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CONTROVERSY REPORT

PROCTER & GAMBLE'S IRRESPONSIBLE PULP & PALM OIL SOURCING AND ITS IMPACTS ON PRIMARY FORESTS AND HUMAN RIGHTS



P&G sources pulp from clearcuts like these. Photo: National Resources Defence Council

P&G sources palm oil from clearcuts like these. Photo: Pok Rie from Pexels

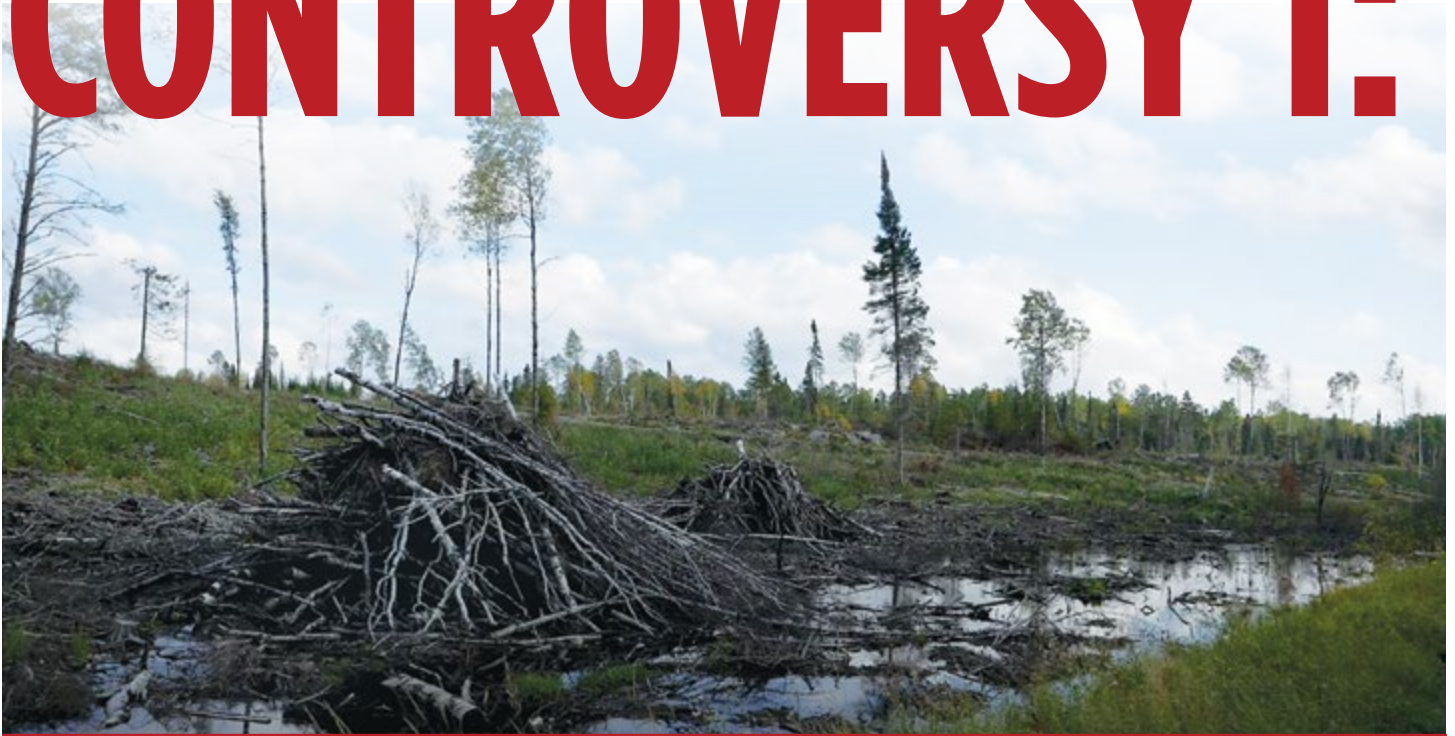


P&G sources from palm oil plantations that pose an immediate threat to nearby habitats like this.

EXECUTIVE SUMMARY

Consumer goods giant Procter & Gamble (P&G) is now embroiled in a growing number of controversies stemming from its sourcing of wood pulp and palm oil.¹ These controversies implicate P&G in violating human rights, degrading primary forests and endangering threatened species for ubiquitous products like toilet paper and soap. They also create material and reputational risk for the company's brand equity, especially among socially and environmentally conscious consumers and investors.² P&G has four key areas of controversy linked to its sourcing of pulp and palm oil:

CONTROVERSY 1:



P&G sources pulp from clearcuts like these. Photo: Kels Pitchenese, Eagle Lake First Nation in Canada

DESTROYING & DEGRADING PRIMARY FORESTS, INTACT FOREST LANDSCAPES

For its pulp and palm oil supply chains, P&G has failed to adopt and implement mandatory policies and enforcement protocols that prohibit deforestation and conversion of natural ecosystems, as well as halt expansion into Intact Forest Landscapes (IFLs), old growth and primary forests. It has also failed to commit to time bound goals for reducing forest fiber in tissue products. For example, the company:

- Purchases hundreds of thousands of tons of fiber annually from clear-cut logging in primary and old growth forests in British Columbia, and key boreal forests in Ontario, Alberta, and Quebec, rather than adding recycled fiber to its single-use name brand products such as Charmin toilet paper and Bounty Paper Towels.³ Boreal forests store massive amounts of carbon, and single use tissue products are the

last place these trees should end up. P&G uses zero recycled fiber in its tissue products, while competitor Kimberly Clark uses an average of nearly 30% with a goal to reach 50% recycled fiber by 2025.

- Sources palm oil from 22 Indonesian producers engaged in on-going peatland destruction, some under government indictment.

CONTROVERSY 2:



P&G purchases palm oil from suppliers that dramatically impact farmers like this. Photo courtesy of Rainforest Alliance Network, Farmers of Jambi Province, Indonesia

VIOLATING HUMAN RIGHTS

In regions affected by P&G's fiber and palm oil sourcing, the company seems comfortable perpetuating colonialist practices rather than working to build respectful relationships with frontline and Indigenous communities, affected rights holders and the civil society organizations supporting them. P&G does not require its suppliers to demonstrate that adequate policies, standard operating procedures and independent verification mechanisms are in place to guarantee that Indigenous Peoples and traditional communities' rights to free, prior, and informed consent (FPIC) are respected. P&G has also failed to commit to Zero Tolerance for Violence, Harassment and Intimidation. Examples of supplier violations include:

- In Canada, some of P&G's pulp suppliers in BC, Ontario and Quebec have Free Prior and Informed Consent (FPIC) policies that fail to enforce non-compliance issues or offer transparency to the Indigenous people who depend on these forests, one of the fundamental rights laid out in the United Nations Declaration of Indigenous People.
- In Indonesia, Astra Agro Lestari (AAL) is implicated in ongoing land conflicts in rural areas in West and Central Sulawesi. AAL's subsidiaries allegedly seized land from the local communities without their consent and then felled forests to make way for oil palm plantations. Impacted communities allege that the company has criminalized local community members who have resisted the takeover of their lands, leading to the wrongful incarceration of several land defenders. Another supplier, Golden Agri Resources, is linked to corruption as executives from its subsidiaries were sentenced to prison for bribing government officials.
- A September 2020 investigation by the Associated Press found that more than one-hundred current and former workers from two dozen palm oil companies had been cheated, threatened, held against their will or forced to work off insurmountable debts. Others said they were harassed by authorities and detained in government facilities. In Malaysia, P&G's palm oil suppliers⁴ like FGV and Sime Darby are linked to forced labor and human trafficking and U.S. Customs and Border Protection has blocked palm oil imports from them.
- P&G has refused to meet with impacted communities in conditions that guarantee their security and anonymity, and arbitrarily picks the communities it consults.

