



Environmental Sustainability

At P&G, environmental sustainability is embedded in how we do business. We have a responsibility to make the world better — through the products we create and the positive impact our brands and Company can have in communities worldwide. We've established ambitious goals to minimize our environmental footprint, to innovate with the best and safest ingredients from both science and nature and to create products that make responsible consumption irresistible for people everywhere.

Environmental Sustainability

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VIRGINIE HELIAS
Chief Sustainability Officer

Message from Virginie Helias

Much has changed in our world this year. The global pandemic has forced us to adjust our habits—spending more time at home where we’re consuming more electricity, accumulating more waste and using more water. While these changes were necessary, they presented an opportunity for all of us to reevaluate habits and routines in the home.

Studies during the pandemic show that a majority of people in the U.S. and Europe would value help from brands on ways to be more environmentally friendly at home. Consumers are demonstrating a renewed focus on maintaining a healthier and more sustainable lifestyle for the long-term—one that can positively impact our home, our community and our planet.

While our world has drastically changed, P&G’s commitment to sustainability has remained strong. We are focused on developing innovations and products that make responsible consumption irresistible. We continue to reduce our footprint and strive for more circular approaches in our supply chain. We’re building partnerships with external organizations to combat some of the most challenging and complex issues we face today. And most importantly, our employees are committed to ensure that sustainability is built into their work, not bolted on.

Our consumers drive us each day to be a force for good and a force for growth. We are committed to helping them through this time. While I can’t predict what lies ahead, I am confident that our employees, our Company and the partners we’ve joined forces with will accelerate progress to protect our planet, our home.

2020 Goals

In 2010, P&G declared a set of goals and commitments to reduce our environmental footprint across climate, water and waste. Since then our business has continued to grow, while our teams have developed smarter, more efficient ways to operate. As we close out 2020, we are proud to report that 14 out of 16 goals we set back in 2010 have been achieved. For the two goals we did not achieve, our efforts still drove significant progress—reducing packaging material usage by more than 200,000 metric tons and reducing energy consumption by 19%, while in the process saving hundreds of millions of dollars.

We targeted a 30% reduction in Scope 1 & 2 GHG emissions by 2020, and we overdelivered by achieving a 52% reduction.

CLIMATE



Ensure 70% of machine loads are low-energy cycles

This goal was achieved in 2019 when we reported 70% of machine loads were being done in low-energy cycles.



Reduce energy use at P&G facilities by 20% per unit of production by 2020

P&G was able to reduce energy use per unit of production by 19%. While this was just short of goal, we saved hundreds of millions of dollars on our energy conservation efforts in the process.



Reduce truck transportation kilometers by 20% per unit of production

This goal was achieved several years early, and we reduced kilometers by more than 25%.



Reduce absolute greenhouse gas (GHG) emissions by 30% by 2020

P&G was able to reduce absolute GHG by 52%. We significantly overdelivered on this goal by accelerating efforts on renewable electricity.



Ensure plants are powered by 30% renewable energy

P&G was able to reach 31% renewable energy. This result was a combination of reducing our overall energy use while increasing our use of renewable energy sources.



Implement palm oil commitments

We achieved our 2020 goal of 100% Roundtable on Sustainable Palm Oil (RSPO) certified for all palm oil and palm oil derivatives. We're on track to deliver 100% RSPO for palm kernel oil and palm kernel oil derivatives used in our brands by the end of 2021, 12 months ahead of our previous commitment.



Have 100% of the virgin wood fibers used in our tissue/towel and absorbent hygiene products be third-party certified by 2015

This target was achieved in 2015, and we have maintained 100% certification since that time.



Create technologies by 2020 to substitute top petroleum-derived raw materials with renewable materials as cost and scale permit

This target was achieved in 2018 when we announced we had developed the capability to substitute our top petroleum-derived materials (plastic resin, cleaning agents and acrylates) with renewable materials.

2020 Goals

WATER



Provide one billion people with access to water-efficient products

In 2019, we achieved our goal to provide one billion people with access to water-efficient products. The end of the decade doesn't mean the end of this important work. P&G brands, like our Waterless hair care brand, will continue to look for opportunities to help consumers reduce in-home water use.



Reduce water use in manufacturing facilities by 20% per unit of production with conservation focused on water-stressed regions

P&G has exceeded this goal since 2015. This past year, P&G achieved a reduction of 27% per unit of production.

WASTE



100% of plants achieve zero manufacturing waste to landfill by 2020

This goal was achieved in 2020. We estimate that the cumulative cost savings from this effort was more than \$2 billion.



Have 100% of our paper packaging contain either recycled or third-party certified virgin content by 2020

We achieved 99.5% with plans in place to address the remaining small fraction (0.5%) of our supply. We will continue to monitor and report the status.



Reduce packaging by 20% per consumer use

We have avoided the use of more than 200,000 metric tons of packaging since 2010. While we consider this a success, we also acknowledge this is only a 12% reduction. Market driven headwinds negatively impacted our results. This included customer requests for lower case counts that increased the amount of corrugate per consumer use in some markets. Optimizing our packaging designs will remain a key focus going forward.



Double use of recycled resin in plastic packaging

We achieved this goal in 2020, using 52,800 tons of recycled resin, which exceeded our target level of 52,000 tons.



Ensure 90% of product packaging is either recyclable or programs are in place to create the ability to recycle it

This goal was achieved in 2019. We will continue to report progress versus our 2030 goal of 100% recyclable or reusable packaging globally.



Conduct pilot studies in both the developed and developing world to understand how to eliminate landfilled/dumped solid waste

We have implemented a wide range of pilot studies and continue to work in collaboration with many organizations to drive progress towards our 2030 goals on packaging and waste.

With 10 years of progress and

14 of 16 goals achieved,

there's still more work to do.



Ambition 2030

Today, we have new ways to measure the impact of our actions and new tools and technologies to manage how we affect the environment. We also have years of experience that help us refresh our approach to environmental stewardship and evolve what it means to be “environmentally sustainable.” In 2018, we took a hard look and refocused our energy toward 2030, with a new set of goals and an embrace of new practices intended not just to reduce our footprint and conserve precious resources, but to help restore the world, ultimately leaving it better than we found it.





BRANDS

Use the power of innovation and our brands to enable sustainable lifestyles and drive positive impacts

- 100% of our leadership brands will enable and inspire responsible consumption.
- 100% of our packaging will be recyclable or reusable.
- We will reduce our use of virgin petroleum plastic in packaging by 50%.
- We will build even greater trust through transparency, ingredient innovation and sharing our safety science.

BRANDS

Brands

Information on our leadership brands' efforts to enable and inspire responsible consumption can be found here:

Fairy Turkey Calls for No Food Waste

Fairy recognizes the important role it plays for families, the food culture, and environmental sustainability in Turkey, launching a new social responsibility project called "No Waste."

Globally, one-third of all food produced goes to waste. When food goes to the landfill and rots, it produces methane—a greenhouse gas even more potent than carbon dioxide. Food waste also threatens water resources when trash makes its way through rivers and oceans.



Fairy Turkey celebrated its 10th anniversary by supporting the fight against food waste and giving back to the community.

In light of this, Fairy celebrated its 10th anniversary by supporting the fight against food waste, educating consumers and other stakeholders on food sustainability and how to reduce food waste.

Fairy Turkey is helping the Food Rescue Association collect food surplus in supermarkets and donating it to people in need. So far, donations have allowed the association to double their logistics capacity, resulting in help for 660,000 people in need.

We are also giving back to the community as a part of our anniversary celebration. We donated food baskets to 10 million families helping approximately 50 million people during Ramadan with Fairy products.

Embracing Responsible Beauty

As a company serving consumers around the world, our responsibility is to help people understand what to look for and why. This year our Beauty brands declared a set of intentional choices—five interconnected guiding principles—to address the needs of consumers across quality and performance, safety, sustainability, transparency, and equality and inclusion. This conviction is what provides clarity to our teams and our consumers and ensures we are a force for growth and a force for good in the world.

Click here to learn more about our Responsible Beauty approach, our goals, our contributions, our partners and our brands in action.

[RESPONSIBLE BEAUTY APPROACH ↗](#)



BRANDS

Brands



Pampers: Recycling Used Baby Diapers

Diaper recycling technology has been developed by FaterSmart, a joint venture of P&G and Angelini in Italy. It is operational in Italy, and we are exploring how to expand in other countries. For example, we are running a diaper waste collection pilot in Amsterdam in partnership with the municipality and others. We placed 12 smart bins near day-care centers and drug stores in three neighborhoods in Amsterdam. Parents can register for the program via a new Pampers recycling app.

Since the start of the program in 2019, more than 600 families have registered and joined. In total, more than 43 tons of diaper waste—equaling more than 200,000 diapers—have been collected for recycling. It is recognized and funded by the E.U. through the Bio-Based Industries (BBI) project, EMBRACED.

The diaper waste collection pilot in Amsterdam was honored with the AIM Nudging For Goods Award 2019. AIM is the European Brands Association, and awards brands and programs that promote the “Nudging for Good” concept. This recognition inspires us to do more—we are committed to launch diaper recycling in 10 cities by 2030.

AIM NUDGING FOR GOOD AWARD ➤



Pampers is committed to launch diaper recycling in 10 cities by 2030.

43+ tons

of diaper waste have been collected for recycling.

BRANDS

Brands

Recycling Razors with Gillette and TerraCycle

Gillette and Gillette Venus, in partnership with international recycling leader TerraCycle, announced for the first time that all models of razors, blades and disposable razors can now be recycled in the UK thanks to the launch of a new recycling initiative. Once collected, the used products are broken down and separated by material. Plastics are cleaned and recycled into pellets which can then be used to make new products, while metal materials are sent for smelting into new alloys. As market leaders, Gillette and Gillette Venus are dedicated to helping improve the sustainability of the category; therefore, the recycling program will also accept blades, razors and disposable razors from any brand in the UK.



Four Gillette hero packs are recyclable.

Period Products with Environmental Change at Their Heart

Earlier this year, Always and Tampax launched their Cotton Protection collections. The Always Cotton Protection pads and liners are made with a 100% organic cotton top sheet, and the Tampax Cotton Protection tampons are made with 100% organic cotton core and an applicator made from 90% plant-based plastic, derived from sugar cane. Thanks to the blockchain technology applied in Tampax Cotton Protection, a consumer can scan the QR code on the pack to learn more about the cotton's origin and trace its journey, from when and where it was harvested to how it was made into the tampon. This new range is just one of the ways Always and Tampax are offering trusted protection, so users of our products can feel confident in their choice.



