC suppliers, we work to determine what are the barriers to certification in their region and specific supply chain. We also support with education and financial resources to learn more about the certification requirements and what changes, if any, are needed to meet the FSC requirements.

P&G also hosts an annual supplier summit that brings together all suppliers to review P&G Forest Commodity Sourcing Policy updates and the review current pressing forest issues. The summit took place in October 2021. Topics of the summit included caribou and Indigenous Group relations.

This engagement is with 100% of our pulp suppliers.

% of suppliers engaged by procurement spend covered by engagement

100

Explain the impact of your engagement on the selected action

Several impacts have results from the engagement with direct suppliers. We are able to get a landscape and country level approach of the effectiveness of certification standards. We have also been able to determine what actions need to be taken to overcome barriers to FSC certification. Engagement has also provided on the ground perspectives of the impacts of forest-related regulations such as the European Union Deforestation Regulation that comes into force in December 2024.

This engagement also allows us to better communicate with our downstream stakeholders. We can communicate specific examples around efforts to reduce deforestation, improve Indigenous relationships, ecosystem restoration projects, and smallholder support to our retail customers, consumers, investors and others.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 1, 2, & 3)

Forest risk commodity

Palm oil

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Adopting UN International Labour Organization principles

Type of engagement

Capacity building

Financial and commercial incentives

Innovation and collaboration

Details of engagement

Offering on-site training and technical assistance

Organizing capacity building events

Investing in pilot projects

Description of engagement

Over the years, concerns relating to potential human and labor rights violations at FGV plantations have been raised by several different groups. P&G does not currently source any palm oil or palm kernel oil from FGV. However, we do operate a Oleochemicals plant Joint Venture with FGV.

P&G has taken careful account of all the concerns shared with us and acknowledges the actions that had already been taken by FGV. In 2019 we stepped in to support FGV in accelerating change for its workers. We believe that our choice to engage and leverage our influence is in-line with the expectations of UNGPs.

In order to develop robust and meaningful social remediation plans we, together with FGV, recognised their need for external expert engagement to help drive progress. P&G secured the support of the Fair Labor Association (FLA) to help create a robust foundational program. This includes evaluation of systems and processes, development of action plans and credible, independent verification of progress. P&G also funded engagement with Embode (a human rights consultancy) to conduct a worker's voice assessment to bring FGV more closely in touch with their workers. FGV's commitment to progress led them to seek guidance and expert consultation on migrant workers recruitment practices from IOM, Earthworm, Proforest and SUHAKAM – Human Rights Commission of Malaysia.

% of suppliers engaged by procurement spend covered by engagement

50

Explain the impact of your engagement on the selected action

In July 2022 FLA published the findings of a Baseline Independent External Assessment which concluded significant progress had been made vs. 2020 Action Plan. In parallel, FGV engaged ELEVATE, an expert consultant in sustainability and human rights in supply chains, to conduct assessments versus the 11 International Labour Organisation (ILO) indicators of forced labour. In 2023 FGV announced that going-forward they will work with ELEVATE to continue the evolution of the foundational social remediation program established and implemented with the FLA. They also announced a program to provide remedy for any recruitment fees paid by present or past workers which will be validated by ELEVATE.

This supplier was well over 50% of our palm purchases when we decided to invest in this program in 2019 but we stopped purchase in 2020 until the remediation was complete.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 4)

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building

Details of engagement

Supplier questionnaires on environmental and social indicators

On-site meetings with indirect suppliers

Supplier audits

Offering on-site training and technical assistance

Description of engagement

P&G engages down the supply chain with smallholders to encourage FSC certification during FY 21/22. These smallholders are indirect suppliers as P&G does not directly source from forests. These include our Family Forest Carbon Project with The Nature Conservancy. This includes working with smallholders to sustainably manage their forestlands with FSC certification to then have the opportunity to sell carbon credits on the open market and FSC certified wood in P&G's supply chain. These are collaborative projects detailed in the smallholder engagement section of this disclosure. These projects provide economic incentives to smallholders to keep their forests as forests while ensuring any activities are undertaken sustainably.

We also have engage with the Four States Timberland Association with our partner, Domtar. This FSC group provides technical assistance and financial support for small holders in Oklahoma, Texas, Arkansas, and Louisiana. Management plans and FSC certification are offered to potential members.

