

## **Procter & Gamble Report on Fighting Against Forced Labour and Child Labour in Supply Chains (Financial Year 2022 - 2023)**

This report describes the actions taken by The Procter & Gamble Co., Procter & Gamble Inc., First Aid Beauty Limited (“FAB”), Tula Life Inc., and Farmacy Beauty, LLC (the “Reporting Group”) during the financial year 2022 – 2023 (FY 2023) to prevent and mitigate the risk of forced or child labour in Procter & Gamble’s own operations or supply chains, pursuant to the requirements of Canada’s **Fighting Against Forced Labour and Child Labour in Supply Chains Act**.

Overall, we forbid the use of child labour, forced labour, compulsory labour, slavery, prison labour, indentured labour, bonded labour or use corporal punishment or other forms of mental and physical coercion as a form of discipline across our own operations and throughout our supply chain.

This is detailed further below in the section “**Policy On Child And Forced Labour And Approach To Due Diligence**”.

### **OUR ORGANIZATION**

#### **Structure**

The Reporting Group is a part of the Procter & Gamble group of companies (“P&G Group”). The ultimate parent company of the subsidiaries in the Reporting Group is The Procter & Gamble Company (“Procter & Gamble” or “P&G”). Procter & Gamble has its headquarters in the United States of America. The P&G Group has about 107,000 employees worldwide.

Our organizational structure is comprised of Sector Business Units (SBUs), Enterprise Markets, Corporate Functions, and Global Business Services. Our ten product categories are organized into five SBUs: Beauty, Grooming, Health Care, Fabric & Home Care, and Baby, Feminine & Family Care.

#### **Activities**

The P&G Group is a global leader in the fast-moving consumer goods industry, focused on providing branded consumer packaged goods of superior quality and value to our consumers around the world. Our products are sold in approximately 180 countries and territories primarily through mass merchandisers, e-commerce channels, grocery stores, membership club stores, drug stores, and other channels. We also sell direct to individual consumers. We have on-the-ground operations in approximately 70 countries.

Procter & Gamble Inc engages in sales, marketing and distribution, as well as manufacturing, in Canada. The Procter & Gamble Company imports inventory into Canada and owns the inventory in Canada. FAB, Tula and Farmacy engage in sales, marketing, and distribution of products in Canada.

#### **Supply Chain**

The P&G Group’s global supply network includes more than 60,000 suppliers from around the world and across a wide range of industries and services. These suppliers provide essential materials, packaging, equipment, transportation, contract manufacturing and logistics, as well as IT, capital, marketing and other services to all the countries we operate in, including Canada.

## **POLICY ON CHILD AND FORCED LABOUR AND APPROACH TO DUE DILIGENCE**

Our approach to preventing and addressing child and forced labour is based on our Human Rights Framework, which is guided by the expectations of the UN Guiding Principles on Business and Human Rights (UNGPs), and consists of: (1) policy commitments, (2) due diligence activities, and (3) grievance processes and remedy. As mentioned before, Procter & Gamble forbids the use of child labour, forced labour, compulsory labour, slavery, prison labour, indentured labour, bonded labour or use corporal punishment or other forms of mental and physical coercion as a form of discipline across our own operations and throughout our supply chain.

**Policy Commitments:** Procter & Gamble's policy commitments on forced and child labour are clearly expressed in our Worldwide Business Conduct Manual and our Human Rights policy statement, which govern our own operations and our engagement with our supply chain. These commitments are further cascaded through our supply chain in our Responsible Sourcing Expectations for External Business Partners and our Forest Commodities Policy.

**Due Diligence:** P&G's due diligence framework consists of activities to assess and address risks or impacts of forced or child labour in our operations and our supply chain. Broadly, it includes the following steps:

- Assessing and identifying actual or potential impacts on people, and prioritizing on the basis of severity and likelihood of impacts on people.
- Taking action to prevent and address negative impacts, and in the case of impacts in our supply chain, using our leveraging with business partners to seek to prevent and address risks and impacts, including by enabling remedy for affected stakeholders where relevant.
- Tracking and monitoring the effectiveness of our business process for assessing and addressing impacts.
- Sharing information with stakeholders on how the business addresses impacts and risks, including, where appropriate, through public reporting.
- Openly engaging with our business partners and stakeholders throughout this process.

**Grievance Processes and Remedy:** P&G is committed to creating a work environment internally and with our business partners that fosters open communications and supports individuals in reporting potential violations. Retaliation for raising concerns in good faith is not tolerated. P&G manages all allegations arising in relation to our supply chain through our Supply Chain Grievance framework, which is aligned with the effectiveness criteria of the UNGPs and seeks to enable remedy for affected stakeholders when impacts have occurred that are linked to P&G's products or services.