CONTROVERSY 3:



P&G sources pulp from clearcuts like these.

PUTTING THREATENED AND ENDANGERED SPECIES AT RISK

P&G continues to source from suppliers that degrade critical caribou habitat, putting threatened caribou populations already on a trajectory of decline, at further risk. For example:

- In Ontario, Domtar is likely sourcing wood from the Sydney caribou range, where the caribou population is fewer than one-hundred animals and declining past the point of no return.
- In Quebec, Resolute Forest Products is likely sourcing wood from the Pimpuacan caribou range in Quebec, where approximately one-hundred caribou eke out an existence in habitat that is already 68 percent disturbed, primarily from logging, and being more and more disturbed every year.⁵
- In British Columbia, P&G sources a range of companies impacting old growth and primary forests in the province. Some of the logging takes place in critical caribou habitat including various endangered herds.

CONTROVERSY 4:



P&G sources pulp from clearcuts like these. Photo: Kels Pitchenese, Eagle Lake First Nation in Canada

TRANSPARENCY & ACCOUNTABILITY

P&G has failed to develop the systems necessary to create transparency and public accountability within P&G's pulp and palm oil supply chains. The company:

- Relies on third party certification systems to provide oversight and accountability for its pulp supply instead of developing effective due diligence systems and infrastructure that ensure intact primary forests and threatened species habitat are not in their supply chains.
- Despite the weaknesses of the industry-controlled Roundtable on Sustainable Palm Oil (RSPO), P&G still fell far short of its commitment to achieve one-hundred percent RSPO certification of all palm oil processing facilities. Less than 10 percent of P&G's palm and palm kernel oil sourced in 2019 was RSPO certified.⁶
- Failed to meet the demands of shareholders, 67% of whom voted in favor of a resolution put forward by Green Century Equity Fund calling on the company to report on how and whether it can eliminate deforestation and intact forest degradation from its supply chain.⁷

P&G'S FAILURE TO DISTANCE ITSELF FROM IRRESPONSIBLE SUPPLIERS--SUPPLIERS THAT VIOLATE HUMAN RIGHTS, DEGRADE PRIMARY FORESTS AND ENDANGER THREATENED SPECIES--HAS BECOME A MATERIAL RISK TO P&G AND ITS INVESTORS.

CONCLUSION

Consumer goods giant Procter & Gamble has knowingly and willfully refused to take full responsibility for its supply chain and failed to manage the reputational risk associated with its suppliers of pulp fiber and palm oil. P&G's failure to distance itself from irresponsible suppliers that violate human rights, degrade primary forests and endanger threatened species--has become a material risk to P&G and its investors. The ongoing controversy regarding its pulp fiber and palm oil sourcing will continue to tarnish its brands, including Charmin, Bounty, and Head & Shoulders.

P&G has the resources to grow its capacities and lead its sector in truly innovative ways. It simply lacks the will and follow through. These controversies will continue to haunt them unless they make the kinds of changes that the planet and future generations need.



P&G sources pulp from clearcuts like these.
Photo: Kels Pitchenese, Eagle Lake First Nation in Canada

BODY OF REPORT

For years, mounting evidence indicates that Procter & Gamble is sourcing forest products from suppliers implicated in environmentally irresponsible logging and human rights abuses. Last October, 67 percent of P&G's shareholders responded by voting in support of a shareholder resolution urging the company to eliminate deforestation and forest degradation from its supply chain.⁸ Rather than demonstrating leadership by distancing itself from irresponsible suppliers and adding recycled fiber to its toilet paper and other tissue products, P&G responded to the shareholder revolt with a misleading marketing campaign that failed to include a clear plan to end its reliance on irresponsible and high risk suppliers.⁹

P&G's management has chosen to retreat to tired old talking points about "replanting trees" and outsourcing supply chain oversight to third-party certifications.

¹⁰This leaves P&G right where it began—highly exposed to suppliers that degrade intact primary forests and critical habitats and fail to adequately protect the rights of local and Indigenous peoples, particularly in Canada's boreal forest and in palm oil operations in Indonesia and Malaysia.

The growing understanding of deforestation, forest degradation, and human rights controversies means most of P&G's shareholders know that such ineffectual steps cannot prevent the destruction of intact primary forests and threatened species habitat and guarantee respect for human rights. More importantly, P&G's obfuscation and inaction creates significant reputational and financial risks that undermines socially responsible investment funds that hold P&G stock.

P&G CONTROVERSY IN CANADA

Procter & Gamble purchased 523,900 metric tonnes of wood pulp from Canada in 2019-20 to make its flagship brands Charmin toilet paper and Bounty paper towels.¹¹ This pulp is made from industrial-scale logging operations that are driving the loss and fragmentation of forests in boreal and mountain ecosystems across Canada. The boreal forest, in particular, is a climate-critical ecosystem known as the “Amazon of the North” that stores more carbon per hectare than just about any other forest on Earth.¹² Both boreal and mountain forests are populated by hundreds of Indigenous communities and also home to an array of wildlife species, including dozens of woodland caribou herds that were listed as threatened or endangered by the federal government in 2012. Federal guidelines also established that these threatened caribou will have a much greater chance at long-term survival if their range habitat is 65% intact. However, P&G refuses to commit to ensuring that its suppliers adhere to this science-based threshold - essentially cementing their acceptance of key threatened species habitat in their supply chains. This flies in the face of the 85% of Americans that want greener toilet paper.¹³

ONTARIO AND QUEBEC

Each year, Procter & Gamble purchases approximately 500,000 tonnes of pulp made from industrial forest-clearing in primary boreal forests in Ontario and Quebec. These mills are owned by powerful companies such as Aditya Birla Group, Domtar (Paper Excellence)¹³ and Resolute Forest Products, some of the largest producers of pulp and paper in the world, and they are key suppliers of pulp to U.S. markets.

Unfortunately, these companies consistently fail to implement critical social and environmental

safeguards, putting at risk the rights of Indigenous communities, critical habitat for a federally listed threatened species, and an important storehouse of carbon. And yet Procter & Gamble continues to source its pulp from these companies to make single-use products like toilet paper while boasting about the sustainability of its operations.

IMPERILING THREATENED CARIBOU POPULATIONS

According to a recent analysis by NRDC, these three companies sourced an average of 9.4 million cubic meters of wood from boreal forests in northern Ontario and Quebec.¹⁵ This wood comes from boreal forest that is carved up by roads that allow for industrial-scale logging, the primary threat to the health and persistence of Canada’s threatened woodland caribou populations.

Much of the wood supplying the mills that make P&G’s pulp comes from forest units that encompass legally designated critical habitat for Canada’s threatened woodland caribou populations. To maintain and recover these caribou populations, Canada’s 2012 caribou recovery strategy indicates these forests must remain at least 65 per cent undisturbed (i.e. only 35 per cent can be altered by logging and wildfires). Aditya Birla Group, Domtar and Resolute Forest Products likely are sourcing wood from several caribou ranges (which each harbor several local populations) that are already approaching or beyond the 35 per cent disturbance thresholds, beyond which caribou herds will continue to decline. In Ontario, Domtar is likely sourcing wood from the Sydney caribou range, where the caribou population is fewer than 100 animals and declining past the point of no return.¹⁶ Their forest habitat is 64 percent disturbed, almost twice the sustainable limit.¹⁷ The caribou population in the Churchill range (45 percent disturbed) is also fewer than 100 and declining, and the habitat is already 35 per cent disturbed.¹⁸

Resolute Forest Products, likewise,

is likely sourcing wood from the Pimpuacan caribou range in Quebec, where approximately 100 caribou eke out an existence in habitat that is already 68 percent disturbed, primarily from logging, and being more and more disturbed every year.¹⁹

Why is so much critical habitat of a federally listed threatened species being destroyed by logging? Because the Ontario and Quebec governments have allowed too much logging to take place in federally designated critical caribou habitat. Inexplicably, Ontario has exempted logging operations from prohibitions in its 2008 Endangered Species Act against destroying habitat of caribou and other species at risk.²⁰ In 2018, the Quebec government announced that it would not protect the Val D’or caribou herd, which excessive logging and road building had reduced to just 18 individuals, because it would be too expensive.²¹ In late 2019, the Quebec Ministry of Forests, Fauna and Parks revoked a policy that protected 46,000 hectares of critical caribou habitat so that it could be logged.²²

FAILED CERTIFICATION SCHEMES

In practice, this leaves only forest certification programs as the primary means of protecting caribou habitat outside of protected areas. Forest certification programs are, in theory, supposed to voluntarily impose stricter forest management practices than required by law. Only one, Forest Stewardship Council (FSC) certification, has standards that have the potential to raise the bar above status quo industrial clearcut logging.²³ But P&G still finds a way to cut corners.

P&G has publicly committed to a “preference” for wood pulp from Forest Stewardship certified suppliers. Yet its commitment is misleading. The company exploits loopholes in the FSC system, resulting in more than half of its North American wood pulp (5.6 million cubic meters) coming from non-FSC-certified forest units. That fiber is sourced through some of the worst logging practices in North America, including excessive spraying of

toxic chemicals that poison people, water and wildlife, destruction of critical habitat for threatened and endangered species, and massive clearcuts in old-growth forests. There is no requirement to obtain free, prior and informed consent from Indigenous People whose land is being transformed into clearcuts and/or plantations, and there are not adequate grievance systems for impacted communities.²⁴

“CARIBOU ARE, SADLY, VERY SENSITIVE TO HUMAN DISTURBANCES, AND WE ARE DISTURBING CARIBOU MORE AND MORE,”

**DR. JUSTINA RAY,
WILDERNESS CONSERVATION SOCIETY
CANADA PRESIDENT AND SENIOR SCIENTIST**

Reliance on inadequate certification schemes explains why caribou habitat is being destroyed by P&G’s suppliers. Of those public forest units that are majority (i.e. more than 50 per cent) caribou range habitat, only 10 per cent (425,700 of 4.3 million cubic meters) of the wood sourced each year by Aditya Birla Group, Domtar and Resolute Forest Products combined is from FSC-certified forests.²⁵ This means that the vast majority of the wood being sourced from critical caribou habitat is from non-FSC-certified forests, which puts the caribou herds in these areas at significant risk of continued decline and extirpation.

Resolute Forests Products, for instance, sources 2.6 million cubic meters of wood from non-FSC-certified public forest units that are majority caribou habitat, and none of the wood sourced by Aditya Birla and Domtar in public forest units that are majority caribou habitat is

FSC-certified.²⁶ In the Domtar-managed Trout Lake Forest Unit, which is almost all critical caribou habitat, logging has increased by 431 percent in the last six years.²⁷

These three companies are just the tip of the iceberg. Many more timber companies also operate in and cut down Canada’s boreal forest, and decades of scientific research has made it very clear that wide scale industrial logging continues to reduce the size and resilience of Canada’s caribou herds, despite the fact they have been listed as “threatened” for two decades.

INDIGENOUS RIGHTS

The continued decline of threatened caribou herds isn’t the only problem from such unsustainable logging activity in the boreal forest. Several First Nations have traditional territories and treaty rights in the boreal forest areas being logged for wood pulp. Aditya Birla Group, Domtar and Resolute Forest Products may have Free Prior and Informed Consent (FPIC) policies, but they fail to provide transparency, ensure compliance, and enforce non-compliance for the Indigenous people who depend on these forests, one of the fundamental rights laid out in the United Nations Declaration of Indigenous People.

Eagle Lake First Nation, for instance, is working to protect its traditional lands on the Farabout Peninsula in Eagle Lake, which is slated to be logged by non-FSC-certified Dryden Forest Company Ltd. There are no caribou here, but it’s an unspoiled refuge of biodiversity full of thousands of irreplaceable Indigenous cultural and archaeological sites dating back 7000 years. “The peninsula is sacred to us,” wrote Chief Arnold Gardner to the Ontario Minister of Natural Resources and Forestry in 2018. “Any disruption of these sites ... by the Dryden Forest Management Company would be a violation of the Ontario Heritage Act” and “would violate Indigenous rights and would be an action of remarkable cultural insensitivity.”²⁸

All of these inconvenient facts about P&G’s sourcing of pulp from Canada’s boreal forests are likely only going to get worse. Global pulp and paper giant Paper Excellence, headquartered in Richmond, BC, recently purchased Domtar. Domtar is now owned by a private company run by a family that is notorious for both human rights abuses and deforestation.²⁹ Transitioning from a publicly-traded company to a private one could limit both transparency and accountability and make it even more difficult for P&G to make good on its unfulfilled promises of sustainability.

BRITISH COLUMBIA

In BC, industrial logging of intact forests is the primary reason for the massive losses of old growth forests and steep declines in caribou populations over recent decades, particularly the threatened southern mountain population of woodland caribou. Southern mountain caribou once roamed suitable habitat in all of SW BC, but today, only 17 subpopulations hang on in a fraction of their historic range. Despite being listed under Canada’s Species at Risk Act in 2003, logging, as well as other human activities and forest fires, has extirpated six subpopulations of southern mountain caribou³⁰ and three additional population units are now all but guaranteed to vanish from the face of the earth in the near future. In 2018, a scientific analysis indicated that 18 of 23 (78%) local population units were declining and 22 of 34 (65%) subpopulations were less than 100 individuals.³¹

The central reason for these tragic declines and disappearances is the destruction of caribou habitat, primarily by road building and clear-cut logging of old growth and intact primary forests. More than 900 sq km of southern mountain caribou critical habitat was logged in BC during the five years after it was identified in 2014, an estimated 50% increase in the area of critical southern mountain caribou habitat logged. Logging in old growth forests and caribou habitat continues



EAGLE LAKE FIRST NATION CASE STUDY

In the heart of Ontario's boreal forest, Migisi Sahgaigan (Eagle Lake) First Nation is a rural Anishinaabe Ojibwe First Nation of about 700 people in northwestern Ontario, situated along the northeast shores of Eagle Lake, approximately 25 km southwest of Dryden.

Historically, their livelihood consisted of fishing, hunting, trapping, gathering, harvesting wild rice, and horticulture. Today, the Eagle Lake First Nation's economy is based primarily on trapping, forestry and manufacturing, as well as employment in the service sector.

Cultural activities are as important to Eagle Lake society as economic affairs, and include pow-wows, ceremony, sharing circles, arts & crafts, traditional healing and Elders' activities. And at the center of it all is the land and the water they have occupied for thousands of years.

"Everything that makes us up as people comes from the land," says Miles Pitchenese who works for ELFN Lands and Resources. "Our language comes from the land. We go out there to look for answers. The trees, rocks, water have spirits, too, and understand. We have to stop and listen and understand, and we have to make decisions not only for us but also our great great grandchildren."