Explain the impact of your engagement on the selected action

Impacts of engagement have been mostly successful. One direct benefit is the increase in FSC certified forests with the Four States Timberland Association. The FSC group now has 246,249 hectares enrolled in FSC certification.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 1 & 2)

Forest risk commodity

Palm oil

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Capacity building

Details of engagement

Offering on-site training and technical assistance

Disseminating technical materials

Participating in workshops

Investing in pilot projects

Description of engagement

We work with Smallholders in Johor, Malaysia and tier 1 suppliers to increase the quality of fresh fruit bunch entering the P&G supply chain. This is on top of the work to improve the yields and improving livelihoods. The intent is to increase the value of the fruit the smallholders sell to the tier 1s, increasing the oil extraction rate and reduce waste. We do this by sharing the quality grading system that the tier 1 suppliers use to purchase fresh fruit bunch and work to implement this across our project sites.

Explain the impact of your engagement on the selected action

The quality training ensures that the farmers get maximum value for their fruit. There are 4 grades of fruit and smallholders have traditionally been graded, grade D, the lowest quality level. With this program we aim to increase to at least C and target B for some. We don't have any qualitative data to share but anecdotally its fair to say, by highlighting the process, the farmers are more aware of the quality required to maximise pricing at the Palm Oil Mill gate.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 4 - increase quantity of RSPO certified oils)

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/ jurisdictional approaches	<Not Applicable>	<Not Applicable>

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

	Criteria for prioritizing landscapes/jurisdictions for engagement	Explain your process for prioritizing landscapes/jurisdictions for engagement
Row 1	Commodity sourcing footprint Opportunity to increase market access for smallholders and local communities Opportunity for increased human well-being in area	We have been working in the Johor State in Malaysia with our smallholders program to drive livelihood improvement through improvement in yields. We're looking to create 250 learning farms which will be the training ground for diffusing good agricultural practices. We have joined forces with WWF MY to drive the RSPO Jurisdictional approach in this region to help increase RSPO certified of Smallholders thereby increasing the quantity of RSPO certified PKO. This work will also ensure we protect landscapes from further deforestation and preserve tigers and elephant numbers.

F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Landscape/Jurisdiction ID

LJ1

Country/Area

Malaysia

Name of landscape or jurisdiction area

Johor State

Types of partners engaged in the initiative design and implementation

Subnational government

International civil society organization(s)

Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Partner: Shared responsibility in the implementation of multiple goals

Supporter: Implement activities to support at least one goal

Funder: Provides full or partial financial support

Goals supported by engagement

Avoided deforestation/conversion of natural ecosystems and/or decreased degradation rate

Decreased ecosystem degradation rate

Respect, protect, and fulfil human rights

Increased uptake of certification

Company actions supporting approach

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative

Collaborate on management/land use planning in the landscape/jurisdiction

Help establish a transparent governance platform responsible for managing the initiative and its activities with clear roles, responsibilities and balanced decision-making

Help establish effective mechanisms for undertaking human rights due diligence, risk management, monitoring, verification, and grievance resolution

Identify and act on opportunities for pre-competitive collaboration with your sector

Share spatial data and land management plans with other stakeholders in the landscape/jurisdiction

Description of engagement

P&G have convened high level meeting to kick off this RSPO JA approach with all the key players in the Johor region: WWF Malaysia, State of Johor, Bain & Co, University of Tun Hussein en Malaysia, Centre for Sustainable Smallowners and Asia School of Business.

Engagement start year

2021

Engagement end year

Not defined

Estimated investment over the project period (currency)

100000

Is a collective monitoring framework used to measure progress?

Yes, progress is monitored using an internally defined framework

State the achievements of your engagement so far, and how progress is monitored

We have just completed an initial HCV assessment which will be used to take a deeper dive in the key risk areas. We have set up a stakeholder committee with WWF, Tiers 1 and local government to get further support from the state government. . We will use the RSPO JA framework to monitor progress.

F6.10c

(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.