BRANDS

Packages that Use Less, Recycle or Refill More

Commitment. New ideas. Creative thinking. P&G brands around the world are pursuing a range of solutions with the aim to make packaging more sustainable. As a Company, we are working to ensure 100% of our packaging will be recyclable or reusable by 2030 and to reducing virgin plastic in packaging by 50% by 2030. We're innovating, collaborating and taking action to unleash the circular economy across our portfolio of brands.

As stated in our 2019 Citizenship Report, the scope of our Ambition 2030 goal of 100% recyclable or reusable packaging covers consumer packaging only, as this is what we believe is most meaningful to drive change in our industry. Shippers and boxes that transport products to our retailers, which are predominantly widely-collected and recycled cardboard corrugate, are no longer in our tracking. On this basis, our percentage of recyclable or reusable consumer packaging is currently about 55%, well on the way to our 2030 goal.

Journey to Reduce Virgin Plastic Packaging

Our brands have programs in place to drive us to our Company-wide Ambition 2030 goal of 50% reduction in virgin petroleum-based plastic packaging, and some of these efforts are highlighted in the Brand 2030 section of this report. While we announced this goal in 2019 and are in the early phases of implementing plans, we can report that our progress to date represents about a 4% reduction in virgin petroleum-based plastic packaging. We plan to achieve our reduction goal via light weighting, using alternative materials, and increasing recycled content—including post-consumer resin, commonly referred to as PCR. PCR is recycled

plastic that has been collected after consumer use and is used to create new products and packaging.

Pledging to increase the amount of PCR in our packages is good and innovating with partners to recycle and reuse plastic in laundry and shampoo bottles will accelerate progress. By developing and fostering end-markets, we help ensure there is demand for recycled materials which would otherwise be destined for landfill. This helps unleash the circular economy.

In FY19/20, we used approximately 705,000 metric tons of plastic packaging. Of this, 52,800 metric tons were post-consumer resin. Resin types are summarized below.

Resin Used in Our Packaging in FY19/20

| Resin Type | Percent |
|------------|---------|
| PE | 46% |
| PET | 20% |
| PP | 23% |
| Other | 11%* |

* Rounded up from 10.496 for total to equal 100.



*Working toward 100% of our
packaging being recyclable
or reusable by 2030.*

In 2020, our Fabric Care business in Europe announced a significant increase of recycled plastic in its packaging, with leading brand Ariel increasing recycled content in liquid detergent bottles up to 50%. Lenor fabric conditioner also announced it will reach 100% PCR plastic in its transparent PET bottles. By increasing the amount of recycled plastic in Ariel and Lenor bottles, P&G will save the amount of virgin plastic required to produce one line of detergent bottles to go around the earth per year.

Already 90% of Pantene, Head & Shoulders, Aussie and Herbal Essences bottles sold in Europe are made of up to 25% PCR. In a new agreement, P&G Hair Care in Europe has begun increasing the use of Indorama's Ventures circular PET resin—starting with transparent Pantene bottles.

BRANDS

Packages that Use Less, Recycle or Refill More

Loop

Loop is a new shopping platform where consumers order household products like detergent, toothpaste, shampoo and more in customized, brand-specific durable packaging. When finished with the product, the packaging is collected, cleaned, refilled and reused — creating a revolutionary circular shopping system. Officially introduced at the World Economic Forum in January 2019, P&G brands' participation in Loop quickly advanced from an idea to two full-fledged test markets in New York and Paris.

With over a year of Loop learnings across the New York and Paris pilot markets under our belt and another test kicking off in Tokyo, P&G is looking ahead to the next phase of e-commerce expansion and in-store pilots. Cascade, Pantene and Tide have been among the most frequently ordered Loop products, while the addition of Herbal Essences shampoo and conditioner in the Paris test and Oral B Clic toothbrushes with recyclable heads to both New York and Paris test markets has provided further opportunity to learn and optimize.

During the COVID-19 lockdown, Loop growth stayed consistent with e-commerce channels and retail trends. Loop cleaning products and long shelf-life pantry products are significantly up. Consumers surveyed feel reassured by the professional cleaning of refilled packages.

Testing New Packaging Materials

In May 2020, Old Spice and Secret became the first major brands to introduce an all-paper tube package for select aluminum-free deodorants in the U.S. The new packages were co-designed with consumers interested in cutting back on plastic waste and sold in 500 Walmart stores in the U.S. The paper tube package, made of 90% recycled paper, is certified by the Forest Stewardship Council and features a “push up” design that replaced some of the plastic stick deodorant cannisters.



Safeguard Philippines Replaces Plastic Overwraps with Recycled Paper

The Philippines has one of the highest rates of plastic leakage to the ocean in the world and suffers from plastic waste littering its city streets. In order to help address this issue, Safeguard Philippines has taken meaningful action to reduce plastic packaging. The market-leading antibacterial soap brand ditched its plastic overwraps used for bar soaps to use recycled paper board cartons instead. This packaging change eliminated a whopping 66 metric tons of plastic laminate a year, equating to 8,500 kilometers worth of plastic packaging waste.



Refill and Reuse More Bottles

As of 2021, Head & Shoulders, Pantene, Herbal Essences and Aussie will enable 200 million European households¹ to recycle, reduce and reuse. The leading beauty brands will launch a refill system for their shampoo, thanks to a new reusable 100% aluminium bottle and recyclable² refill pouch, made using 60% less plastic (per mL versus standard brand bottle). P&G Beauty is on track to reduce virgin plastic usage by 50% in shampoos and conditioners bottles by the end of 2021³, where through collective efforts to reduce, reuse and recycle, it will result in 300 million fewer virgin plastic bottles being produced yearly.

¹ Source: Kantar Worldpanel

² Where collected. Not recyclable in Belgium, Ireland, Switzerland due to lack of local recycling facilities

³ OND'21 vs 2016

BRANDS

Brands Help Save Energy at Home

P&G reaches five billion people through our brands, and with this scale comes a responsibility to give consumers the power to reduce their own carbon footprints with products that are designed to help save energy.

Washing Clothes

More than 60% of a laundry detergent's footprint is in the consumer use phase, mostly related to the energy used to heat the water. Ariel and Tide have been optimizing detergent formulas for high efficiency in low-temperature washing and inspiring positive "Turn to 30" and "Cold Water Wash" laundry behaviors. The 2020 goal to have 70% of machine loads be low-energy cycle loads has been achieved by educating consumers over the last 10 years on the benefits of low-energy wash cycles. P&G estimates that since 2015, the avoided emissions from U.S. consumers increasing their use of low-energy laundry cycles have been roughly 15 million metric tons of carbon dioxide, which is equivalent to taking three million cars off the road.

Since 2015, the avoided emissions from U.S. consumers increasing their use of low-energy laundry cycles have been

roughly 15 million metric tons of CO².



Washing Dishes

Busting a popular myth, Cascade is showing consumers how the dishwasher is designed to be more water and energy efficient than washing in the sink. Cascade and Fairy Automatic Dish Washing Tablets allow consumers to skip pre-wash and save the water and energy needed to heat the water. Fairy and Dawn dishwashing liquid's grease-cutting power enables water and energy savings: by reducing the water temperature 20°C (36°F), consumers can save up to 50% of carbon dioxide of the total footprint every wash.

Leveraging the power of our brands and collaborating with our value chain partners has been, and will remain, a key part of our climate change efforts.



BRANDS

Water-Efficient Products

In 2019, we achieved our goal to provide one billion people with access to water-efficient products. Cascade, Tide, Downy, Swiffer, Pantene, H&S, Herbal Essences and others brought their innovative formulas to consumers all over the world to enable people to reduce in-home water use during everyday household activities. The end of the decade doesn't mean the end of this important work, and our brands continue to look for opportunities to reduce in-home water use and communicate with consumers about ways they can help.

Cascade

Cascade is one of the first P&G brands to address the issue of water scarcity through relevant consumer messaging and support of impactful on-the-ground projects. The “Do It Every Night” ad campaign is working to convert consumers in the U.S. from handwashing to using the dishwasher, which has the potential to reduce household water usage across millions of American homes.

Cascade will support two projects in the Sacramento River basin through the [Change the Course](#) initiative. The projects will help to restore millions of gallons of freshwater to river systems in this important water-stressed region. Cascade's commitment will help P&G progress toward our goal to protect water for people and nature in priority basins.

WaterL<ss

This year we qualified a new P&G product line born out of the need to look and feel great even when water is scarce. The WaterL<ss brand was created to meet the needs of women who live under water scarcity conditions, leveraging Cape Town, South Africa, as an incubation market in 2019 and launching in North America in January 2020. The WaterL<ss brand lineup is designed to enable consumers to style their hair without the need of water. The collective WaterL<ss lineup qualifies as water efficient and is accessible to more than 16 million people in the U.S.



CHANGE THE COURSE
Water connects us all



WATCH 'DO IT EVERY NIGHT' ↗

BRANDS

Innovating for More Efficient Solutions

P&G Brands and Technologies Receive Solar Impulse Efficient Solutions Label



During FY19/20, P&G has been a proud partner of the Solar Impulse Foundation (SIF), a nonprofit organization created by Swiss psychiatrist and balloonist Bertrand Piccard to fulfill his vision for the worlds of exploration and innovation to contribute to sustainable development. The Solar Impulse Efficient Solutions Label (1000 Efficient Solutions) has already granted certification to more than 750 solutions in the domains of Clean Water & Sanitation, Affordable & Clean Energy, Industry Innovation & Infrastructure, Sustainable Cities & Communities, Responsible Consumption & Production certified to protect the environment in a scalable and profitable way.

Over the past year, the SIF has been working closely with, or is endorsed by, a number of high-profile international institutions, states and cities around the world to facilitate the selection, funding and implementation of the 1000 solutions. As part of this partnership with SIF, P&G has supported their work with a trained and qualified pool of 36 P&G R&D experts assessing the novel solutions and technologies.

To date P&G has obtained six labelled solutions for the following brands or technologies: Ariel Cold Wash, Fairycology technologies, Holy Grail Intelligent Sorting technology, Purecycle polypropylene advanced recycling technology, Absorbent Hygiene Products recycling with Fatersmart and Professional concentrated cleaning product technologies.

