

Jon R. Moeller
Chief Executive Officer
Procter & Gamble
1 Procter & Gamble Plz,
Cincinnati, Ohio, 45202,
United States

RE: Procter & Gamble's business operations in Russia

February 14, 2023

Dear Mr. Moeller and Procter & Gamble leadership team,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. We expect companies to demonstrate opposition to Russia's war of aggression, public support for the people, democracy, and territorial integrity of Ukraine, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs). At stake is not only the sovereignty and territorial integrity of a democratic Ukraine, but also the continuity of the rules-based international order and the prosperity of the global economy.

We request an urgent dialogue regarding potential inconsistencies between Procter & Gamble's stated policies on human rights and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

We acknowledge that Procter & Gamble has policies in place to guide the company toward ethical behaviour. According to Procter & Gamble's statements, respect for human rights is "fundamental to the way we manage our business."¹ Procter & Gamble reinforces this approach and its stated commitment to human rights with its Human Rights Policy Statement. According to the company:

"We support the U.N. Guiding Principles for Business and Human Rights which respects and honors the principles of internationally recognized human rights, including [...] those rights expressed in the International Bill of Human Rights (i.e., Universal Declaration of Human Rights and the International Covenants on Economic, Social and Cultural Rights and Civil & Political Rights)."²

Procter & Gamble's commitment to human rights is further expressed in its Ethics and Corporate Responsibility statement, and its Environmental Sustainability report.³

¹ Procter & Gamble, "Policies and Practices," <https://ph.pg.com/policies-and-practices/human-rights-statement/> (accessed February 7, 2023).

² Procter & Gamble, "Human Rights Policy Statement," https://s1.q4cdn.com/695946674/files/doc_downloads/esg/social/Human-Rights-Policy-Statement.pdf (accessed February 7, 2023).

³ Procter & Gamble, "Ethics and Corporate Responsibility," <https://us.pg.com/ethics-and-corporate-responsibility/> (accessed February 7, 2023); "Environmental Sustainability,"

It has been almost one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, and forcible transfer of civilians). More than 18,000 Ukrainians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times.

On September 21, President Vladimir Putin escalated the war by announcing a “partial mobilisation” of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.⁴ They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

This legislation entails new and significant legal risks for companies remaining in Russia, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.⁵ Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

https://downloads.ctfassets.net/oggad6svuzkv/7nSofG7XXtcYERlz5Vm3Xc/c8f716206225387fc9f7fe14ffbbac07/updated_citizenship_report_2019_environmental_sustainability.pdf (accessed February 7, 2023).

⁴ Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed January 2, 2022).

⁵ International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, “Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward,” September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed January 2, 2022); The Sentry, “Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate,” July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed January 2, 2022); Rfi, “French technology firm charged over Libya cyber-spying,” July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed January 2, 2022); Preston Lim, “Canadian Supreme Court Allows Corporate Liability for International Law Violations,” Lawfare, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed January 2, 2022); Sherpa, “Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies,” June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed January 2, 2022).

⁶ Venable LLP, “Do You Contract with State Governments? If So, Beware of Emerging State Sanctions’ Obligations Related to Russia and Belarus,” *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed January 2, 2022).

In response to this unprovoked and unjustified war⁷ many companies have left Russia. According to the Kyiv School of Economics Institute's (KSE) #LeaveRussia [company tracker](#), Procter & Gamble is pausing investments, while continuing substantive business in Russia.⁸ On March 8, 2022, Procter & Gamble announced that it would be reducing the scale of its Russian operations, including “discontinue[ing] all new capital investments in Russia and suspending all media, advertising, and promotional activity [...] significantly reducing [our] product portfolio to focus on basic health, hygiene and personal care items”.⁹ Following that, on April 20, 2022, Procter & Gamble representatives indicated the possibility of leaving the Russian market “because of sanctions, restrictions on financial institutions, supply challenges and monetary controls.”¹⁰ In August, the company reportedly stopped investing in business development in Russia.¹¹ Despite these statements, the company still has a significant presence in Russia.

Prior to the invasion, Procter & Gamble’s business operations in Russia and Ukraine accounted for 1.5-2% of the company’s global profit.¹² The company has 2 plants in Russia which produce Tide detergent and Gillette razors.¹³ These factories are still in operation. The company also directly employs 2,500 people in the country, and continues to seek new employees.¹⁴

While the company empathised with the Ukrainian people, as well as its Russian employees, and promised to significantly reduce its portfolio of products, Procter & Gamble raised the prices of these products by an average of 43% to offset the loss of income for the planned reduction.¹⁵ The Economic Security Council notes that, according to Procter & Gamble’s report for 2022, the company’s sales in Russia increased due to the rise in product prices.¹⁶ While we understand that Procter & Gamble links the rise in prices to increasing difficulties in the supply chain and the impact of exchange rates, the action has Ukrainian media claiming that:

⁷ The UN General Assembly condemned Russia’s “aggression against Ukraine” and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”

⁸ KSE, Leave Russia, “Procter & Gamble,” <https://leave-russia.org/procter-gamble> (accessed February 7, 2023).

