



**Procter & Gamble Germany GmbH & Co. Operations OHG
and
Procter & Gamble Manufacturing GmbH
Policy Statement on the human rights strategy
pursuant to sec. 6 para. 2 of the German Supply Chain Due Diligence Act**

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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. This ranges from the design of our organizational structure and leadership culture to our daily commitment to operational discipline, which impacts every action and decision that our employees take — from sourcing quality, safe and ethically produced ingredients, distributing products that prioritize safety, transparency and well-being to respecting human rights and being responsible for environmental stewardship and using resources wisely. It requires us to be thoughtful about the communities and stakeholders with whom we work and impact. From long experience, we know that a sustainably strong business depends on maintaining strong ethical, compliance and quality standards. It is equally true that for all our citizenship work to be credible and impactful, it must be firmly rooted in our Purpose, Values and Principles.

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®, Olaz®, 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 GmbH & Co. Operations OHG is the German parent company to Procter & Gamble Manufacturing GmbH (collectively referred to as “P&G Germany”) and are 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

At P&G, respect for human rights and environmental stewardship are fundamental to how we manage our business. We view these as a “must-have” not a “nice to have” within our operations and across our end-to-end value chain, which includes P&G Germany and its suppliers.

Our respecting human rights framework consists of:

- Our public commitment to embed respect for human rights and environmental stewardship into everything we do
- Our due diligence process to identify, prevent and/or mitigate adverse human rights and environmental impacts
- Our speak up culture to create an environment that fosters open communication

1. Description of the process

a) Risk management

We believe that embedding human rights within our organization starts at the top. But is brought to life through the engagement and interactions between all P&G people within our organization and with our business partners across our supply chains. P&G Germany has therefore implemented a risk management in all relevant business processes.

We have created a multi-functional team to embed our respect for human rights and environmental stewardship, and comply with the LkSG, which 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’s ESG Executive Council, comprised of senior business and functional leaders, directs and provides oversight.

P&G Germany has assigned an employee with the responsibilities of a Human Rights & Sustainability Officer (“Menschenrechtsbeauftragter”) according to LkSG (“Responsible Person”). The Responsible Person is already employed by a German P&G company and is qualified by knowledge in the areas of environmental stewardship, respecting human rights, supply chain management and compliance. The Responsible Person undertakes as a core task the monitoring of the fulfillment of the due diligence obligations pursuant to the LkSG. 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 of P&G Germany 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'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](#) explain 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.

New suppliers for corporate high-risk materials and services incl. 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.

Furthermore, P&G Germany together with P&G Global have developed and implemented sourcing strategies and procurement practices that also include environmental, social and governance expectations. In addition to the human rights and environmental stewardship, that are covered in the WBCM and Responsible Sourcing Expectations, P&G Purchases employees, including management, receive additional training on human rights and environmental risks. These training materials cover the understanding of Responsible Sourcing Expectations and of human rights, and what measures to be taken to prevent violations of human rights or environmental-related expectations of P&G Global. 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 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 high-risk commodities, P&G 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 the human rights strategy is integrated into day-to-day business processes and the defined human rights and environmental expectations are achieved. P&G Germany in conjunction with P&G Global requires that high-risk suppliers are audited by an independent, third-party auditor regularly as well as risk-based. These audits are announced beforehand, and the auditors utilize the Sedex Members Ethical Trade Audit (“SMETA”) Best Practice Guidelines and audit report format. The audits are supplemented by P&G Germany to include all risk areas relating to the LkSG, in case not covered by SMETA.

Our due diligence consists of processes that our business uses to become aware of and manage its actual and potential impacts on individuals' human rights while engaging stakeholders throughout the process. We work to promote sustainable practices, support value creation and assess both actual and potential human rights adverse impacts in our operations as well as our supply chain. We strive to implement and improve systems in business relationships across our supply chain to mitigate the risk for affected individuals. We openly engage with our 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 adverse impacts from any high-risk 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 occasion-related.

c) Risk analysis

Specifically, as part of our initiative to identify and mitigate risk, this team evaluates our suppliers and identifies high-risk 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 high-risk 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, 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 occasion-related.

d) Remedial actions

If P&G Germany identifies a violation of a human rights or environmental obligation 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 terminate 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 NGO's to help ensuring the remediation approach is meeting and evolving according to best practices acknowledged by NGO's.

e) Complaint mechanism

P&G Germany is committed to creating a work environment internally and with our 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. In addition to the Worldwide Business Conduct Helpline available at 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, the Human Rights Officer of P&G Germany 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 at an indirect supplier, P&G 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 induce 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.

P&G Germany, through P&G Global, will ensure that a communication is possible if requested by the whistleblower making the complaint.

g) Documentation and Annual report

P&G Germany continuously documents all steps taken to implement its due diligence obligations in accordance with the LkSG. P&G Germany has established an ongoing and recurring record retention scheme to ensure compliance with the diligence obligations in accordance with the LkSG and its corresponding documentation. Any measure including any reasons for decisions taken will be immediately and properly documented. The documentation is kept in P&G Germany's 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 by P&G Germany.

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 risks

P&G Germany has identified human rights and environmental risks in the risk analysis for the Fiscal Year 2021/2022. Risks were identified and prioritized during the risk analysis, among others based on Sedex standards.

- The majority of the relevant suppliers were audited and corrective action plans are being implemented. Remainder in progress. Areas of non-compliance are primarily related to Occupational Health and Safety, Wages and Working Hours in China, India and in Turkey.
- Two suppliers in China had a low EcoVadis corporate sustainability rating and corrective action plans are being implemented.
- 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's direct suppliers are expected to be members of the 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 know that P&G Germany is concerned not only with results, but also with how those results are achieved. We expect all of our suppliers to conduct their business with the same high standards. We will actively seek business relationships with suppliers who share our values and promote the application of these high standards among those with whom they do business.

Policy expectations help us establish a common framework for everyone:

- Our Employees, Suppliers, Business Partners and their employees all have a clear, shared understanding of our expectation on respecting human rights and environmental stewardship.
- 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 human rights and environmental regulations. 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, Jan 1, 2023