The objective of Bertrand Piccard is to accredit 1000 Efficient Solutions (expected in early 2021) at which point he will begin his campaign with heads of States and Governments to promote the implementation of the solutions and impact legislation for more sustainable consumption.



BRANDS

Building Even Greater Trust Through Transparency, Ingredient Innovation and Sharing Our Safety Science

At P&G, nothing is more important than ensuring our products are safe for consumers and the environment. Providing people the information they need to make informed choices while continually improving our product portfolio with new varieties they seek is a focus for the Company and our brands. Our goal is to provide information about our ingredients which is clear, reliable and accessible.

Throughout our history, P&G has provided products of superior value and performance, using safe, high-quality ingredients. Innovation with ingredients is an ever-evolving area where we invest many resources to develop new options and continually consider what is possible.

Our brand websites offer more information than ever before about our ingredients, making it easy to understand a product's ingredients, as well as what we don't use. In North America, we started listing the ingredients for our formulated products in SmartLabel™ in 2018. In 2020, we delivered our expanded transparency commitment in North America by adding the ingredients in our product fragrance formulas down to 0.01%.

We've expanded our transparency efforts to include more information online via videos and other content to explain the safety process we follow to ensure all our products are safe to use as directed. We are working every day to provide the information consumers expect to earn and maintain their trust in P&G and our brands.





SUPPLY CHAIN

Reduce our footprint and strive for circular solutions

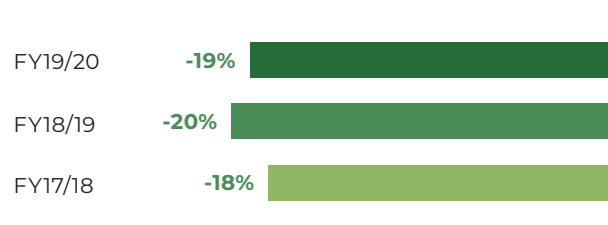
- We will purchase 100% renewable electricity globally, cut GHG emissions in half at P&G sites and be carbon neutral for the decade.
- Our sites will deliver a 35% increase in water efficiency and source at least five billion liters of water from circular sources.
- We will advance at least 10 significant supply chain partnerships to drive circularity on climate, water or waste.
- We will protect and enhance the forests we depend upon.
 - We will partner to increase the area of certified forests globally while working to strengthen certification systems.
 - We will play a leadership role in efforts to develop a Forest Positive approach for the forest products industry that is based on sound science and delivers forest health benefits.
- We will improve livelihoods of palm smallholders by increasing yields from existing lands.

SUPPLY CHAIN

Climate & Energy

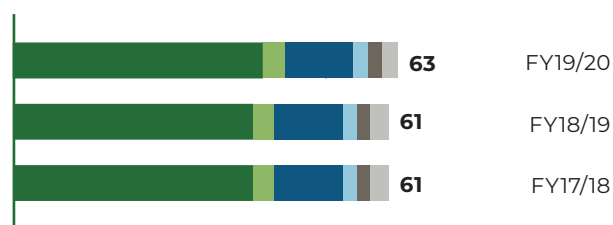
Reduction in Energy Consumption

Percent reduction versus FY09/10, production adjusted



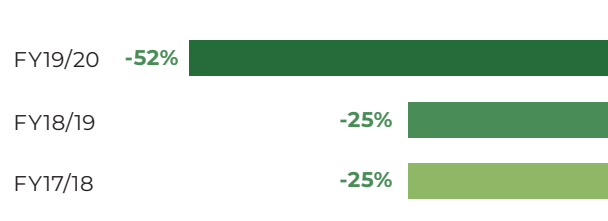
Energy Consumption by GBU

Millions of gigajoules



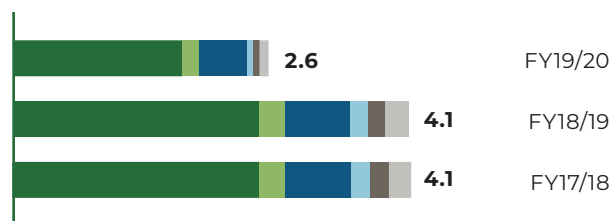
Total Greenhouse Gas Emissions (Scope 1 & Scope 2)

Percent reduction versus FY09/10, absolute



Total Greenhouse Gas Emissions (Scope 1 & Scope 2)

Millions of metric tons



- Baby, Feminine & Family Care
- Fabric & Home Care
- Health Care
- Beauty
- Grooming
- Other

Our GHG emissions data has been verified by an external third party, Lloyd's Register Quality Assurance (LRQA).

LLOYD'S REGISTER QUALITY ASSURANCE [↗](#)

SUPPLY CHAIN

Climate & Energy

Scope 1 & 2 GHG Emissions—Exceeding Commitments and Accelerating Progress

Recognizing the urgent need to address climate change in 2020, P&G accelerated the Company's commitments to reduce Scope 1 & 2 GHG emissions, including a new commitment to be carbon neutral for the decade. This included the expanded use of renewable electricity in U.S., Canada and Europe which enabled us to achieve a 52% reduction in our Scope 1 & 2 emissions, greatly exceeding our 2020 goal of 30%. We will continue progressing toward our 2030 goal to use 100% purchased renewable electricity in the remaining regions and we will take further steps to reduce GHG emissions from thermal energy, specifically natural gas.

Even though we've exceeded our Ambition 2030 goal to reduce absolute emissions across our operations by 50% versus 2010, our work is by no means complete. Science suggests the world needs to emit zero GHG emissions by the middle of the century in order to mitigate the most serious consequence of climate change. For P&G, while we are well on our way to utilizing 100% purchased renewable electricity, the next big challenge is reducing and eventually eliminating emissions from natural gas. There are significant hurdles that need to be overcome. With that in mind, P&G partnered with 18 other manufacturers and local governments to create the Renewable Thermal Collaborative. This coalition is committed to scaling up renewable heating and cooling at their facilities in order to dramatically cut carbon emissions.

Renewable Thermal Collaborative

Organizations like the Renewable Thermal Collaborative will help create renewable sources that are sustainable, scalable and cost-competitive.

[RENEWABLE THERMAL COLLABORATIVE ↗](#)



WWF Climate Savers

WWF Climate Savers is a program to enable leading companies to collaborate and accelerate their efforts to address climate change.

[WWF CLIMATE SAVERS ↗](#)

For additional perspective on climate change implications that could be relevant for the Company and the steps we are taking to address them, please see the following report that was informed by the Task Force for Climate Related Financial Disclosure guidelines.

[P&G TCFD REPORT ↗](#)

[P&G CLIMATE POLICY ↗](#)

Our Climate Milestones

| | |
|------|---|
| 2010 | Started with 30% Renewable Energy commitment |
| 2013 | Announced Albany Green Energy project |
| 2014 | Announced Tyler Bluff Wind Farm |
| 2015 | 30% absolute reduction in GHG emissions (an SBTi-approved 2 degree solution)* |
| 2019 | 50% absolute reduction in GHG emissions (an SBTi-approved 2 degree solution)* |
| 2020 | Commitment that our global operations will be carbon neutral for the decade |

*This is a target validated by the Science Based Targets Initiative that is aligned with pathways that maintain global warming well below 2 deg C

SUPPLY CHAIN

Climate & Energy

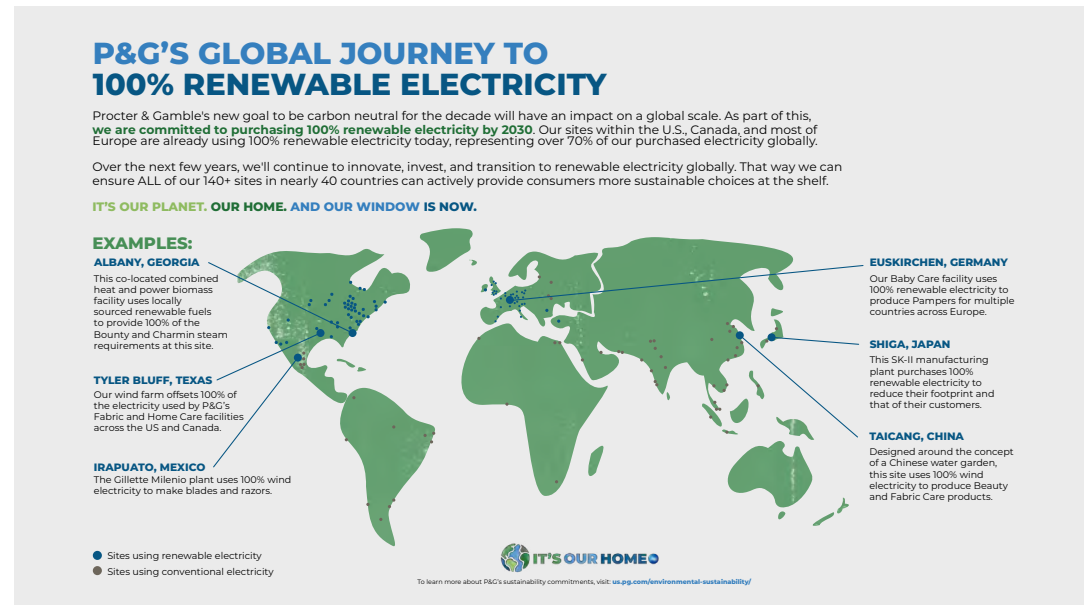
Energy Efficiency

P&G made significant progress toward meeting our 2020 goal to reduce energy use at our facilities by 20% per unit of production. We were able to reduce energy use per unit of production by 19%. While this was just short of our goal, our energy conservation efforts significantly reduced our emissions while enabling hundreds of millions of dollars in cost savings over the last decade. Furthermore, our manufacturing sites, offices and tech centers continue to improve how we utilize energy to run our operations. This important work has allowed us to decouple business growth from GHG emissions. While our production volumes have continued to significantly increase, our absolute energy consumption has remained relatively flat over the last five years.

Renewable Energy

P&G has achieved our 2020 goal to utilize 30% renewable energy. This is a significant increase versus 2019 as P&G is now purchasing 100% renewable electricity for all our operations in the U.S., Canada and Europe, which make up our largest markets. These renewable electricity contracts have accelerated our progress toward our goal to utilize 100% renewable electricity by 2030.