Indicate landscape/jurisdiction ID	Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume?	Commodity	% of total production/consumption volume from this landscape/jurisdiction
LJ1	Yes, we do produce/consume from this landscape/jurisdiction, but we are not able/willing to disclose volume data	<Not Applicable>	<Not Applicable>

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

United States of America

Subnational area

Not applicable

Initiatives

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Sustainable Forestry Initiative (SFI)

WBCSD Forests Solutions Group

Please explain

P&G is a member of the Forest Stewardship Council. We participate in the General Assembly as voting members and comment on standards and policies that FSC opens for consultation. We also participate in public consultations for SFI and PEFC standard. P&G is a member of the World Business Council for Sustainable Development Forest Solutions Group. This work supports our strategy and commitments to be a force for good and general strategies to increase the amount of certified material in our supply chain. This work also helps to strength certification standards that we currently do not prefer. The goal is to raise the standards of all certification systems so industry wide acceptance is as high as possible.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Engaging with non-governmental organizations

Country/Area

Other, please specify (Brazil and United States of America)

Subnational area

Not applicable

Initiatives

<Not Applicable>

Please explain

P&G works with WWF to improve our forest practices including Wood Sourcing Policy and certification efforts. We also partner on projects like the Atlantic Forest Restoration Project in Brazil to go beyond our sourcing footprint to have a Forest Positive impact on the planet.

P&G partners with the Arbor Day Foundation to plant 1 million trees between 2020 - 2025 in areas devastated by natural disasters , like wildfires. This supports our commitments to reforestation and restoration. These reforestation efforts also take place outside our supply chain.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Malaysia

Subnational area

Not applicable

Initiatives

Roundtable on Sustainable Palm Oil (RSPO)

High Carbon Stock Approach Steering Group

European Palm Oil Alliance (EPOA)
Other, please specify (Palm Oil Collaboration Group)

Please explain

P&G is on the Board of Governors of the RSPO and has been for about 4 years. You can see this on the RSPO website. <https://rspo.org/about/our-organisation>
We also co chair of the the smallholder and Shared Responsibility committee help drive governance standards within the RSPO.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Malaysia

Subnational area

Not applicable

Initiatives

<Not Applicable>

Please explain

High Carbon Stock Approach (HCSA) Steering Committee - P&G is on The High Carbon Stock (HCS) Approach Steering Committee and is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Malaysia

Subnational area

Not applicable

Initiatives

<Not Applicable>

Please explain

Palm Oil Collaboration Group - The Palm Oil Collaboration Group (POCG) brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of No Deforestation, No Peat Expansion, No Exploitation (NDPE) commitments. In addition to discussions which help to align thinking on key issues, the group also identifies areas for collaborative action.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Expected benefits of project

Creation of green jobs and sustainable livelihoods
Further transformative change through sharing of project design, implementation and lessons learnt
Improvement of standard of living, especially for vulnerable and/or marginalized groups
Improvement of water availability and quality
Improvement to soil health
Net gain in biodiversity and ecosystem integrity

Is this project originating any carbon credits?

No

Description of project

P&G has partnered with Suzano and the World Wildlife Fund on the Atlantic Forest Restoration Project. This program will focus on forest landscape restoration and rehabilitation planning in the Atlantic Forest on Brazil's east coast. This project will lay the groundwork for successful future implementation focused on reestablishing ecological integrity, improving ecosystems services, particularly around water and enhancing community livelihoods. We are collaborating to produce robust forest restoration and rehabilitation plans and methodologies for several degraded forests and agricultural lands in the Brazilian state of Espírito Santo. The project will lead to forest, grassland, and other natural ecosystem restoration while also providing financial and economic opportunities for the smallholders and the communities to prevent further land degradation. Restoration by itself is not enough. The communities must be supported as well.

The project has completed the planning and analysis phase. The project team is working with local stakeholder groups with direct ties to potential restoration sites and their local communities. The analysis is to determine which communities wish to be involved and which locations will be an efficient use of funds. Targets on hectares restored will be available in future reporting as the project completes the analysis phase and moves into implementation.

The location provided is also the capital of Espírito Santo state as specific locations are unavailable at this time. This will be updated in future disclosure when they are identified.

Where is the project taking place in relation to your value chain?

Project based in sourcing area(s)

Start year

2020

Target year

2027

Project area to date (Hectares)

Project area in the target year (Hectares)

Country/Area

Brazil

Latitude

-20.32

Longitude

-40.35

Monitoring frequency

Annually

Total investment over the project period (currency)

For which of your expected benefits are you monitoring progress?