Several decades ago, members of the community started to notice logging crews and equipment, and large clear cuts soon followed. Logging companies cut trees right up to the edge of waterways and fly over spraying herbicides with helicopters, practices that demonstrate a blatant disregard for health, safety and sovereignty of Eagle Lake First Nation. Now they are trying to protect their traditional lands on the Farabout Peninsula in Eagle Lake, which is slated to be logged by non-FSC-certified Dryden Forest Company Ltd.

"The biggest problem for the community is that irresponsible logging is changing how community members interact with the land," says Daniel Morriseau, also with ELFN Lands and Resources. "It reduces what areas the people can interact with the land safely. "Cutting to shore impacts fish habitat, water quality, changing wetlands and canoe routes, and wild rice harvesting areas. It also affects food and medicinal plant gathering and how far community members have to go to harvest."

The forest destruction leaves "a sadness you can't explain," Morriseau laments.

"You can't understand why [the logging is] happening. It's a tragic feeling to know that the impact on plants and animals will have a severe impact on the people. It's heartbreaking."

Morriseau knows there are better, more sustainable forestry practices, and would like the logging companies to work with Eagle Lake First Nation to implement the best possible practices: no cutting to shore, no spraying, no clearcutting and protections for sacred sites and areas of intact forest.

"The practices now are unsustainable," he says. "P&G needs to hold itself to a higher standard. Some forests are FSC certified, some are not FSC at all. FSC has the highest standard for environmental and social. Those standards are not being adhered to."

WILL P&G HONOR THEIR RIGHTS AND WISHES?

to threaten and extirpate southern mountain caribou populations.³²

Procter & Gamble admits on its website to buying pulp from BC.³³ They purchase an estimated 25,000 to 50,000 metric tons per year of BC northern bleached (NBSK) kraft pulp from industrial logging in BC, or roughly 15% of the total volume of NBSK pulp exports from BC to the US.³⁴ While the lack of transparency in pulp supply chains makes it difficult to know with certainty from whom P&G buys its BC pulp, a review conducted by Stand.earth Research Group of customs data, trade statistics, investor presentations, corporate filings, company websites and government data indicates pulp mills owned by Canfor and Mercer likely constitute supplies the vast majority of BC softwood pulp to the US market, with most other BC mills focused on Asian markets.

According to an upcoming analysis being conducted by Stand.earth Research Group, Canfor and Interfor (Mercer's primary chip supplier - see below) are among the top loggers of old growth forests in the province, and are active in several mountain caribou herd ranges.³⁵ Like their peers in Ontario and Quebec, these forestry companies have been certified by one or another third-party certification schemes. (SFI, PEFC, FSC).³⁶ Unfortunately, like Ontario and Quebec, the lack of meaningful government regulations means these third-party certifications have been wholly ineffective at protecting old-growth forests, critical caribou habitat and other environmental values in BC.

CANFOR

Canfor's logging operations around Prince George are the primary supplier for their NBSK pulp mills (Northwood and Intercontinental), Canfor claims that 100% of their supply comes from non-controversial sources, avoiding wood harvested from areas that threaten high conservation values such as endangered caribou.³⁷ However, Canfor's currently active

and pending cutblocks, as per government data, clearly overlaps with caribou habitat (see Map 1). This includes critical habitat of multiple southern mountain caribou herds east of their mills in Prince George: George Mountain, Narrow Lake, North Caribou and the Hart Ranges. The George Mountain herd is already likely extirpated,³⁸ and the Narrow Lake herd is down to approximately 40 individuals.³⁹ The North Caribou herd has declined from more than 275 in 2005 to about 210 in 2016,⁴⁰ while the Hart Ranges herd, the largest of the mountain caribou ecotype, has experienced a 45% decline since 2006; the last population estimate in 2016 found just 375.⁴¹ And still Canfor logs in critical caribou habitat identified as part of the recovery plan meant to prevent these herds from declining further, including in old growth forest.

“THE THREATS TO CARIBOU CRITICAL HABITAT HAVEN'T REALLY CHANGED. IT'S UNSUSTAINABLE LOGGING IN PRIMARY FORESTS, MOSTLY IN WESTERN CANADA, AND UNSUSTAINABLE OIL AND GAS DESTRUCTION OF CRITICAL HABITAT.”

HEBBLEWHITE

CELGAR AND INTERFOR

In 2019, Mercer's Celgar mill, in Castlegar, BC, processed approximately 2.3 million cubic meters of fiber, made from both whole logs (33%) and wood chips (67%).⁴² Celgar's chips are sourced from 30 different suppliers (primarily sawmills) in the southeast part of the province.⁴³

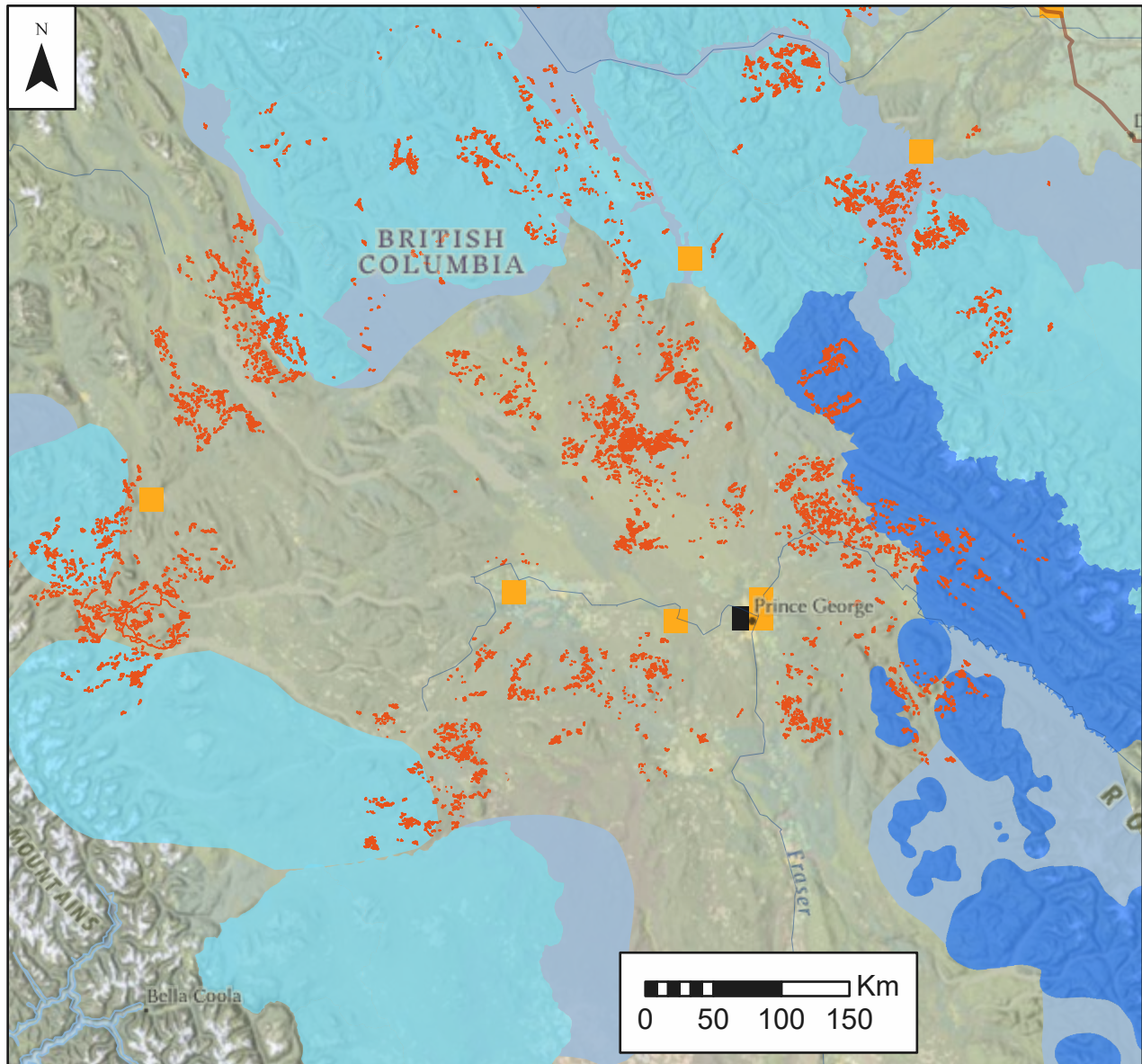
Interfor is the largest sawmiller in the region around Celgar: it mills over one million cubic meters of logs annually at two facilities alone, accounting for over 40% of the lumber production capacity in the Selkirk Natural Resource District.⁴⁴ Both of these mills are major wood chip suppliers to Celgar,⁴⁵ and one is located immediately adjacent to Celgar and supplies all its co-product wood chips to the pulp mill. The majority of logs for these sawmills come from Interfor's nearby forest operations, which overlap extensively with mountain caribou habitat (see Map 2) and includes many endangered southern mountain caribou herds.