The renewable energy being used by P&G comes from a diverse set of sources including geothermal, solar, wind, biomass and hydro with a mix of on-site and off-site generation. This includes our wind farm project in Tyler Bluff, Texas, which offsets 100% of the electricity



needed for our Fabric and Home Care facilities in the U.S., and the on-site combined heat and power biomass facility in Albany, Georgia, which provides 100% of the Bounty and Charmin steam requirements at this plant.

The work ahead will be to bring renewable electricity to sites in Asia and South America, including countries that do not have well-developed markets for renewable electricity. We are partnering with WWF and the Renewable Energy Buyers Alliance to tackle these challenges.

Renewable Energy Buyers Alliance (REBA)

REBA is a membership association for large-scale energy buyers seeking to procure renewable energy across the U.S.

RENEWABLE ENERGY BUYERS ALLIANCE ↗

SUPPLY CHAIN

Climate & Energy

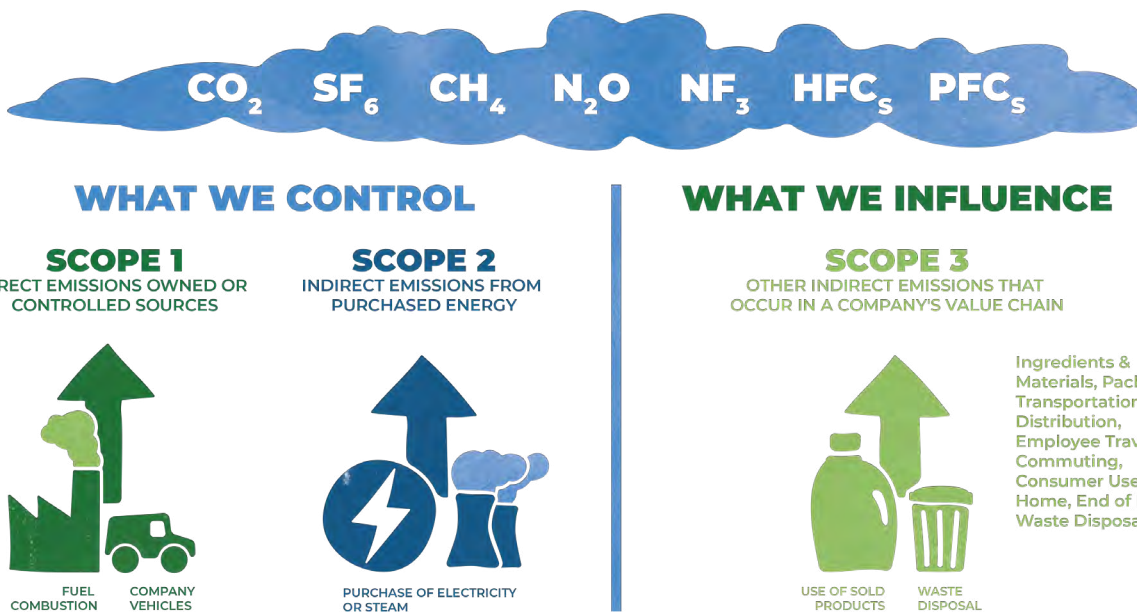
Reducing Scope 1 & 2 Emissions

Brazil's Louveira Plant Reduces Its Footprint

Building on our legacy of environmental leadership, the Louveira site in Brazil made significant progress toward its ambitious environmental goals. The site developed a Sustainability Committee across multiple departments in order to focus on improving our footprint. This focused effort helped the Louveira site achieve a 34% improvement in energy efficiency in the last four years through a range of individual efficiency improvements. This progress has been recognized as a leader both inside the Company and externally as a leading example of sustainable operations.

Mexico's Millenio Plant is Recognized for Efficiency

P&G's Millenio site in Mexico has been recognized for four years with the National Energy Efficiency Award given out by the Mexico Ministry of Industry, Energy and Mining. The site improved energy efficiency by 8% in the last year. This was achieved by upgrading air compressors to variable capacity, upgrading lighting controls to take better advantage of daylight and occupancy in addition to implementing energy management systems to keep processes running at base condition with minimal losses.



SUPPLY CHAIN

Climate & Energy

Scope 3 GHG Emissions

Almost all of our Scope 3 emissions come from just four categories—purchased goods and services, upstream and downstream transportation and distribution, use of sold product, and end of life treatment of sold product. Of these, the “use phase” of our products, especially those that use hot water during consumer use, is our single greatest opportunity for Scope 3 emissions.

Given these four categories account for more than 99% of Scope 3 emissions, we focused this year’s data update on those categories and derived new estimates for them using life cycle assessment (LCA) data and calendar year 2019 production volumes. Findings were consistent with prior years, indicating consumer use of our products remains our greatest opportunity area. The business travel estimate includes commercial airline travel by employees that was managed by our primary outside travel agencies. Travel arranged by other agencies was not covered in the calculation.

| Scope 3 Categories | Tons CO ₂ e |
|---|--------------------------|
| Purchased goods and services | 17,637,000 ¹ |
| Upstream and downstream transportation and distribution | 5,637,000 ¹ |
| Capital goods | 246,508 ² |
| Fuel and energy activities | 495,398 ² |
| Waste generated in operations | 9,035 ³ |
| Business travel | 124,872 ⁴ |
| Employee commuting | 117,000 ² |
| Upstream leased assets | Not material |
| Processing of sold product | Not material |
| Use of sold product | 208,932,000 ¹ |
| End of life treatment of sold product | 14,041,000 ¹ |
| Downstream leased assets | Not material |
| Franchises | Not material |
| Investments | Not material |

¹ Calendar year 2019 estimate from LCA data

² FY16/17 estimate

³ Scope limited to material sent to landfill

⁴ Covers period July 1, 2019 – June 30, 2020

SUPPLY CHAIN

Transportation

Reducing Our Scope 3 Emissions

As other sectors decrease their reliance on oil and gas, the fossil fuel dependent transport sector is predicted to become the most carbon-intensive sector by 2040. Without intervention, global freight transport emissions will more than double by 2050 compared to 2015.*

As one of the world's largest consumer products companies, P&G ships a significant amount of product. In 2010, P&G set a public goal to improve Truck Transportation kilometers per unit of production by 20% by 2020. We well exceeded this goal, delivering and maintaining more than 25% efficiency improvement already by 2016. This by improving vehicle fill rate, optimizing distribution routes and driving increased use of multi-modal transportation.

Clearly, this goal was a strong start but did not directly link to emissions. In 2016, the Global Logistics Emissions Council (GLEC) developed the first global emissions framework called the GLEC Framework (version 2 in 2019). This framework prescribes a globally recognized methodology for harmonized calculation and reporting of the logistics GHG footprint across the multi-modal supply chain, in alignment with the Greenhouse Gas Protocol, the UN-led Global Green Freight Action Plan and CDP reporting.

P&G is committed to continue our sustainability journey, by adopting the GLEC reporting framework for transportation emissions and setting a new 2030 emissions goal: P&G will improve its global upstream finished product freight emissions efficiency by 50% by 2030 versus 2020 baseline. P&G will do so by conversion to more efficient modalities (i.e., intermodal, low emissions, sustainable fuel, etc.), continued vehicle fill rate increase and further supply network optimization. Finally, we know P&G alone does not have all the answers. It will take innovative partnerships and collaboration with carriers, retailers and the broader transportation industry to find unique ways to deliver our products with fewer and friendlier miles.

GLEC FRAMEWORK 71



P&G will improve its global upstream finished product freight emissions efficiency 50% by 2030 versus a 2020 baseline.

*ITF, 2019

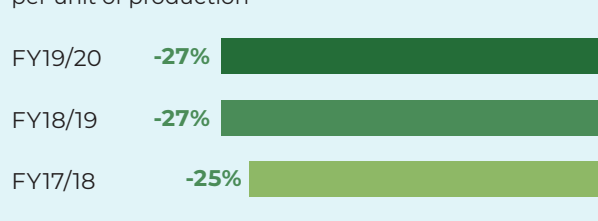
SUPPLY CHAIN

Water

Water is essential for the daily operation of our facilities and production of many of our brands. Creating a culture of water efficiency at our sites continues to be a priority as our sites focus on achieving our Ambition 2030 goals. Thanks to the work of many employees across our global portfolio, we've been able to reduce our manufacturing water usage by 27% per unit of production since 2010. And we sourced 2.6 billion liters of water from circular sources.

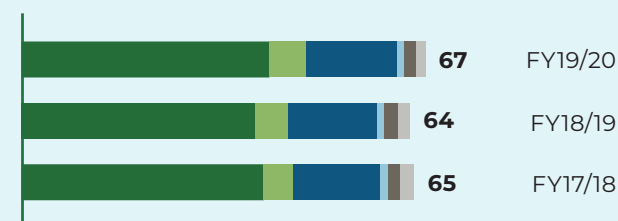
Reduction in Water Consumption

Percent reduction versus FY09/10, per unit of production



Water Consumption by GBU

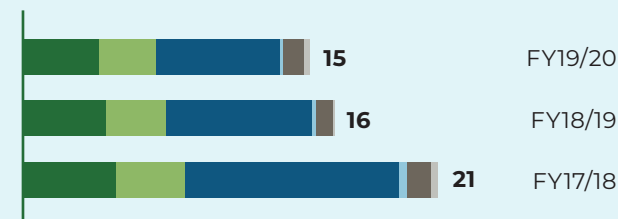
Millions of cubic meters



● Baby, Feminine & Family Care ● Beauty
 ● Fabric & Home Care ● Grooming
 ● Health Care ● Other

Wastewater COD* Disposed by GBU

Thousands of metric tons



*Chemical Oxygen Demand

● Baby, Feminine & Family Care ● Beauty
 ● Fabric & Home Care ● Grooming
 ● Health Care ● Other



SUPPLY CHAIN

Water

Completion of Site Water Stewardship Action Plans

P&G committed to focus efforts on areas exposed to high water risk. A three-tiered water risk assessment was developed with guidance from our partners at the World Resources Institute (WRI), World Wildlife Fund (WWF) and Environmental Resources Management (ERM). In just a few years, we moved through the assessment process and identified 24 sites located in areas exposed to high water risk. We are proud to report that we have completed the final step in our three-tiered process. All relevant high-water risk P&G sites now have site water stewardship action plans.