Further transformative change through sharing of project design, implementation and lessons learnt

Improvement of water availability and quality

Improvement to soil health

Reduce/halt biodiversity loss

Please explain

P&G has partnered with Suzano and the World Wildlife Fund on the Atlantic Forest Restoration Project. This program focused on forest landscape restoration and rehabilitation planning in the Atlantic Forest on Brazil's east coast. This project has laid the groundwork for successful future implementation focused on reestablishing ecological integrity, improving ecosystems services, particularly around water and enhancing community livelihoods. We collaborated to produce robust forest restoration and rehabilitation plans and methodologies for several degraded forests and agricultural lands in the Brazilian state of Espírito Santo. The project will lead to forest, grassland, and other natural ecosystem restoration while also providing financial and economic opportunities for the smallholders and the communities to prevent further land degradation. Restoration by itself is not enough. The communities must be supported as well.

The project has completed the planning and analysis phase. The project team is working with local stakeholder groups with direct ties to potential restoration sites and their local communities during the reporting period FY 21/22. The analysis is to determine which communities wish to be involved and which locations will be an efficient use of funds. Targets on hectares restored will be available in future reporting as the project completes the analysis phase and moves into implementation.

Fundraising for increased levels of restoration activities has also kicked off.

The location provided is also the capital of Espírito Santo state as specific locations are unavailable at this time. This will be updated in future disclosure when they are identified.

Project reference

Project 2

Project type

Forest ecosystem restoration

Expected benefits of project

Disaster risk reduction

Further transformative change through sharing of project design, implementation and lessons learnt

Is this project originating any carbon credits?

No

Description of project

On UN World Wildlife Day 2021 P&G established a 2-year sponsorship partnership with WWF Malaysia – supporting their work to protect endangered Malayan Tigers and their forest homes in the Central Forest Spine of Peninsular Malaysia. Our support enables WWF MY to carry out their essential work including:

Regreening and planting of trees including creation of "Wildlife Corridors" joining pockets of intact forests

Protection of Malayan tigers through support of local indigenous community ranger patrols which protect both tigers and other species from poaching

Research on biodiversity and land mapping to inform conservation strategy and engagement.

Where is the project taking place in relation to your value chain?

Project based in sourcing area(s)

Start year

2021

Target year

2023

Project area to date (Hectares)

3764

Project area in the target year (Hectares)**Country/Area**

Malaysia

Latitude**Longitude****Monitoring frequency**

Annually

Total investment over the project period (currency)

600000

For which of your expected benefits are you monitoring progress?

Disaster risk reduction

Further transformative change through sharing of project design, implementation and lessons learnt

Please explain

Results of the program include planting of 3,764 trees as part of the on-going restoration of the Sungai Yu primary linkage. Patrolling by ranger teams of over 31,520 Ha (an amazing 7,235 Ha on Foot plus motorbike and boat) of the Belum-Temenggor Forest Complex led to the removal of 35 snares and acted as a deterrent to prevent poaching. And completion of wildlife surveys (including camera traps) and stakeholder and spatial mapping will contribute and help inform on-going conservation plans.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

No, we are waiting for more mature verification standards/processes

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

Pulp is only a portion of the wood supply chain. Most of the interest and demand in FSC certified material is from the pulp and paper sector. There is limited to zero demand from the solid wood and lumber sector. Lumber is the primary economic driver in areas with limited Forest Stewardship Council certified forests such as western Canada, Pacific Northwest USA, and the Southeastern USA. Pulp demands alone are not enough to influence forest owners to get FSC certified. Demand from solid wood markets would support overcoming these economic barriers.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

Majority of the Palm Oil is exported to China and India but very little of it is RSPO certified. There is minimal awareness of deforestation and hence demand for RSPO certified material. If market increases demand for certified PO in these 2 high consuming regions, then there is more likelihood of totally eliminating deforestation from the palm industry.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate and/or consolidated monitoring

Comment

Whilst environmental issues can be monitored using satellites there is no such 'easy' option for social governance which very much relies on audits which doesn't always capture and surface the issues. More work is required within the industry to better manage social governance and compliance.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Increased demand for certified products

Comment

P&G will continue to drive Forest Stewardship Council certification throughout the entire supply chain. The greater FSC certification material in all sectors, at all points in the supply chain will continue to lower the risk of material from deforested areas entering our supply chain. This is especially critical for areas where lumber and solid wood are the primary wood product. This will specifically support smallholders in providing sustainable economic returns to incentivize them to keep forests as forests.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Development of certification and sustainability standards

Comment

P&G is a key member of the RSPO Principles and Criteria task force which is up for renewal and helps to drive standards and governance. The task force will meet to update RSPO P&C in 2023.

F17 Signoff

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Chief Sustainability Officer (CSO)	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms