

Procter & Gamble

Wood Pulp Procurement Policy

P&G purchases wood pulp for tissue and absorbent hygiene products. Though we do not own or manage forests, we have a responsibility through our procurement practices to ensure sustainability of the world's forest resources. As such, we are committed to understanding the sources of our pulp fiber, transparency in sourcing, ensuring that sustainable forest management practices are used, avoiding unwanted sources of wood, and working with stakeholders on stepwise increases in preferred certification schemes. Independent third party verification systems are used to ensure sustainable forest management and wood traceability, while we work with global multi-stakeholder organizations to develop tools and scientific methods to protect values and services that forests provide such as biodiversity, watershed protection and climate moderation. For transparency, P&G does track and report annually the amount of wood pulp it purchases from suppliers certified under each of the forest certification schemes.

Sustainable Forest Management

P&G purchases wood pulp from suppliers that:

- Ensure the safety of forestry and manufacturing operations for employees and the environment.
- Document that wood is legally harvested and that other legal requirements are met. P&G will not knowingly use illegally sourced wood fiber in our products.
- Practice principles of sustainable forest management and continuous improvement in their own operations and in sourcing of

wood, as verified by independent forest and chain-of-custody certification.

- Do not obtain wood from High Conservation Value Forests. P&G supports multi-stakeholder efforts to develop information sources and tools that will help suppliers identify these areas on their own forestlands and in their procurement of wood raw materials from third-parties (e.g., www.hcvnetwork.org).
- Do not obtain the wood from genetically modified tree sources.
- Reflect our social values and support of universal human rights through work with local governments and communities to improve the educational, cultural, economic and social well-being of those communities.
- Do not source wood from conflict timber.

We ensure compliance with this policy through site visits, comprehensive surveys and research, required documentation and independent third-party certification of sustainable forest management practices. P&G requires pulp suppliers to independently certify their operations for sustainable forest management. P&G also requires suppliers to provide auditable assurance that wood from sources not directly owned and managed by them is legally sourced and that harvest is conducted via sustainable practices.

Forest Certification

We give preference to pulp from Forest Stewardship Council (FSC) certified forests when it is available, meets product performance

requirements and competitive market conditions. We will utilize FSC controlled wood in a stepwise approach to progressively increase the amount of pulp from FSC certified sources. P&G will actively participate in ongoing discussions concerning FSC standards, including becoming an FSC member. As a minimum standard, P&G requires that any wood pulp supplier ensure that their Forest certification system are consistent with the following generally accepted criteria for sustainable forest management:

- A commitment to forest regeneration and reforestation.
- Protection of soil quality, riparian zones and water quality.
- Protection of ecologically and culturally unique forest areas.
- Maintenance and conservation of biological diversity.
- Participation of interested and affected stakeholders.
- Continuous improvement in forestry practices.
- Compliance with legislation, agreements and accords.
- Support of universal human rights and respect for ownership and use rights of local communities and indigenous people.
- Avoidance of unwanted wood sources.
- Multi-stakeholder governance and transparency in decisionmaking and reporting.
- Independent third-party verification of forestry practices and chain of custody for wood fiber.

Forest Conversion

P&G may use wood fiber harvested from recently converted forest lands only if the supplier can demonstrate that they have protected HCV forests using standards and tools developed through multi-stakeholder efforts (e.g., www.hcvnetwork.org) and that the forestry practices meet the minimum criteria previously discussed.

Efficient Use of Resources

P&G is committed to reducing demand on the world's forests and other resources. P&G believes that we should invest our resources where we can make the greatest sustainability improvements and will continue to:

- Focus on source reduction in the long term or use of less fiber through development of innovative technologies that provide maximum product performance using minimal fiber.
- Evaluate the use of non-forest derived sources of fiber, recognizing that alternatives must also meet principles of sustainable management.
- Explore and implement energy and water conservation opportunities in our paper making operations.
- Use recovered fiber when it has no negative impact on product performance, manufacturing efficiency, resource and energy usage and waste generation. We will continue to invest in research to identify the technical breakthroughs needed to allow us to use recovered fiber in our premium products without an impact on product performance, manufacturing efficiency, resource and energy usage and waste generation.

Definitions of Terms

TERM	DEFINITION
Unwanted Source	<p>A source that falls within one or more of the following categories:</p> <ul style="list-style-type: none">• The source forest is known or suspected of containing high conservation values, except where:<ul style="list-style-type: none">• <i>The forest is certified or in progress to certification under a credible certification system, or</i>• <i>The forest manager can otherwise demonstrate that the forest and/or surrounding landscape is managed to ensure those values are maintained.</i>• The source forest is being actively converted from natural forest to a plantation or other land use, unless the conversion is justified on grounds of net social and environmental gain, including the enhancement of high conservation values in the surrounding landscape.• The timber was illegally harvested or traded.• The timber is conflict timber (i.e., it was traded in a way that drives violent armed conflict or threatens national or regional stability).• The harvesting or processing entity, or a related political or military regime, is violating human rights.• The timber is from genetically-modified trees.• The source forest is unknown.

TERM	DEFINITION
High Conservation Value Forests	<p>High Conservation Value areas are critical areas in a landscape which need to be appropriately managed in order to maintain or enhance High Conservation Values. There are six main types of HCV values:</p> <ul style="list-style-type: none">• HCV1. Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species).• HCV2. Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.• HCV3. Forest areas that are in or contain rare, threatened or endangered ecosystems.• HCV4. Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).• HCV5. Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).• HCV6. Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

Illegal Sourced Wood	<p>Illegal logging occurs when timber is harvested, transported, processed, bought or sold in violation or circumvention of national or sub-national laws. Illegal activities often have a devastating impact on biodiversity as well human communities.</p>
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Conflict Timber	<p>Timber that was traded in a way that drives violent armed conflict or threatens national or region stability.</p>
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