Water Risk Assessment Framework

1

Water Risk Screening (Completed)

Identify risk level of sites based on:

- Baseline water stress score—World Resources Institute
- Gross national income per capita—World Bank
- Company site water use per year—P&G
- Access to water—WHO/UNICEF



ALL SITES SCREENED

~70% of sites in lower-risk regions

2

Tailored Site Questionnaire (Completed)

Prioritize sites based on outcome of responses.

- The Company questionnaire was built upon the facility questionnaire in WWF's Water Risk Filter



PRIORITY SITES FROM 1

~30% of sites have entered the Tier 2 process

3

In-depth Water Analysis (Completed)

Prioritize risks for mitigation and develop site water stewardship plans.

- Alliance for Water Stewardship (AWS) International Water Stewardship Standard 2.0 steps 1–2.



PRIORITY SITES FROM 2

~15% of sites will complete the Tier 3 process

SUPPLY CHAIN

Water

We are grateful to our partners for helping us get to this point. The Alliance for Water Stewardship (AWS) team, network and standard were essential to the final step of the process and have enabled a clear, actionable plan for all of our priority sites. As we celebrate this accomplishment, we know the work has just begun. In the coming years, we will focus on executing the action plans and will work to continue as good water stewards across our manufacturing sites.

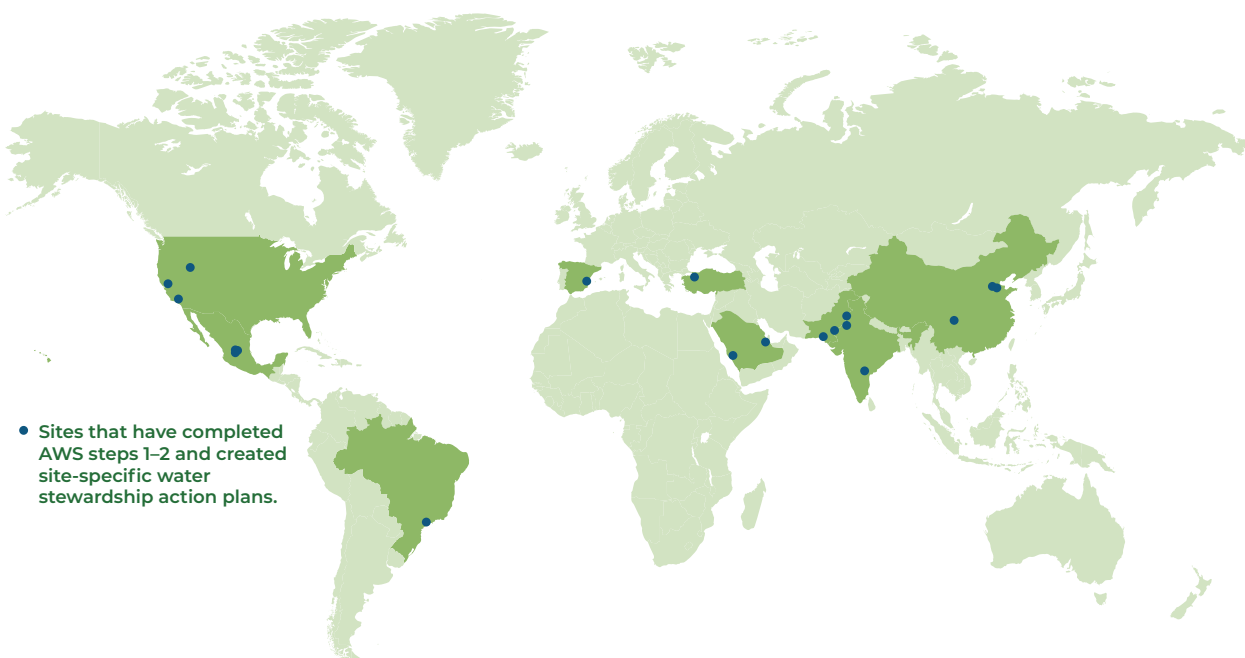


ALLIANCE FOR WATER STEWARDSHIP ↗

To learn more about our broader effort on Protecting Water for People and Nature, click the link below.

PROTECTING WATER IN PRIORITY BASINS

Tier 3 Facilities



SUPPLY CHAIN

Water

Water Efficiency at Our Manufacturing Sites

Water scarcity is a challenge facing many parts of the world. Here are some of the stories of how our plants are developing on-site solutions.

Auburn, Maine

Our Feminine Care plant in Maine reduced its production adjusted water use by 18% in one year. The site conserved more than 12 million liters of water by fixing leaks and improving cooling tower operating systems. This water savings is equivalent to the annual water use of 150 Maine households. The plant continues to work on other ideas to reduce and reuse water.

Louveira, Brazil

P&G's Brazil Baby Care plant, located in an area which has been experiencing water stress, developed innovative solutions to reduce fresh water use. The facility installed equipment to treat and reuse manufacturing process water effluent. Last year, the plant recycled more than 34 million liters of water, the equivalent annual water use of 860 Brazilian households. The project also inspired plant employees to implement other water sustainability measures.

Rakona, Czech Republic

Our Fabric and Home Care plant in the Czech Republic takes pride in their commitment to use every drop of water wisely. The manufacturing plant reduced its water use by more than four million liters by implementing multiple projects to increase water efficiency in utility and manufacturing processes. Water saved is equal to the annual water use of more than 130 Czech Republic citizens. Additional water savings projects will be implemented this year.



Rakona saved
4.3 million liters
of fresh water.



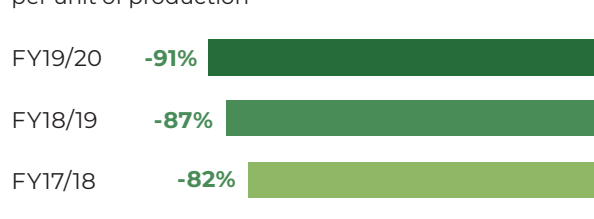
SUPPLY CHAIN

Waste

Across our operations and our supply chains, we continuously look for new opportunities to reduce waste and find circular solutions. This effort requires creative thinking and a spirit of partnership with a range of stakeholders inside and outside P&G.

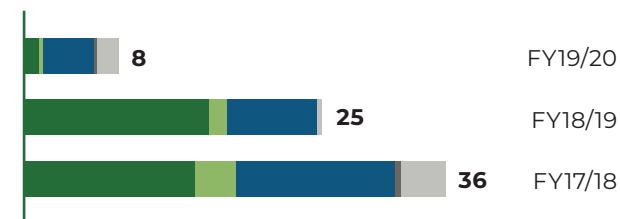
Waste Disposed

Percent reduction versus FY09/10 per unit of production



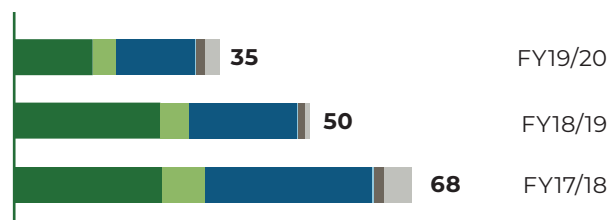
Solid Waste Non-Hazardous by GBU

Thousands of metric tons



Disposed Waste by GBU

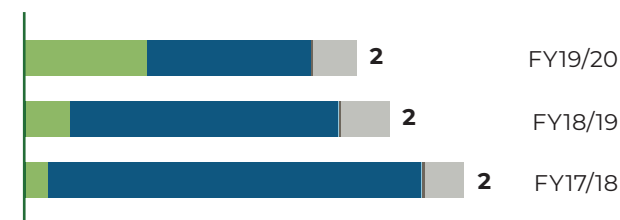
Thousands of metric tons



● Baby, Feminine & Family Care
 ● Fabric & Home Care
 ● Health Care
 ● Beauty
 ● Grooming
 ● Other

Solid Waste Hazardous by GBU

Thousands of metric tons



● Baby, Feminine & Family Care
 ● Fabric & Home Care
 ● Health Care
 ● Beauty
 ● Grooming
 ● Other

SUPPLY CHAIN

Waste

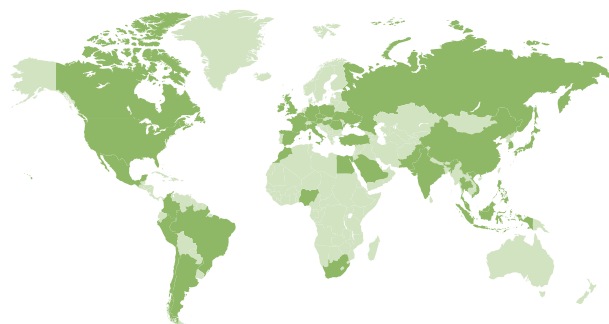
Achieving Zero Waste at All P&G Manufacturing Sites

Since 2007, P&G plants have been on a mission to get to zero manufacturing waste to landfill. What we once considered an impossible dream, has become a reality. Working closely with our Global Asset Recovery Purchases (GARP) team, we found a second life use for our manufacturing waste, helping P&G save more than \$2.2 billion while diverting more than 6.9 million tons from going to landfill.

100% of P&G plants

are now zero manufacturing waste to landfill.

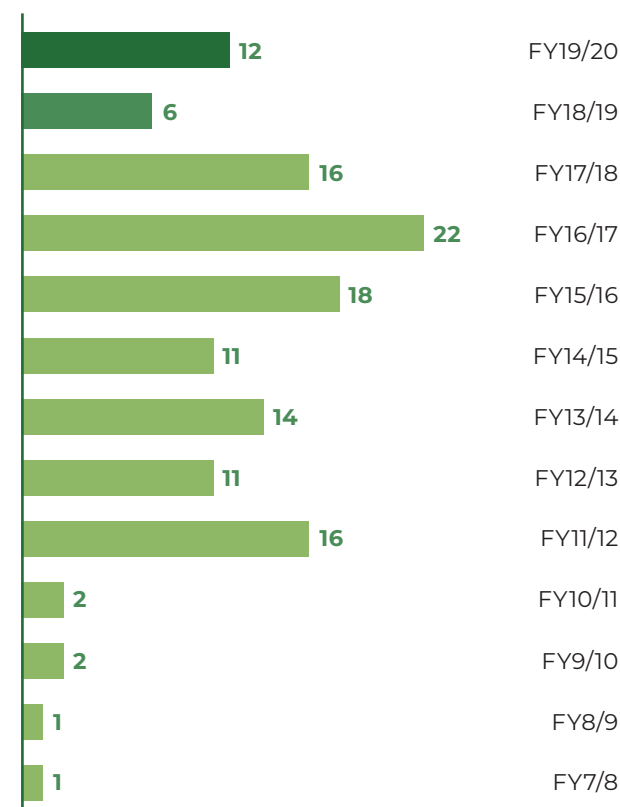
In 2020, we are proud to celebrate with our teams around the world that ALL of our 100+ manufacturing sites across 38 countries have been qualified as zero manufacturing waste to landfill, meeting our '100% of sites' commitment set in 2016. In every location, our "Waste Champions" have helped transform our processes with changes to the way we operate, clever uses for repurposing materials, and sharing learnings to be reapplied. Not only have our plants become more efficient, we're positively impacting local communities while reducing our environmental footprint.



