



**Procter & Gamble Germany Holding GmbH,
Procter & Gamble Manufacturing GmbH and
Procter & Gamble Service GmbH**

**Policy Statement on the Human Rights Strategy
pursuant to sec. 6 para. 2 of the German Supply Chain Due Diligence Act**

published on January 1st, 2023, amended on July 1, 2023 and in October 2023, June 2024, and October 2024

I) INTRODUCTION

The Procter & Gamble Company (“P&G”) is a leader in consumer goods, focused on providing branded consumer packaged goods of superior quality and value to our consumers, serving nearly five billion people around the world with one of the strongest portfolios of trusted, quality, and leadership brands. How we serve the world’s consumers matters, and we have committed – publicly and within – to doing what is right and to being a good corporate citizen. We are thoughtful when establishing principled governance practices across all that we do. From long experience, we know that a sustainably strong business depends on maintaining strong ethical, compliance and quality standards.

P&G’s products are sold in more than 180 countries and territories primarily through mass merchandisers, grocery stores, membership club stores, drug stores, department stores, salons, high-frequency stores, online and distributors. P&G has on-the-ground operations in approximately 70 countries, including 107 manufacturing sites. Among others our brands are: Always®, Ambi Pur®, Ariel®, Bounty®, Braun®, Charmin®, Crest®, Dawn®, Downy®, Fairy®, Febreze®, Gain®, Gillette®, Head & Shoulders®, Lenor®, Olay®, Oral-B®, Pampers®, Pantene®, SK-II®, Tide®, Whisper® und Wick®.

P&G has its head office in Cincinnati, USA, and is the parent company of the international group of Procter & Gamble companies. Procter & Gamble Germany Holding GmbH is the German parent company of Procter & Gamble Manufacturing GmbH and Procter & Gamble Service GmbH (together referred to as “P&G Germany”) and is part of P&G’s international group of companies (hereinafter “P&G Global”). P&G Germany are the obliged German companies pursuant to the Supply Chain Due Diligence Act (“LkSG”) and shall implement the corporate due diligence duties stipulated therein.

II) POLICY STATEMENT

Respect for Human Rights is fundamental to the way we manage our business. This includes respecting and promoting the human rights of our employees, our external business partners, and the communities in which we live, serve, and operate. We support the U.N. Guiding Principles on Business and Human Rights.

P&G’s [Worldwide Business Conduct Manual](#) (“WBCM”) explains the global standards to be followed in our daily business activities as well as our legal and ethical responsibilities. The WBCM applies to all employees and members of the Board of Directors, regardless of location, seniority level, business unit, function, or region. P&G’s [Responsible Sourcing Expectations for External Business Partners](#) explains the global standards to be complied with in all business activities on behalf of P&G. P&G requires that suppliers be in full compliance with all applicable governmental, legal, regulatory, and professional requirements. Together, these documents communicate P&G’s Human Rights and Environmental Expectations.

1. Description of the Process

a) Risk management

P&G Germany together with P&G Global created a multi-functional team to embed P&G’s Human Rights and Environmental Expectations in all relevant business processes and comply with the LkSG. This team includes representatives from Purchases, Product Supply, Human Resources, Finance & Accounting, Global Business Services, Corporate Communications, Ethics & Compliance, Government Relations, and Legal functions. This team has designed and implemented processes for supply chain review, supplier and employee outreach, due diligence, and risk management.

P&G Germany appointed a Human Rights Officer (“Menschenrechtsbeauftragter”) pursuant to LkSG (“Responsible Person”). The Responsible Person is knowledgeable in P&G’s Human Rights and Environmental Expectations and P&G Germany’s obligations under LkSG and undertakes as a core task the monitoring of the fulfillment of these expectations and obligations. Therefore, the Responsible Person is provided with all necessary resources and



competencies, e.g., access to files and the right to request information. This ensures a constant exchange with the relevant functions and decision-makers of P&G Germany. Furthermore, the Responsible Person reports at regular intervals, but at least annually, to the management of P&G Germany on the performance of monitoring activities.

b) Preventive measures

P&G Germany together with P&G Global have developed and implemented sourcing strategies and procurement practices that reflect P&G's Human Rights and Environmental Expectations. P&G Global Purchases employees, including management, receive training on these expectations and measures to be taken to prevent violations within our supply chain. The training material also provides discussion guidance with suppliers.

If legally required, suppliers are trained on the Supplier Portal at www.pgsupplier.com, which is a global reporting and information source for all current and potential suppliers of P&G Global and P&G Germany. The Supplier Portal compiles all relevant guidelines and expectations for the supplier. Among many other features, the portal offers a wide range of information, represented by videos about the requirements for compliance with human rights and environmental standards. For certain commodities, P&G Global uses several third-party certification standards, e.g., Roundtable on Sustainable Palm Oil ("RSPO") and Forest Stewardship Council ("FSC").