Overall, of the 909 sq. km. of critical southern mountain caribou habitat was logged in the five years between 2014-19, which had been legally identified under Canada's Species at Risk Act (SARA).⁴⁶ This includes forest habitat of the recently extirpated (locally extinct) South Selkirk herd⁴⁷ located to the east of Celgar (see Map 2).

P&G'S ROLE

To minimize its responsibility, P&G claims that lumber is really the driver of logging, not tissue products.⁴⁸ However, selling wood chips for pulp is so lucrative that even the logging industry regularly refers to it as a “co-product” and not a “by-product.”⁴⁹ Furthermore, according to the government's own data, BC pulp mills consumed about 5.8 million cubic meters of whole trees in 2019, representing over 26% of their total fiber input.⁵⁰ For some mills such as Mercer Celgar, the figure is even higher, as noted above (i.e. 33%). Regardless of whether the fiber used by pulp mills comes directly from forests (whole trees) or indirectly (wood chips from sawmills), BC pulp mills and the demand for pulp by companies like P&G are a key driver of logging in caribou habitat, despite the fact the federal recovery strategy for woodland caribou indicates no more critical habitat should be disturbed.

P&G's Box Elder Mill in Utah and Cape Girardeau Mill in Missouri are among the P&G paper mills buying BC pulp.⁵¹ These mills produce Bounty and



MAP 1

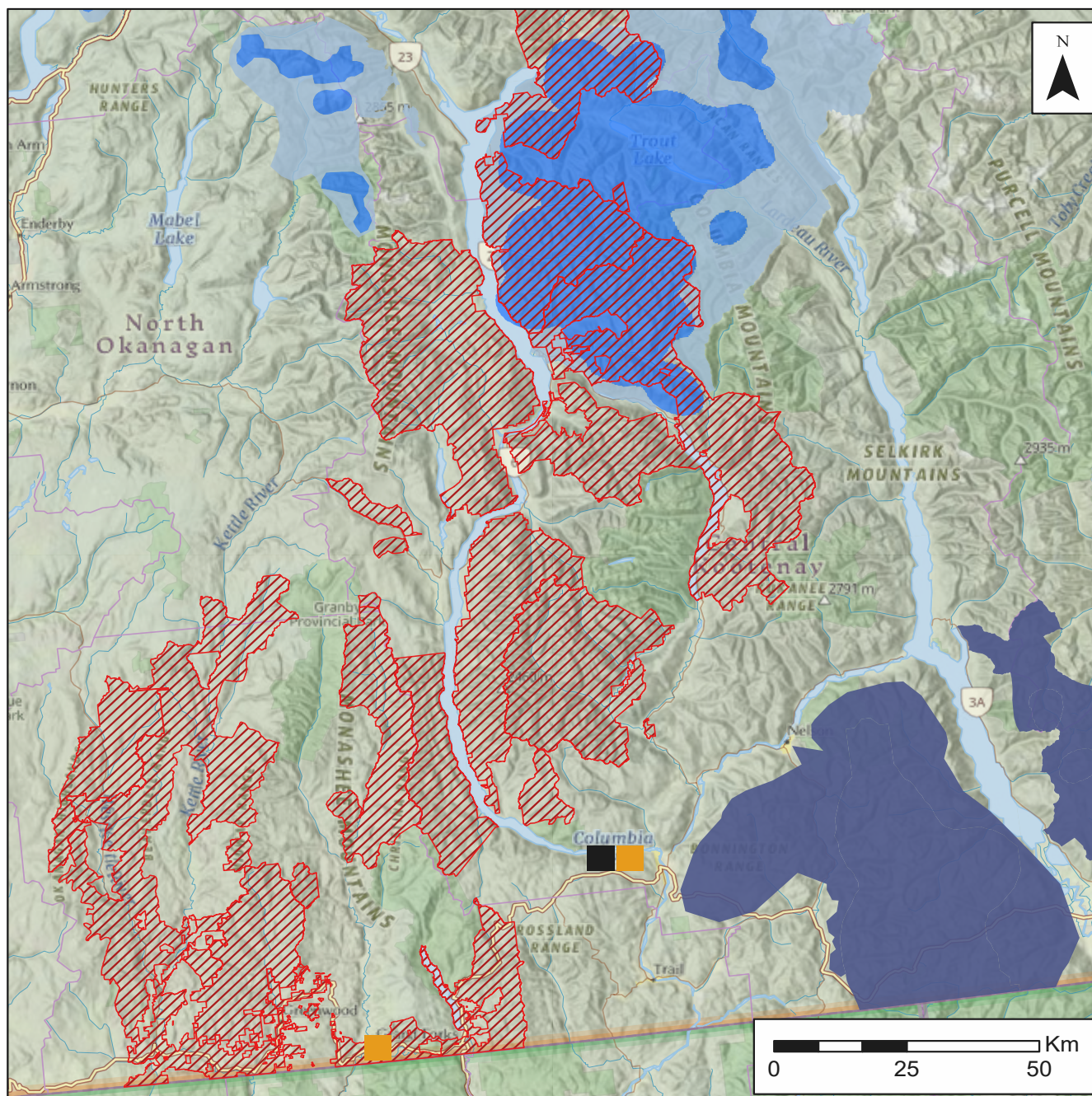
Canfor's Prince George Pulp Mills sourcing from Canfor's logging in critical caribou habitat

- Canfor Pulp mills
- Canfor Sawmill
- Canfor Active & Pending Cutblocks

Caribou Herd Risk Status

- Endangered
- Threatened
- Trace Occurrence

Data Sources:
BC Government
Data Catalogue,
National Geographic



MAP 2

Mercer's Celgar pulp mill's sourcing from Interfor's logging in critical caribou habitat

- Mercer Celgar Pulp Mill
- Interfor Sawmill
- Interfor Logging Tenure

Caribou Herd Risk Status

- Recently Extirpated
- Endangered
- Trace Occurrence

Data Sources:
BC Government
Data Catalogue,
National Geographic

Charmin brand tissue products. P&G has not done enough to ensure that these brands do not source from high-risk supply chains. It matters very little if Bounty or Charmin is made from certified pulp, or if the pulp mills that supply P&G claim to reduce their environmental harm because if we pull focus from the just cutblocks that are planned and look across all the harvesting that has already occurred, we see that there is very little left of mountain caribou habitat that has not already been impacted, while the risks to their habitat and their future continue to compound.