Countries that are ZMWTL

| | | |
|----------------|-------------|--------------------|
| Argentina | India | Russian Federation |
| Austria | Indonesia | Saudi Arabia |
| Belgium | Ireland | Singapore |
| Brazil | Italy | South Africa |
| Canada | Japan | Spain |
| Chile | Malaysia | Thailand |
| China | Mexico | Turkey |
| Colombia | Morocco | Ukraine |
| Czech Republic | Nigeria | United Kingdom |
| Egypt | Pakistan | United States |
| France | Peru | Vietnam |
| Germany | Philippines | |
| Hungary | Poland | |
| | Romania | |

Zero Manufacturing Waste to Landfill Sites qualified by FY



SUPPLY CHAIN

Waste

Zero Manufacturing Waste to Landfill (ZMWTL) Milestones

| | |
|-----------|--|
| 2007 | Set the vision to see “waste as worth.” Formed the Purchasing GARP team and the Product Supply Waste Team |
| 2008 | Budapest (Feminine Care) becomes our first ZMWTL site—setting a lighthouse for others to follow |
| 2009 | Reading becomes P&G's first technical site to achieve ZMWTL |
| 2010 | Coevorden (Pet Care), Athens (DC), and Aleksandrow (Beauty) show zero waste is possible across a wider range of processes and brands |
| 2015 | Nearly 50% of our sites reach zero waste |
| 2016 | P&G sets an even more ambitious goal, to achieve ZMWTL across 100% of our global production sites by 2020. Moving zero waste from a vision to a formal commitment. |
| 2016 | Feminine Care become our first business unit to reach 100% ZMWTL |
| 2017–2018 | More than 20+ countries qualify as ZMWTL in one year |
| 2019 | Europe becomes our first Region to achieve ZMWTL |

P&G China Reduces Waste in Shipping Footprint

Since 2017, P&G has led the FMCG industry in China to create and expand our Ship In Own Container (SIOC) packaging as e-commerce continues to grow in importance, requiring protection for products during transportation. Traditionally, companies have protected their shipping products with multiple boxes, which requires significant material use and cost. However, the SIOC innovation uses tailored corrugated cardboard boxes and trays to cut down on material use while maintaining protection during shipping and enhancing the consumer experience. The resulting design helps reduce material complexity and waste, cuts end-to-end cost by 20% to 40%, improves fulfillment center picking and packing productivity by 200%, reduces damage and leakage rates during shipping by 70% and eliminates 30% to 60% of paperboard in the packaging.

The ZMWTL program has delivered more than 2.2 billion in cumulative cost savings since 2007, while helping upcycle nearly

6.9 million

metric tons of would-be waste.



Reusable Shipper 2.0 reduced more than 6,000 tons of paperboard usage a year.

Starting in 2019, P&G China partner-shipped with our e-commerce customer and supplier to develop the package circular system. P&G is the first FMCG company to launch the reusable shipper to replace the traditional shipper of paperboard, shipping from P&G to our customer. In the past 10 months, we have shipped more than 120,000 cases of the reusable shipper in China. We continue to create new generation Reusable Shipper 2.0 and expand the circular network to all e-commerce customers and Walmart in FY2021. We are rolling out more than three million cases of reusable package in the next 12 months.

With this P&G go-to-market package innovation, we not only created value for consumers and customers, we also reduced more than 6000 tons of paperboard usage a year.

SUPPLY CHAIN

Waste

Store Displays that Embrace Circularity

Point of Sale Material (POSM) are advertising materials that are used to communicate product information to the consumers at the point of sale. These include freestanding display units, shelf signs, leaflet dispensers and more. While having a proven record for driving up sales, these materials often end up in a landfill or incinerator after stores use them.

Together with our vendors and retail customers, P&G Europe is committed to transforming our portfolio into sustainable POSM, i.e., reducing the footprint on climate and waste, while still growing the category. A nice example of this transformative partnership was the Hackathon on Sustainable POSM. This event, which was hosted by P&G and held in Brussels last

March, included vendors—both start-up and industry players—who pitched their solutions to several companies and retailers, which turned out to be a source of inspiration and a real accelerator of several pilot projects. In order to compare the footprint of multiple solutions, as well as track progress with our vendors, we introduced the Sustain Score from Popai, an industry-wide tool measuring sustainable design. This helped identify ways to make store materials more sustainable, including paper sourcing accreditation for responsible forestry, reduction of single-use plastic and the development of a winning business model for a circular display. We may not have all the answers yet, but our teams are taking the first steps forward while exploring new solutions.



SUPPLY CHAIN

Waste



Smart-Box

A simple box with many sustainability advantages!



P&G Europe Introduces Reusable Transport Smart-Box

Before products such as toothbrushes, razors and deodorants reach the retail shelves, they are repackaged several times in different transport containers on their way to the consumer. In production, the products come in their outer packaging in cartons, are stacked on pallets and transported by truck to the distribution centers. Depending on the order, the pallets may be divided into smaller units and repacked into other containers. In this way, the products pass through various containers and packaging until they are finally at the retailer and later on the shelf.

Today, transport boxes are already being used for redistribution in retail, but these are not currently standardized. This is very inefficient for trade and industry and drives up costs because the different packaging also generates a lot of packaging waste.

GS1, a non-profit that oversees global standards for business communications, has recognized this and so industry, trade and GS1 Germany have developed the reusable GS1 Smart-Box, an isomodular, exchangeable box that represents a sustainable solution for all parties involved. The GS1 Smart-Box offers many advantages: the exchange and cleaning of the boxes is done by a pool partner, industry and trade share the costs, the trucks are optimally loaded and utilized, trade saves time and work and unnecessary packaging material is reduced. A simple box with many sustainability advantages!

P&G Peru Office Finds Creative Ways to Repurpose Waste

At P&G Peru, the efforts to achieve zero waste to landfill certification for our Lima office never stops. We took little steps like eliminating garbage cans in workstations and replacing them with recycling stations every 10 steps. We also eliminated most of the plastic used at the office, such as cups, cutlery and straws, by providing employees with reusable mugs, glass cups and metal cutlery and reinforcing their usage. This was complemented with two washing stations that were installed in the offices where employees can wash their utensils.

In 2018, we formed an alliance with Sinba—an NGO dedicated to transforming organic waste into quality food for pigs—to help us properly prepare our recyclable waste for recycling organizations. As they have deep knowledge of recycling and related topics, we've relied on Sinba to organize training and activities for our employees like recycling contests, workshops and the creation of our "Ecologic Stops" where employees are tested on their knowledge of separating recyclables. As our organic waste is transformed into food for pigs, we placed little toy pigs on top of the organic waste bins to raise awareness and make people think of the consequences of tossing non-organic waste in this trash can. P&G Peru employees have a strong commitment to environmental sustainability and continue taking actions to accomplish our goal.

SUPPLY CHAIN

Striving for Circular Solutions

Across our global operations, we are making intentional choices to reduce the footprint of our suppliers, buyers and manufacturing sites, sourcing sustainable materials and exploring new business models to drive circular solutions. We are combining resources, reach and knowledge with strategic global partners to drive the scale and speed needed to make a difference.

Circularity has always been a part of our ongoing conservation and environmental footprint reduction efforts within water, waste and renewable energy. We are committed to develop a more circular end-to-end supply chain by 2030. To achieve this, we will need to start thinking differently about the incoming materials, manufacturing work process, distribution

and transport of our products. Circularity is not only the right thing to do, it also helps make our operations more efficient and resilient.

Our Tabler Station Solution

Our newest global manufacturing facility in Tabler Station, West Virginia, was designed with circularity in mind.

The Tabler Station plant produces Dawn dish soap, Head & Shoulders and Pantene shampoo, and Gillette and Olay body wash. Tabler Station is P&G's latest and largest investment in U.S. manufacturing and has implemented industry-leading innovative approaches including:

- Silver LEED v4 certified
- 100% renewable electricity
- Zero manufacturing waste to landfill
- Co-located bottle and material suppliers
- On-site surfactant making
- Recycling of nearly 230 million liters per year of circular water today, with the capacity to recycle up to 330 million when fully operational (enough for every person in the U.S. to have a bottle of water)

P&G China Ranks in the Top 50 in IPE's 2019 Green Supply Chain Annual Report

The Institute of Public & Environmental Affairs (IPE) is a nonprofit environmental organization based in Beijing, China. IPE has developed and operated the Blue Map database and app consolidating nationwide environmental quality data and real-time emissions data for the first time. IPE's Green Supply Chain Corporate Information Transparency Index (CITI) evaluation is a system for ranking brands' supply chain practices. IPE uses this index to dynamically assess brand performance in overseeing supply chain environmental responsibility, scoring on such matters as public engagement and responsiveness, requirements for supplier compliance and corrective action and data disclosure and transparency. P&G China proactively stepped up to adopt the Green Supply Chain Index (CITI) and the Blue Map APP to manage the environmental performance of suppliers and took the lead in piloting end-to-end green supply chains. In the 2019 CITI Annual Report, P&G China ranked in the TOP 50, our first entry as a best-practice company since the CITI report was introduced in 2014.

Our newest global manufacturing facility in Tabler Station, West Virginia, was designed with circularity in mind.



SUPPLY CHAIN

Partnering with Suppliers

Supplier Citizenship Summit on Sustainability

More than 400 people representing 300 external business partners and P&G teams attended our first-ever Supplier Citizenship Summit at our Cincinnati global headquarters in October 2019. We spent the day hearing from inspirational P&G leaders and program managers who are working on Water, Waste and Climate. The event heightened overall awareness and insights on these very important topics.