P&G Germany uses risk-based control measures to check if P&G's Human Rights and Environmental Expectations are integrated into day-to-day business processes and whether they are achieved. P&G Germany in conjunction with P&G Global requires that relevant suppliers are audited by an independent, third-party auditor regularly. These audits are announced beforehand, and the auditors utilize the Sedex Members Ethical Trade Audit ("SMETA") Best Practice Guidelines and audit report format. LkSG risk areas that are not covered by SMETA are supplemented by alternative processes.

New suppliers for certain corporate materials and services, including contract manufacturers and temp labor service providers, have to go through an onboarding process that may involve online or on-site responsible sourcing assessments/audits by EcoVadis and Sedex.

P&G Germany's due diligence consists of processes that are used to become aware of and manage actual and potential violations of P&G's Human Rights and Environmental Expectations and/or LkSG while engaging stakeholders throughout the process, and to support value creation and assess both actual and potential violations in its operations as well as its supply chain. P&G Germany strives to implement and improve systems in business relationships across its supply chain to mitigate the risk for affected individuals. P&G Germany and P&G Global openly engage with its business partners and stakeholders to identify areas of concern and develop solutions where there are risks of infringements. Furthermore, for P&G Germany, an internal assessment process has been established in its own business area to identify, prevent and/or mitigate violations of P&G's Human Rights and Environmental Expectations and/or LkSG from relevant areas of P&G Germany. The assessment process and risk analysis as well as the effectiveness of relevant prevention measures are conducted and reviewed annually and ad hoc.

c) Risk analysis

Specifically, as part of the process to identify and mitigate risk, the multi-functional team described in section a) above evaluates P&G Germany's suppliers and identifies relevant suppliers on a number of parameters including known risks and country location. P&G Germany leverages P&G's various internal and external tools to perform risk analysis in its own business area and at direct suppliers, including, but not limited to EcoVadis, Sedex and Aravo.

EcoVadis provides holistic corporate sustainability ratings through a global, cloud-based SaaS platform. We have partnered with SEDEX ("Supplier Ethical Data Exchange") to utilize its Ethical Trade Coordinator Services to screen for relevant suppliers utilizing the High Risk Radar, conduct self-assessments, independent third-party audits, and report progress or non-compliance. The audits are supplemented by P&G Germany to include all risk areas relating to the LkSG, in case not covered by SMETA. Aravo is a central Third-Party Risk Management ("TPRM") platform, managing related workflows, aggregating risk information and management steps per supplier.

By using these specific tools, P&G Germany identifies risks and weighs and prioritizes these risks considering the appropriateness criteria defined in the LkSG. The responsible functions then review, evaluate and prioritize the results. The appropriateness criteria of Section 3 (2) of the LkSG are taken into account in this process.

P&G Germany reports the results of the risk analysis to its managing directors. The risk analysis to identify human rights and environmental risks in the own business area of P&G Germany and at the direct suppliers of P&G Germany is carried out annually and ad hoc.

d) Remedial actions

If P&G Germany identifies a violation of a human rights or environmental obligation under LkSG in its own business area or at direct suppliers, it will take immediate remedial action to end the violation or to minimize the extent of the violation. The approach to the corrective action depends on the specific violation identified in the risk analysis and is determined on a case-by-case basis.



In case of violations by direct suppliers, P&G Germany and P&G Global will follow up and partner with the respective direct supplier and develop and implement a concept to remediate violations. In case of further delays, barriers or refusal for remediation, specific action (including termination) will be decided case by case. The effectiveness of the remedial measures is reviewed annually and on an ad hoc basis.

P&G Global cooperates with relevant stakeholders, including NGO's, to help ensure the remediation approach is meeting, and evolving according to, best practices acknowledged by relevant stakeholders.

e) Complaint mechanism

P&G Germany is committed to creating a work environment internally and with its business partners that fosters open communication and supports individuals in reporting potential violations. Employees and any other individuals can report violations against a human rights or environmental obligation under the LkSG at the Worldwide Business Conduct Helpline, which is staffed by an independent third party - 24 hours a day, seven days a week - and includes, where permitted by local law, an anonymous way to report violations. P&G Germany, through P&G Global, will ensure that a communication is possible if requested by the whistleblower making the complaint.

In addition to the Worldwide Business Conduct Helpline available at www.pg-helpline.com, violations may be reported via phone or mail. Retaliation for raising concerns in good faith will not be tolerated. The effectiveness of the complaint mechanism is reviewed annually and on an ad hoc basis, and if necessary will be adjusted thereafter.