P&G SCANDAL IN SOUTHEAST ASIA

Palm oil is the world's most widely consumed vegetable oil and is used in everything from food to cosmetics and biofuels, including P&G's Head & Shoulders shampoo and Gillette shaving gel. More than 70 million tons are produced annually, and that number is predicted to more than triple by 2050.⁵² Unfortunately, palm oil production is one of the most poorly regulated and harmful industries in the world, responsible for massive deforestation of primary forests, upending healthy ecosystems and destroying endangered animal habitat, exploiting workers, and violating Indigenous Peoples and local communities' land rights.

Deforestation driven by palm oil production also releases vast quantities of carbon into the atmosphere. The tropical forests destroyed for palm oil plantations are some of the most carbon-rich in the world. The slash-and-burn clearing and subsequent burning of forests and the conversion of swamps releases large amounts of carbon dioxide and methane. For example, forest fires in Indonesia in 2019 released 708 million tons of CO₂.⁵³

The wastewater from palm oil refineries is another huge source of methane; the methane produced by a single pond of palm refinery wastewater has the same annual climate impact as 22,000 cars.⁵⁴

Approximately 85 percent of all palm oil comes from Indonesia and Malaysia, where environmental devastation and attendant labor and human rights abuses are common.⁵⁵ Large, often shady companies set fires to remove primary forests and make room for increasing numbers of huge monoculture palm plantations. This process warms the planet, destroys the only remaining habitat of endangered Sumatran tigers, Sumatran rhinos and orangutans, driving them towards extinction. Local people who have been making a subsistence living for generations are kicked off the land without their consent, denied the right and opportunity to practice their traditional livelihoods, and threatened with violence—even killed.

Despite its no-deforestation policy, P&G is among a host of consumer goods companies and palm oil traders that continue to purchase palm oil linked to illegal deforestation in Indonesia and Malaysia.⁵⁶ P&G's supply chains continue to be linked to palm oil operations that have been subject to court action, administrative sanctions and other government intervention, all of which have failed to resolve the problems.

INDONESIA

P&G continues to source from as many as 22 palm oil producers and traders engaged in ongoing deforestation and peatland destruction, at least six of which are also facing government sanctions for their role in the massive 2019 fires that scorched Indonesia's forests and peatlands.⁵⁷

Two specific cases from one Indonesian province serve to illustrate the problem. As of late 2019, P&G continued to source palm oil from PT Marita Makmur Jaya, which cleared 2,100 hectares of peat and peat forest in 2019, and from Tunas Baru Lampung, which cleared a reported 2,900 hectares of peat forest in 2019, both in South Sumatra.⁵⁸

In Central Kalimantan, Golden Agri Resources (GAR), another P&G supplier, unlawfully operates oil palm

plantations in Indonesia's protected Forest Zone. More than 75,000 hectares of GAR's plantations -- , more than 15% of its total plantation area -- appears to be devoted to unpermitted oil palm production. Corruption and related governance issues also pose significant risks. In 2019, three executives from GAR subsidiaries were convicted and imprisoned for bribing local officials to overlook the lack of permits and extensive water pollution.⁵⁹

“THE USE OF FORCED LABOR IN THE PRODUCTION OF SUCH A UBIQUITOUS PRODUCT ALLOWS COMPANIES TO PROFIT FROM THE ABUSE OF VULNERABLE WORKERS....”

BRENDA SMITH, EXECUTIVE ASSISTANT
COMMISSIONER OF CBP'S OFFICE OF TRADE
[HTTPS://WWW.CBP.GOV/NEWSROOM/
NATIONAL-MEDIA-RELEASE/CBP-ISSUES-
DETENTION-ORDER-PALM-OIL-PRODUCED-
FORCED-LABOR-MALAYSIA](https://www.cbp.gov/newsroom/national-media-release/cbp-issues-detention-order-palm-oil-produced-forced-labor-malaysia)

Astra Agro Lestari, another P&G supplier, is implicated in ongoing land conflicts in rural areas in West and Central Sulawesi. AAL's subsidiaries have allegedly forcibly seized land from the local communities without their consent and then felled forests to make way for oil palm plantations. Impacted communities allege that the company has criminalized local community members who have resisted the takeover of their lands, leading to the wrongful incarceration of several land defenders. More than 30 complaints have been made related to intimidation and incarceration of community members, as well as regarding deforestation, flooding, and landslides as a result of the

conversion of intact forests to palm oil plantations.

In Jambi Province, AAL has cleared forests for oil palm plantations on lands traditionally owned, occupied and used by Orang Rimba communities. Land expropriation involved violence, intimidation, poisoning and forced evictions.⁶⁰ PT Setia Agrindo Lestari, one of the largest palm oil producers in Indonesia, obtained a government environment permit in 1995, which was renewed in 2006 without any consultation and no prior agreement with the Orang Rimba.⁶¹ Deforestation and displacement by industrial palm monocultures have undermined the Orang Rimba traditional way of life based on gathering, hunting and small-scale rotational farming. Some communities have been displaced onto their remaining ancestral forest lands within Bukit Duabelas National Park,⁶² while more than 750 remain as landless squatters on their own land. Affected communities have lost traditional sources of food and income, and have lost their forests and seen their sacred sites destroyed.

P&G has refused to meet with directly impacted communities and their civil society supporters. Prominent Indonesian civil society groups have repeatedly requested a meeting with P&G -- without P&G's main supplier (Wilmar) present. P&G has refused, saying they would only meet with impacted groups and communities with Wilmar present.

MALAYSIA

In Malaysia, palm oil plantations cover more than 15 percent of the country's land area and occupy 63 percent of the farmland.⁶³ P&G's palm kernel oil supply chain is the company's single biggest supply chain.⁶⁴ Here, P&G's palm oil suppliers have been linked to forced labor and human trafficking. A September 2020 investigation by the Associated Press found that more than 100 current and former workers from two dozen palm oil companies had been cheated, threatened, held against their will or forced to work off insurmountable debts. Others said

they were harassed by authorities and detained in government facilities. One of these companies was FGV Holdings Berhad, one of Malaysia's largest palm oil companies and a joint venture partner and major palm oil supplier to P&G. The allegations against FGV were so egregious the U.S. Customs and Border Protection banned the importation of FGV palm oil.⁶⁵

"SUSTAINABILITY IS MUCH BROADER THAN JUST SPECIES PROTECTION. IT'S ABOUT PEOPLE'S LIVELIHOODS; IT'S ABOUT THEIR WELL-BEING; IT'S ABOUT GREENHOUSE GAS EMISSIONS; IT'S ABOUT CLEAN, HEALTHY WATER; IT'S ABOUT HAVING ACCESS TO A DECENT WAGE."

MATTHEW STRUEBIG, TROPICAL CONSERVATION SCIENTIST AT THE UNIVERSITY OF KENT IN THE UNITED KINGDOM [HTTPS://WWW.LIVESCIENCE.COM/PALM-OIL.HTML](https://www.livescience.com/palm-oil.html)

This is only the latest evidence in a long-standing saga of widespread, ongoing forced labor conditions on FGV plantations. In 2015, the Wall Street Journal exposed serious human rights and labor abuses on FGV's plantations.⁶⁶ In 2014, Finnwatch released a report finding

serious labor rights violations on Malaysian palm oil plantations.⁶⁷ The U.S. Department of Labor has highlighted the widespread use of forced labor in the Malaysian palm oil industry since 2010.