As follow-up to the Summit, we had many suppliers ask how they could learn more about GHG emission reduction. P&G partnered with WWF to host a webinar series to coach 30 suppliers about pursuing ambitious science-based targets to reduce their GHG emissions.



P&G's first-ever Supplier Citizenship Summit took place at our Cincinnati global headquarters in October 2019.

P&G and Cargill Collaborate to Bring Nature-Powered Innovation

An innovation developed in the corporate labs at P&G that converts lactic acid into bio-based acrylic acid could be a helpful step to shift everyday goods to be made from annually renewable crops. The collaboration leverages P&G's award-winning technology and Cargill's bioindustrial expertise to deliver greener alternatives in the personal care space.

P&G has granted Cargill an exclusive license that allows Cargill to further develop and commercialize this technology, so that it can ultimately be incorporated in a range of applications from superabsorbent polymers in absorbent hygiene products to thickeners

in household paints and beyond. The use of bio-based acrylic acid is estimated to reduce GHG emissions for years to come—something that is important to a range of stakeholders, including consumers and business leaders.

P&G scientists Juan Velasquez, Jane Godlewski and Dimitris Collias (pictured below), who invented the proprietary technology, were named as recipients of the 2020 national Award for Affordable Green Chemistry by the American Chemical Society. While the conversion technology is considered a breakthrough, it will take several more years of development before impacting consumer products in the marketplace.



SUPPLY CHAIN

Forestry

Promoting Responsible Forestry Through Certification

Trees and the products they provide are an essential part of our daily lives and can play a role in helping address climate change. By producing all of our Family Care products with pulp sourced from 100% third-party certified forests, we are helping to promote forestry practices that leave a smaller environmental footprint, protect vulnerable species and make a positive impact on communities that depend on them.

Forest Stewardship Council® (FSC®) Certification

FSC is one of the world's most trusted forest certifications. P&G is making progress on our commitment to nearly double our use of FSC-certified fiber in our tissue and paper towel products to 75% by 2025. Over the past five years, P&G has sourced, on average, 35% of our wood fiber from FSC Chain of Custody (COC). In the first year of this commitment, P&G increased FSC COC to more than 50% of our wood fiber. For tissue and towel products, we've achieved 49% FSC COC certification this year.



Increasing FSC-Certified Acres

The availability of FSC-certified pulp is insufficient to meet the demands of our Industry. Because of this, we are working directly with our supply chain partners and industry stakeholders to grow the supply of FSC-certified materials and pulp. Achieving our goal means collaborating with NGOs, suppliers and governments to help increase the acreage of FSC-certified forests. One of the ways we do this is through multiple projects led by The Nature Conservancy and the American Forest Foundation, such as the Family Forest Carbon Program, the Working Woodlands project and Carolina's Working Forest Conservation Collaborative to educate family forest landowners and other smallholders on how to obtain forest certification.

[FAMILY FOREST CARBON PROGRAM ↗](#)
[WORKING WOODLANDS PROJECT ↗](#)
[CAROLINA'S WORKING FOREST CONSERVATION COLLABORATIVE ↗](#)
[WOOD PULP PROCUREMENT POLICY ↗](#)

Canadian Boreal: Importance of Caribou and First Nations

We work closely with our suppliers with the goal of ensuring that the pulp we source meets our values, commitments and standards. Through our FSC sourcing commitments and by championing stricter FSC Canadian Forest Management standards, we are working to ensure forests stay forests, protect biodiversity, and respect the rights of Indigenous Peoples. FSC Canada's new forest management standard addresses challenges specific to Canadian forests and includes criteria pertaining to the management of woodland caribou and its habitat including additional indicators relevant to all species that may be at risk. The updates also include clarification around "free, prior and informed consent" as defined in the United Nations Declaration of Indigenous Peoples. With the increased rigor in the FSC Canada National Forest Management Standard through our demand and increase in FSC-certified sourcing, we are working to protect these important values in Canada and elsewhere.


[FSC'S COMMITMENT TO CARIBOU ↗](#)

SUPPLY CHAIN

Forestry

Fiber Innovation

P&G is investing in innovation in non-wood fibers and FSC-certified fast-growing wood fibers. Our goal is to discover a non-wood fiber that is:

- 1) **consumer-preferred,**
- 2) **able to be produced at scale and**
- 3) **responsibly sourced using third-party certification.**

Our efforts this year included:

- Completed a landscape assessment to understand the ability to produce non-wood fibers at the scale required by P&G. Some relevant results are here:

NON-WOOD FIBERS IN TISSUE ➤

- Partnered with leading experts to assess the ability to source various non-wood fibers responsibly. It's critical to consider child labor, political stability, corruption and modern slavery issues, which are concerns in countries that grow non-wood fibers.
- Invested in studying a supply chain for non-wood fibers. We are now working to scale production and ensure the fiber can be sustainably sourced.
- Developed a higher performing and consumer-preferred paper towel made with 40% more FSC-certified plantation fiber.

Restoring Forests through Relief and Regeneration Efforts

Climate change is fueling more and more intense wildfires across the globe. In 2018, an estimated 8,000 fires burned across California alone, consuming more than 1.8 million acres of forestland. California's 2020 season is already exceeding the devastation of 2018, and experts predict it will only worsen.

P&G's Bounty, Charmin and Puffs brands will be closely collaborating with the Arbor Day Foundation to plant 300,000 trees through the California Wildfire Restoration project, leading other corporate partners toward the goal of two million trees planted in total on private and public land.

The long-term benefits of the two million trees to be planted will be seen by generations to come through a restored ecosystem, carbon sequestration and improved air and water quality for local communities.

P&G recognizes that together we can make a difference, which is why we joined the Evergreen Alliance, a group of 17 corporate partners making a commitment to help the Arbor Day Foundation plant 100 million trees, inspiring five million tree planters by 2022. This announcement builds on P&G Family Care's existing support for the Arbor Day Foundation's wildfire restoration work in California.



SUPPLY CHAIN

Forestry

Investing in Nature in Brazil's Atlantic Forest

There's no question that protecting the world's forests is of crucial importance. Not only are they a vital ecological resource—home to more than three-quarters of the world's life on land, critical for mitigating climate change and necessary for filtering our air and water—they're also an essential economic resource for more than 1.5 billion people who rely directly on forests for their daily survival. Balancing the health of our forests while also meeting consumer demand for paper and wood products continues to pose great challenges that require innovative thinking and collaboration.

This reality has inspired P&G Family Care, pulp supplier Suzano and World Wildlife Fund to collaborate on the Atlantic Forest Landscape Restoration Project in Brazil. This effort will produce forest landscape restoration and rehabilitation plans and methodologies for several degraded forest and agricultural landscapes in the Brazilian state of Espírito Santo. This project is laying the groundwork for forest landscape restoration with meaningful impacts on biodiversity, water, food security and other co-benefits for local communities.

**BRAZIL'S ATLANTIC FOREST
COLLABORATION** ↗

Through a long-standing partnership with WWF, P&G is making progress toward ambitious, responsible fiber sourcing goals for both its products and packaging; supporting suppliers and family forest owners who are key partners in its sustainability journey; and actively working to strengthen forest certification standards around the globe.



SUPPLY CHAIN

Forestry

Sourcing Data

FY19/20 Corporate
Total Sourcing = 1.69MM ADMT

| Country of Origin | % of Total |
|-------------------|-------------|
| Argentina | < 1% |
| Brazil | 30% |
| Canada | 31% |
| United States | 37% |
| Sweden | 2% |
| Total | 100% |

| Certification System | % of Total |
|----------------------|-------------|
| FSC COC | 51% |
| FSC CW | 19% |
| PEFC | 15% |
| SFI | 15% |
| Total | 100% |

FSC COC—FSC Chain of Custody
FSC CW—Controlled Wood

FY19/20 Family Care (Tissue/Towel)
Total Sourcing = 1.15MM ADMT

| Country of Origin | % of Total |
|-------------------|-------------|
| Brazil | 43% |
| Canada | 45% |
| United States | 9% |
| Sweden | 3% |
| Total | 100% |

| Certification System | % of Total |
|----------------------|-------------|
| FSC COC | 49% |
| FSC CW | 26% |
| PEFC | 21% |
| SFI | 4% |
| Total | 100% |

FSC COC—FSC Chain of Custody
FSC CW—Controlled Wood



Maintaining 100% third-party certification of virgin wood pulp

Growing the quantity of forest management certified pulp

Staying on track versus Family Care's FSC-sourcing goal for 2025

SUPPLY CHAIN

Forestry

Paper-Based Packaging

We continually strive to optimize the design of our packaging, aiming to use the least amount of material, while ensuring adequate protection, delivery and safe use of our products. As part of our ongoing efforts, we continue to identify source reduction opportunities to decrease overall material usage and to use recycled paper when it offers the best option to meet performance and business requirements. Our paper-based packaging is derived from wood fiber, and we have a responsibility through our procurement practices to ensure that the wood fiber in our packaging has been responsibly sourced. We made a specific commitment that by 2020, 100% of our paper packaging will contain either recycled or third-party certified virgin content. Over the last year, we have expanded our efforts to collect data from an increased number of suppliers to assess progress against this goal. This year, we have received data from more than 120 suppliers that represent more than 98% of our global paper packaging spend. This data, which was self-reported by our suppliers, is summarized in the following table:

Total Volume in Metric Tons: ~840,000

| | |
|---|-------|
| % Recycled | 80% |
| % Virgin | 20% |
| % of virgin fiber that was third-party certified | 94% |
| % of total recycled or third-party certified virgin | 99.5% |

As outlined, 99.5% of the volume reported by our suppliers was either recycled or third-party certified virgin content, and we have plans in place to address the remaining fraction. As we go forward, our objective is to maintain the use of recycled or third-party certified virgin fiber in our paper packaging, and we will continue to report data on our paper packaging on an annual basis.

WOOD PULP PROCUREMENT POLICY ↗



SUPPLY CHAIN

Palm Oil

Palm oil (PO) is an important, versatile and highly efficient natural and renewable vegetable oil. It is widely used for cooking, and in home-care and personal-care goods, food and biofuels. Palm production globally is approximately 80 million tons per year. Palm oil is the primary material while Palm kernel oil (PKO) is essentially a by-product material. P&G currently uses less than 1% of the global palm volume, mostly palm kernel oil.