## **ASSESSING, MANAGING, AND REMEDIATING IDENTIFIED RISKS IN OUR SUPPLY CHAINS**

P&G's supply chain due diligence applies across the entirety of our supply chain, from direct suppliers to raw materials. This includes a social audit program applicable to direct suppliers and periodic assessments of our end-to-end supply chain to identify areas of potential heightened risk for forced or child labour.

Where potential heightened risks in our supply chains are identified, P&G's approach routinely includes:

- Conducting further detailed assessments, often utilizing independent expert organizations with field-based experience, to more comprehensively assess and understand risks;
- Requiring compliance with heightened due diligence requirements around the specific risks of forced or child labour;

- Developing sourcing strategies that may seek to avoid higher-risk supply chain partners or sourcing geographies, require independent certifications and compliance with external standards, or seek to increase our leverage with supply chain partners;
- Engaging with supply chain partners by using our leverage to seek to prevent and address risks and impacts.

One example of our supply chain due diligence approach is in the palm oil supply chain.

The foundation of our palm oils Responsible Sourcing program lies in clear P&G Policies and Expectations. We engage proactively with suppliers and conduct independent monitoring of our supply chains. Our Tier 1 Suppliers are required to be members of Roundtable on Sustainable Palm Oil (RSPO) and to be committed to the RSPO 2018 Principles and Criteria (P&Cs) as part of our compliance verification. RSPO certification requires verification via independent audits that plantation and production processes align with RSPO standards, including annual surveillance audits. Post the initial certification, Surveillance Audits are conducted annually. If compliance to standards is not maintained, then certified status may be withdrawn. RSPO also operates an RSPO Complaints Systems where concerns raised are investigated and addressed. If substantiated this may lead RSPO to require remediation plans and/or suspension of certifications. These measures provide independent auditing, validation and monitoring of compliance to ensure sustainable palm production practices.

In addition to the RSPO complaints process, P&G maintains its own Supply Chain Grievance process in order to investigate all concerns reported directly to P&G and, where indicated, take appropriate actions.

## **REMEDIATION**

Measures that we have taken to remediate forced and child labour in the palm oils sector have included:

- **Engaging:** Engaging with supply chain partners to investigate and resolve allegations, including development of supplier time-bound restoration or compensation plans, improvements to supplier's internal management systems and involvement of external expert organizations.
- **Suspending:** Immediate halts to further development activities or temporary suspension of down-stream purchasing from the area or the supplier in question. P&G will continue limited engagement via third-party monitoring or assessments to determine if/when a suspended supplier is in accordance with policies and the law and has demonstrated action that would qualify for resumption of business.
- **Enabling Remedy:** Using our leverage to encourage and support suppliers to provide effective remedies to affected stakeholders.

We have not identified any instances of loss of income of the vulnerable families as a result of the steps we have taken to eliminate risks of forced labour or child labour, and remediation has therefore not been necessary.

## **TRAINING**

We conduct compulsory training on forced and child labour for employees in key functions. We have a library of engaging, custom-built training courses, which are available to all employees as a resource and are further assigned based on role and location to maximize relevance and impact.

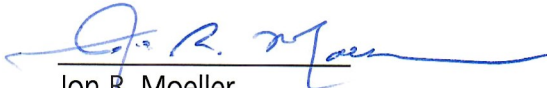
## **ASSESSING EFFECTIVENESS**

As outlined above, we actively monitor the risks of forced and child labour in our operations and supply chains through a range of measures including, for example, through social audits and other verification schemes. We use the outputs from such activities to assess our performance in relation to mitigating forced and child labour risk. Further, we monitor complaints raised through our grievance mechanisms to identify trends and further strengthen our due diligence. We also regularly engage with expert organizations and civil society stakeholders on our actions. In line with international standards, we are also continually assessing our human rights due diligence measures to identify areas where our measures might be further strengthened to be most effective.

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This report was approved pursuant to subparagraph 11(4)(b)(ii) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* by the Board of Directors of The Procter & Gamble Co. as a joint report of The Procter & Gamble Co., Procter & Gamble Inc., First Aid Beauty Limited, Tula Life Inc., and Farmacy Beauty, LLC for the financial year ended December 31, 2023.

I have the authority to bind The Procter & Gamble Company.



Jon R. Moeller  
Chairman of the Board,  
President and Chief Executive Officer