FAILED CERTIFICATION SCHEMES

As in Canada, P&G relies on third-party certification programs to uphold its stated policies of no deforestation, the protection of wildlife habitat and upholding the rights of workers and Indigenous people. In particular, P&G requires its palm oil suppliers to "ensure no deforestation and no development on peatlands" and to "protect, conserve, and enhance the habitats for wildlife and endangered species that call forests their home." It also commits to "source our palm and palm derivatives in a manner that respects workers and indigenous peoples' rights."⁶⁸

However, the overwhelming evidence in Indonesia and Malaysia indicates that these certification schemes do not adequately regulate supply chain transparency for sustainable palm oil, and continues to allow corruption, exploitation of migrant labor, forced labor and human trafficking (i.e. human rights abuses), as well as mass deforestation and the destruction of critical habitat for endangered species.⁶⁹

P&G has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2010. The RSPO claims to have "developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO). When they are properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions." P&G has committed to use only RSPO-certified palm and palm kernel oil in its products by the end of 2021.⁷⁰

In its latest annual report, P&G states it sourced a total of 188,034 tonnes of palm and palm kernel oil in 2019. Despite a commitment to achieve

100 percent RSPO certification of all palm oil processing facilities by 2016, less than 10 percent of its palm and palm kernel oil sourced in 2019 was RSPO certified.⁷¹ And it is far from likely that the other 90+ percent will be certified by 2022.

Even if P&G does achieve its goal of sourcing 100 percent RSPO-certified palm and palm kernel oil, this alone will not allow it to meet its stated policy objectives. After all, Golden Agri Resources, one of P&G's Indonesian palm oil suppliers that unlawfully operated in protected forests and bribed local officials to look the other way, is a member of RSPO.

Numerous investigations and allegations indicate that RSPO-certified suppliers continue the unlawful and unethical practices that it's "environmental and social criteria" are supposed to curtail. In 2016, the Environmental Investigation Agency concluded that RSPO is "woefully substandard" and "in some cases ... colluding ... to disguise violations". The Guardian reported in 2019 that "a product can earn a 'certified sustainable' label even if 99% of the palm oil it includes came from freshly deforested land."⁷²

It gets worse. "The vast majority of palm oil is traced only as far back as the mill where it's processed, not to the field where it's produced. Eyes on the Forest, a coalition of Indonesian NGOs that includes the WWF – the same organization that spurred palm oil certification – said in a 2016 report that 'mill traceability [on its own] wastes time and money without offering a solution to the issues of illegal products entering the supply chains.'⁷³

It's clear that P&G can't rely solely on the RSPO to ensure that its stated sustainability goals—no deforestation, protecting critical wildlife habitat for endangered species, respecting the rights of working and Indigenous people—are achieved. Instead, it must conduct its own due diligence and take a more proactive role in ensuring that it's suppliers and supply chains are not involved in deforestation and human rights abuses.⁷⁴

P&G MISLEADS ITS CUSTOMERS

Despite all the evidence to the contrary, Procter & Gamble likes to portray itself as a sustainable company that cares about people and the environment. But instead of holding their suppliers accountable, P&G relies on misinformation to convince its investors and customers that its products don't cause deforestation, destroy wildlife habitat or infringe on the rights of local and Indigenous people.

P&G SPIN VS THE TRUTH

Wood pulp and water are "ingredients found in nature" and "sourced from forests."

The wood pulp P&G uses for its Charmin, Bounty and Puffs products is sourced from logging 100 percent virgin primary forests. Instead of using recycled fiber, P&G promotes logging that destroys and degrades wildlife habitat, threatens the land and way of life of Indigenous peoples, and robs the planet of one of its more important defenses against climate change. The alternative is to use recycled fiber, which has the least impact on forests, water, climate and wildlife, which P&G has so far refused to do.

P&G SPIN VS THE TRUTH

100% of our wood pulp is certified by a leading third-party certification system ensuring forests are responsibly managed

P&G outsources responsibility for social and environmental impacts by hiding behind third-party certification schemes that do not guarantee sustainability or responsible sourcing. Some of these certification schemes do not provide adequate protections for intact primary forests, critical habitat of threatened caribou populations, or ensure the free, prior and informed consent of Indigenous peoples.

P&G SPIN VS THE TRUTH

P&G ensures all our suppliers have the necessary policies and procedures in place to ensure responsible sourcing of palm oil, palm kernel oil, and their derivatives.

P&G sources all its palm and palm kernel oil from Malaysia and Indonesia, and relies on the Roundtable on Sustainable Oil Palm certification scheme to ensure responsible sourcing. However, only a small portion of its products are RSPO certified, and the RSPO has proven incapable of ensuring that palm oil production does not result in deforestation, destruction of wildlife habitat, and human rights abuses.

P&G SPIN VS THE TRUTH

We're Acting with Urgency to Reduce Emissions

P&G recently announced its "[Climate Transition Action Plan](#)" to make P&G emissions "Net Zero" by 2040. Yet their climate targets exclude emissions from their tissue and paper towel products, selectively excluding them from the products their targets apply to. By comparison, Kimberly-Clark has indicated that it will [expressly include greenhouse gas emissions from natural forest fiber](#) into its scope 3 supply chain target

P&G SPIN VS THE TRUTH

All forest certification schemes adequately protect forests and Indigenous people

P&G promotes the logging industry's misleading greenwash about forest certification programs. Not all forest certification schemes are created equal. P&G "prefers" to use Forest Stewardship Certified wood pulp, the most credible and effective certification scheme, but less than 50 percent of its pulp is FSC chain of custody certified. Instead, it relies on other certification schemes, such as the Sustainable Forest Initiative and the Programme for the Endorsement of Forest Certification systems, which do not adequately protect high conservation forests, wildlife habitat, or the rights of Indigenous peoples. Even FSC is an imperfect and inconsistent tool to protect forests and people's rights. P&G must commit to ensuring that suppliers adhere to 65% habitat range intactness thresholds for caribou and additional due diligence to provide an assurance of responsibly sourced wood products.

P&G SPIN VS THE TRUTH

For every tree we use, at least one is regrown.

Replanting trees does not fully compensate for the environmental impact of cutting down primary forests. Clearcutting does permanent damage to forests that replanting does not fix—scarring the landscape and changing the fragile balance of organisms and microorganisms in the soil, which reverberates all the way up the food chain. Boreal trees grow very slowly, and it takes decades to centuries for newly replanted trees to capture the carbon that mature trees do. Clearcutting in the boreal forest allows the release of enormous amounts of greenhouse gases stored in the boreal's carbon rich soils. In much of the boreal, replanting operations are not proving successful at replicating forests that resemble the biodiverse, carbon-rich ancient forests that were removed and research in Ontario shows that deforestation in this key boreal forest province is happening at a rate that is seven times greater than the reported deforestation rate by forestry for all of Canada - underscoring that deforestation in other provinces is also likely being under-reported.⁷⁵

P&G SPIN VS THE TRUTH

We're committed to purchasing 100% renewable electricity globally by 2030.