In accordance with the legal requirements of Section 8 (2) LkSG, P&G Germany has published procedural rules on its websites for its existing complaints procedure. The P&G Ethics Committee and supporting functions are entrusted with the implementation of the complaint procedure.

f) Indirect suppliers

In case P&G Germany obtains substantiated knowledge of a violation of a human rights or environmental obligation under LkSG at an indirect supplier, P&G Germany will comply with its obligations in accordance with the LkSG as follows:

- A risk analysis is conducted based on those measures, systems and procedures that P&G Germany considers appropriate for its own business area and for its direct suppliers. In particular its risk management team and third-party service providers like EcoVadis or Sedex will ensure to apply a comparable level of diligence to its own business area and to its direct suppliers. Afterwards the responsible departments review, evaluate and prioritize the results detected by the software tools.
- To the extent legally permissible, P&G Germany adapts its risk management and in particular will influence indirect suppliers to participate in the same prevention systems as direct suppliers. Indirect suppliers will be exposed to the same Responsible Sourcing Expectations as direct suppliers.
- To the extent legal permissible, P&G Germany will apply best endeavors to remediate potential risks in accordance with the measures and procedures in place for its own business area and direct suppliers.

g) Documentation and Annual report

P&G and P&G Germany continuously document all steps taken to implement P&G Germany's due diligence obligations in accordance with the LkSG. An ongoing and recurring record retention scheme to ensure compliance with the diligence obligations in accordance with the LkSG and its corresponding documentation has been established. Any measure including any reasons for decisions taken will be immediately and properly documented. The documentation is kept in files for a minimum of seven years. Any data which is generated and stored by SEDEX, Ecovadis and Aravo related to information generated and stored in compliance with the diligence obligations as per the LkSG, are also kept and stored for documentation purposes.

P&G Germany's fiscal year starts on 1 July of each calendar year and ends on 30 June of the following calendar year. P&G Germany prepares the annual report with all legally required information pursuant to Sec. 10 para 2 LkSG, will publish the report on its corporate website no later than four months after the end of P&G Germany's fiscal year and will keep it on its corporate website for at least 7 years. P&G Germany will use the web device including the interface provided by BAFA for drafting its annual report in accordance with Sec. 10 para 2 LkSG.

2. Identified Prioritized Risks

P&G Germany has identified human rights and environmental risks under LkSG in the risk analysis for the Fiscal Year 2023/2024. Risks were identified during the risk analysis, among others based on Sedex standards, and prioritized by applying the appropriateness criteria. The prioritized risks can be found below. More information can be found in the LkSG report.

- For direct suppliers of Procter & Gamble Germany Holding GmbH and Procter & Gamble Service GmbH, prioritized risks were identified related to Occupational Health and Safety in China and India. For direct suppliers of Procter & Gamble Manufacturing GmbH, no prioritized risks were identified.



- For indirect suppliers of Procter & Gamble Germany Holding GmbH and Procter & Gamble Manufacturing GmbH, prioritized risks were identified related to Child Labor (India, Indonesia, Turkey), Forced Labor (China, Malaysia), Occupational Health and Safety (China, India, Indonesia, Malaysia, Turkey), Wages (China, India, Malaysia), and Land Rights (Indonesia). For indirect suppliers of Procter & Gamble Service GmbH, no prioritized risks were identified.
- The majority of the relevant suppliers were audited, and appropriate and effective prevention measures were taken to prevent and minimize the prioritized risks.
- Ingredients based on derivatives of palm oil or palm kernel oil are processed in our Fabric Care, Home Care, Skin Care and Hair Care categories. P&G Germany's indirect suppliers of these raw materials are expected to be members of the "Roundtable on Sustainable Palm Oil" (RSPO) and to have the necessary policies and procedures in place to comply with the 2018 RSPO Principles and Criteria (P&C's).

3. Expectations for Employees and Suppliers

Our suppliers are aware of P&G's Human Rights and Environmental Expectations and know that not only results matter, but also how those results are achieved. P&G Germany expects all of its suppliers to conduct their business with the same high standards and will actively seek business relationships with suppliers who share its values and promote the application of these high standards among those with whom they do business.

Policy expectations help to establish a common framework for everyone:

- Our Employees, Suppliers, Business Partners, and their employees all have a clear, shared understanding of P&G's Human Rights and Environmental Expectations.
- They enable us to engage with stakeholders for feedback, incorporate emerging regulatory developments and apply international best practices.
- Where required we develop specific policies for key commodities or programs which take into account the needs of vulnerable groups.

In summary, P&G Germany expects its employees and suppliers to respect P&G's Human Rights and Environmental Expectations. This includes, in particular, the prohibition of child labor, slavery, forced labor, disregard for occupational health and safety, disregard for freedom of association, withholding of adequate wages, causing harmful soil degradation, water pollution, air pollution, harmful noise emissions or excessive water consumption, the unlawful eviction and deprivation of land, the unlawful use of private or public security forces, and the prohibition of the use of mercury (under the Minamata Convention), the use of banned chemicals (under the PoP Convention), and the prohibition of the handling of hazardous wastes (under the Basel Convention).

Signed by Astrid Teckentrup

Schwalbach, October, 2024