⁹ Procter & Gamble, “Update on P&G’s European Operations,” March 8, 2022, <https://us.pg.com/blogs/pg-european-operations-update/> (accessed February 7, 2023).

¹⁰ Jessica DiNapoli, “Tide detergent maker P&G says may be unable to operate in Russia,” *Reuters*, April 21, 2022, <https://www.reuters.com/business/tide-detergent-maker-pg-says-may-be-unable-operate-russia-2022-04-20/> (accessed February 7, 2023).

¹¹ *Economichna Pravda*, “Procter & Gamble Corporation included in list of international war sponsors,” February 2, 2023, <https://www.pravda.com.ua/eng/news/2023/02/2/7387644/> (accessed February 8, 2023).

¹² TASS, “P&G announces possible withdrawal from Russia, says agency,” April 21, 2022, <https://tass.com/economy/1440763> (accessed February 7, 2023).

¹³ Jessica DiNapoli, “P&G ending new capital investments, reducing portfolio in Russia,” *Reuters*, March 7, 2022, <https://www.reuters.com/business/retail-consumer/pg-ending-new-capital-investments-reducing-portfolio-russia-2022-03-07/> (accessed February 7, 2023).

¹⁴ Procter & Gamble, “Vacancies,” <https://hh.ru/employer/2999230> (accessed February 8, 2023).

¹⁵ Sergey Mingazov, “Household and hygiene products maker P&G raised prices by an average of 43%,” *Forbes*, March 14, 2022, <https://www.forbes.ru/biznes/458861-proizvoditel-bytovoij-himii-i-tovarov-dla-gigieny-p-and-g-povysil-ceny-v-srednem-na-43> (accessed February 7, 2023).

¹⁶ NACP, “Procter & Gamble is recognized as an international sponsor of the war,” February 2, 2023, <https://nazk.gov.ua/en/news/procter-gamble-is-recognized-as-an-international-sponsor-of-the-war/> (accessed February 8, 2023).

“It seems that the declared concern for ordinary Russians is actually an attempt to stay in the big market by any means and take advantage of the fact that more responsible competitors have completely cancelled cooperation with the totalitarian regime.”¹⁷

The company also has 2 plants in Ukraine, in Pokrov and Boryspil. Both towns were repeatedly attacked by Russia.

By continuing its operations, Procter & Gamble are creating jobs and paying taxes in support of the Russian economy, which directs a large part of the budget to the military industry. In 2021 alone, the company paid approximately \$5.2 million in tax revenues and other payments.¹⁸

In response, on February 2, 2023, the Ukrainian National Agency for Prevention of Corruption (NAPC) included Procter & Gamble in the list of international sponsors of the war.¹⁹ The basis for this decision was the information provided by the Economic Security Council of Ukraine, which notes that Procter & Gamble continues to work in Russia, pays taxes to the budget and contributes to mobilisation measures.²⁰

Due to these developments, we are requesting a clarification from Procter & Gamble on whether it intends to follow through on its commitments and leave the Russian market. The company’s activities risk enabling and financing Russia’s violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating Procter & Gamble’s Human Rights policies and the company’s commitment to abiding by the UNGPs. It remains to be seen how directly Procter & Gamble will be impacted by the partial mobilisation and the heightened legal, regulatory, operational, and financial risks associated with companies being required to provide direct support to the internationally sanctioned Russian military.

We seek to understand how Procter & Gamble has conducted and continues to conduct heightened human rights due diligence and how the findings of such a process has resulted in these continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

In consideration of the above points and B4Ukraine’s Declaration,²¹ we request an urgent dialogue with Procter & Gamble’s relevant senior management and staff to discuss the company’s ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact B4Ukraine at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET, February 28, 2023.

Please do not hesitate to get in touch if you require any further information.

¹⁷ *Ukrainian Pravda*, “Gillette is the best for Russian missiles. Why Procter & Gamble Sponsors War,” December 21, 2022, <https://www.epravda.com.ua/publications/2022/12/21/695246/> (accessed February 7, 2023).

¹⁸ NAPC (N 16).

¹⁹ Ibid.

²⁰ Ibid.

²¹ B4Ukraine, “About,” <https://businessforukraine.info/about> (accessed January 2, 2022).

Sincerely,

The B4Ukraine Coalition