Some of the energy Procter & Gamble is sourcing to meet its goal is from biomass. Biomass means burning forests to create energy. P&G partnered with Exelon to build a new 50-megawatt biomass facility in Albany, GA, one of the largest biomass energy plants in the U.S. P&G is telling its customers that this is part of its renewable energy portfolio, but environmental benefits from burning biomass instead of coal depends on the specifics of the feedstock sourcing and how the facility is operated. It is improbable that this facility's feedstock will consist entirely of sawmill residuals and forestry waste. The carrying capacity of forests in the area is approximately 25 tons/acre: at least 400 acres of Georgia forests must be cut daily to feed this plant. The volume alone is troubling enough, but burning green wood chips can produce as much pollution and carbon as coal. This facility is, at best, questionable in terms of sustainability.⁷⁶ Burning trees to produce electricity releases up to 50 percent more carbon dioxide per kilowatt hour than burning coal.^{77, 78, 79}

P&G SPIN VS THE TRUTH

We are committed to the responsible management of the world's forests and our conscientious use of forest products.

In October 2020, the world's largest asset managers, including BlackRock and State Street, voted overwhelmingly to urge P&G to eliminate deforestation and intact forest degradation from its supply chains, making it the first ever forest-related shareholder proposal to pass. Instead of taking the necessary action to improve its sourcing of forest products, the company doubled down on selling a myth of sustainability to consumers. Though a recent [Charmin ad](#) touts the brand's commitment to "Protect, Grow, and Restore" forests, P&G's recent announcements and PR campaigns have more closely resembled a "Deflect, Distract, and Ignore" approach, once again choosing spin over meaningful action to protect climate-critical forests.

RECOMMENDATIONS

The following actions by P&G will begin to address the environmentally and culturally unsustainable and unethical controversies linked to its products, and eliminate the financial risks posed by the significant gap between its current choices and its stated values.

- Address the concerns of shareholders, impacted communities, and organizations representing millions of concerned citizens.
- Adopt and publish aggressive, time-bound leadership commitments.

HUMAN RIGHTS

- Respect the human rights of First Nations and frontline communities.
- Require suppliers commit to obtain free prior, and informed consent (FPIC) from Indigenous Peoples and frontline communities.
- Publically commit to only source from suppliers that adhere to the practice of obtaining free, prior, and informed consent (FPIC).
- Require all suppliers to prove that adequate policies, standard operating procedures and independent verification mechanisms are in place to prove that Indigenous Peoples and traditional communities' rights to free, prior, and informed consent (FPIC) are respected in existing and new forest-risk commodity production operations on their lands and traditional territories.
- Commit to Zero Tolerance for Violence, Harassment and Intimidation, as proposed by The Geneva Declaration.⁸⁰
- Accept all requests to meet one-on-one with communities affected by irresponsible palm oil and fiber suppliers.

PROTECT FORESTS

- Stop sourcing from primary forests.
- Publicly support new protected areas.
- Continue to invest in alternative fibers and work with credible third parties such as Closed Loop Partners to help drive system change as a pathway to reduce virgin forest fiber. Commit to reduce forest fiber in tissue products by 50% by 2025. Replace virgin fiber with recycled⁸¹ and alternative fiber and invest in research to overcome any technical or cultural barriers.⁸²
- Adopt and implement mandatory policies and enforcement protocols for P&G's pulp and palm oil supply chain that prohibit deforestation and conversion of natural ecosystems as well as

halt expansion into Intact Forest Landscapes and primary forests.

- Embrace FSC forest certification: Any virgin forest fiber in tissue products must be responsibly sourced, but also certified by the Forest Stewardship Council (FSC), the only acceptable third-party certification system. Commit to work with Canadian suppliers to get all of their management units FSC certified and in compliance with the new FSC Canada standard in a way that excludes ranges with a 35% or greater disturbance level.

THREATENED SPECIES: PROTECT CARIBOU

- Protect boreal caribou habitat. Publicly commit to avoid sourcing from Canadian boreal caribou ranges with a 35% or greater disturbance level. Commit to responsible, caribou-safe fiber sourcing that doesn't put caribou and First Nations at risk.
- Eliminate all suppliers that degrade or destroy critical caribou habitat. Replace or establish an exit plan for P&G's suppliers that continue to aggressively log intact Canadian boreal forests and who are not compliant with 65% habitat intactness thresholds that threatened caribou (reindeer) populations require for long-term survival, as defined by Canadian Federal scientific analysis.
- Adopt a clear standard that P&G will, within 6 months, no longer do business with logging companies that harvest in critical caribou range habitat beyond 35% disturbed.
- Require suppliers to qualify by having plans that meet or beat Canadian federal caribou science standards within 1 year.
- Require suppliers provide proof every quarter that they are not harvesting in any remaining critical caribou habitat.

- Actively and publicly advocate on behalf of forest protection and indigenous sovereignty with the Canadian government.
- Inform the Canadian Federal and Provincial governments that their lack of action on boreal caribou recovery and caribou science standards outlined by their own government scientists is now putting P&G's continued business relationship with logging companies in Canada at risk.

ADDRESS THE CLIMATE IMPACTS OF PULP AND PALM SUPPLY CHAINS

- Analyze, disclose and cut greenhouse gas emissions from land use impacts (including forest sourcing) by 50% by 2025.

BE TRANSPARENT AND ACCOUNTABLE

- Stop outsourcing 100% of supply chain oversight of fiber and palm oil supply chains to third-party certification systems. Implement a publicly transparent in-house process to evaluate and manage suppliers, including robust non-compliance protocols with clear metrics that trigger suspension or termination of bad actors and sub-standard suppliers.
- Immediately replace irresponsible suppliers that fail to meet P&G's standards or that use violence, intimidation or coercion against local communities. The measure of any commitment, policy or protocol is the extent to which it results in P&G taking action against irresponsible suppliers and replacing them with those that are aligned with P&G's values and policies.
- Publish the steps P&G will take to consult affected communities and to manage allegations and complaints. Immediately sever relationships with suppliers that use violence or intimidation against local communities.

- Disclose independent verification mechanisms that are in place to ensure that suppliers can prove fulfillment of FPIC rights.
- Create a grievance process that provides a clear method for individuals and organizations to file complaints over violations of P&G's supply chain policies and procedures and timelines within which P&G will respond to credible complaints. This program should include a publicly accessible grievance tracker with a minimum of 60 months history.
- Disclose names and contact information for P&G pulp suppliers, and publish the results of a forest footprint analysis for its pulp supply chain and palm oil and palm kernel oil supply chains in Malaysia and Indonesia.
- Publish a regular progress report on the enforcement of P&G's policy to prohibit deforestation and Intact Forest Landscape and primary forest degradation in its pulp and palm oil supply chains including:
- The pulp and palm oil suppliers that have been independently verified as compliant with P&G's policies and No Deforestation, No conversion and degradation of natural ecosystems and Peatlands, and No Exploitation production practices.
- Fulfillment of P&G's commitment to eliminate pulp supply from critical caribou habitat
- An update on the implementation of its deforestation and forest degradation policy, as well as the company's progress toward its commitment to reducing forest fiber in its tissue products.

These actions will enable P&G to step into a leadership role and demonstrate that it is making progress on implementing a suite of credible actions, against clear timelines, which have been designed to immediately address its impacts on primary forests and endangered and threatened species habitat; uphold human rights; and hold suppliers who do not comply with P&G's no deforestation and human rights policies accountable.

CONCLUSION:

We share Procter & Gamble (P&G)'s goal of minimizing the company's impacts on globally important forests, the climate, and human rights. We believe progress is possible at P&G, as is true corporate leadership. The current context of the climate emergency, the biodiversity crisis, and ongoing human rights violations associated with high-risk commodities in P&G's supply chains requires the company to act with urgency and deliver auditable results.

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