In some regions of the world, rapidly expanding palm growth is seen as a threat to existing tropical forests and peat lands. In some cases, concerns have also been expressed in relation to respect for workers' rights and safety, as well as recognition for the land rights of smallholder farmers and indigenous peoples.

At P&G, we are committed to the responsible sourcing of palm, meaning it does not contribute to deforestation, while respecting human and labor rights. We are actively engaged as members of Roundtable on Sustainable Palm Oil (RSPO) and support their standards to drive responsible practices across the industry. In addition, we have established a robust approach to responsible sourcing of palm-derived materials through our goal to source 100% RSPO-certified palm for all P&G brands by 2022, our strong compliance to our Responsible Sourcing

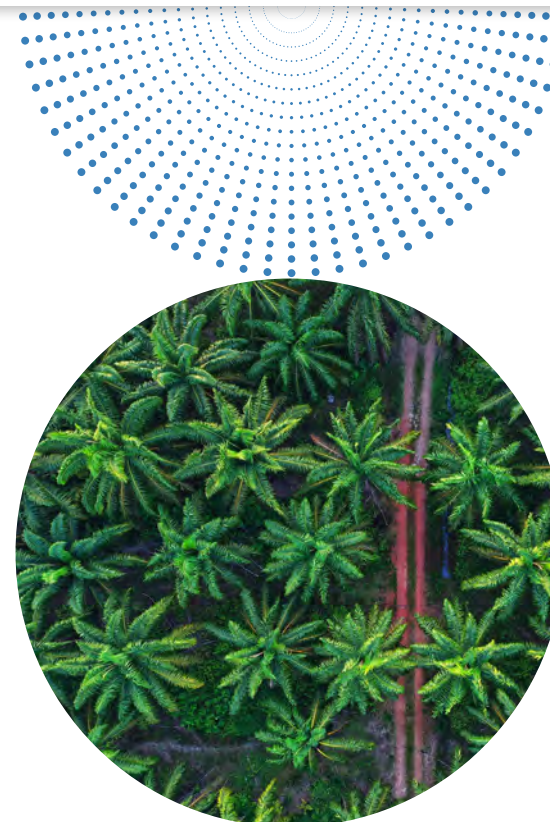
policy and our commitment to be a force for good in the industry through smallholder inclusion and conservation and protection. We recognize that there will always be more that needs to be done.

Palm Oil Responsible Sourcing Policy

P&G is committed to ensuring our suppliers meet the 2018 RSPO Principles and Criteria (P&C) and to have the necessary policies and procedures in place to ensure:

- No development of high-conservation-value (HCV) areas and high-carbon-stock* (HCS) forests
- No new development of peat lands regardless of depth
- No burning to clear land for new development or replanting
- Compliance with P&G's existing Sustainability Guidelines for external business partners
- Respect for human and labor rights
- Respect for land tenure rights, including rights of indigenous and local communities to give or withhold their free, prior and informed consent for development of land they own legally, communally or by custom

OUR RESPONSIBLE SOURCING POLICY ↗



All our suppliers have submitted their relevant policies and procedures to demonstrate how they will meet our responsible sourcing requirements. Our expectation is that our suppliers apply these policies to all their operations, not just those supplying P&G. If we find a supplier is violating any of the above requirements, and if that supplier does not acknowledge and take action to resolve the concern, P&G will suspend or eliminate palm oil purchases from that supplier. A supplier would need to have a documented action plan and demonstrate meaningful progress to be considered for reinstating supply agreements.

*The High Carbon Stock Approach (HCSA) Toolkit should be applied to identify and conserve HCS forests.

SUPPLY CHAIN

Palm Oil

Progress

In FY19/20, we have made progress against several key milestones:

Increasing the overall % RSPO-certified palm used in P&G brands to 61%.

- We maintained 100% RSPO Segregated (SG) palm oil, and 100% Segregated (SG)/ Mass Balance (MB) on palm oil derivatives.
- We have increased our percentage of RSPO-certified palm kernel oil/palm kernel oil derivatives, and we are on track to deliver approximately 90% physically certified RSPO PO/PKO by the summer 2021 and 100% by the end of 2021.



Renewing our P&G Palm Sustainability Strategy with focus in three key areas:

- Establishing a strong foundation based on 100% RSPO-certified palm for all P&G brands
- Driving robust compliance monitoring—environmental and social
- Identifying programs to play a role as a force for good—including through improving livelihoods for smallholders and with conservation and protection programs

Implementing improved compliance and grievance monitoring enabled by our third-party collaboration with Earthqualizer—allowing us to track potential deforestation, development on peat or fires by our suppliers or across their enterprise wide supply chain. We believe this is key to helping us identify any issues across P&G's palm supply chains and take action where needed. Our first public grievance dashboard is planned to be published in January 2021.

Stepping up to invest and support efforts to accelerate human and labor rights remediation efforts at supplier Felda Global Venture (FGV). We believe that this is the right and responsible thing to do, not only for FGV, but most importantly for its workers and potentially for the whole palm industry. A key element of this process has been enrolling the support of the Fair Labor Association (FLA), an

independent and respected expert in the field of labor rights to guide and work with FGV to accelerate action and implement change.

Supporting 160 independent smallholders in Johor Malaysia in their work towards applying for the new RSPO Independent Smallholder Standard (RISS).

Unfortunately, COVID-19 and the Malaysian Movement Control Order (MCO), which restricted movement in the interest of health and safety during the pandemic, led to a postponement of all audits until the first quarter of 2021. However, we expect these smallholders to be among the first to be certified using the new RISS standard.

Progressing our assessment of potential environmental conservation and protection programs with NGOs and partners—including biodiversity, wildlife, forest and livelihood protection. Specific programs have been identified with partners, and these are currently undergoing evaluation and due diligence assessments.

Actively participating in the RSPO Jurisdictional Working Group to develop the framework and certification structure to ensure broader compliance to RSPO standards and our Responsible Sourcing Policy.

SUPPLY CHAIN

Palm Oil

Three Pillar Framework

Pillar I Set the Foundation

100% RSPO-certification for all P&G brands by end of 2021

Pillar II Robust Monitoring

Environment and Social

Pillar III Becoming a Force for Good

Smallholders and conservation and protection programs

Pillar I: Set The Foundation

P&G uses palm-derived ingredients in our products, as well as for use at P&G Chemicals (PGC), our oleochemical operation. PGC sells PKO and PO derivatives to business-to-business and merchant industrial customers.

In 2019, we announced our commitment to use 100% RSPO-certified palm-derived materials in our P&G brands by the end of 2022. We are now accelerating our timeline by one year and plan to achieve 100% RSPO certification for palm-derived materials in P&G brands by the end of 2021. We have made strong progress, reaching 61% certification for all P&G brands in FY19/20, an increase of 49% from the previous fiscal year. Our palm oil and palm oil derivatives used in our brands have been 100% RSPO-certified for approximately three

years. Currently, 44% of PKO/PKOD used in our brands is RSPO-certified, with plans identified to enable year-on-year increases to 100% by the end of 2021.

Today, PGC supplies palm products within the merchant market. We are in a position to supply certified materials to PGC direct customers on a demand-driven basis. We continue to play an active role in advocating for the use of RSPO certified materials in our efforts to increase demand for sustainable palm both with our direct customers and more broadly with other purchasers of palm-derived materials.

Palm Oil

P&G uses ingredients derived from palm oil and palm oil derivatives in Skin & Personal Care and Fabric Care products and supplies via PGC to the merchant market. Our major suppliers of PO and POD are Wilmar, ICOF, COFCO and Nimir.

In 2018, we moved to 100% RSPO Segregated (SG) Palm Oil. Our PODs are currently a combination of SG and Mass Balanced (MB) with the aim to transition to 100% SG by end of 2020 or early 2021. We have identified some challenges (influenced by broader market dynamics and supply availability) that need to be overcome, but we continue to work closely with our suppliers against this aim.

We believe that driving broader demand and use of RSPO-certified palm oil (PO/POD) will play a critical role in creating more sustainable palm agricultural practices. Palm oil production is the primary commodity for growers, as such it drives business choices, including land use change and ultimately

towards more sustainable practices. P&G is seeking to play a role both through our own PO/POD RSPO purchase choices and by engaging with others to advocate for the use of RSPO-certified palm and working with groups driving awareness of its benefits. Learn more about why we are moving to RSPO segregated palm at the link below.

[RSPO SG PO ↗](#)

RSPO segregated palm oil is physically segregated from non-certified oils throughout the supply chain. This provides greater verification on the origins of the oil purchased—ensuring that it originates from RSPO-certified sources with greater traceability at each stage. By definition, this allows us to trace the oil, not only to the palm oil mill but to the source plantation and to implement additional verification or audit steps when needed. We are working toward our goal of being both 100% RSPO PO SG (complete) and PO fractions and POD (in progress) by early 2021.

SUPPLY CHAIN

Palm Oil

Palm Kernel Oil

P&G uses ingredients derived from PKO and Palm Kernel Oil Derivatives (PKOD) in Fabric Care, Home Care, Hair Care and Skin & Personal Care products. In FY19/20, our major PKO and PKOD suppliers are FGV, Wilmar, KLK, ICOF, AAA, GAR, Sime Darby.

We have made significant progress in our PKO certified usage in P&G brands. In FY19/20, it is now at 44%. We have identified potential supply chain solutions to enable us to increase this to 100% by the end of 2021.

| | Palm Oil/Palm Oil Fractions ¹ | Palm Oil Derivatives ¹ |
|--------------------------|--|-----------------------------------|
| Metric Tons ¹ | 44,936 | 62,996 |
| RSPO Certified (%) | 100% | 100% |
| %MB | 54% | 100% |
| %SG | 46% | 0% |

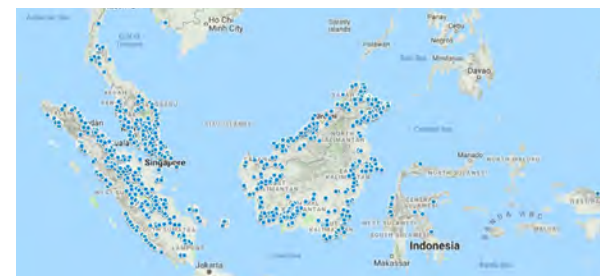
¹ This is the volume consumed in P&G brands in FY19/20. The PO/PKO volumes used in P&G Chemicals and sold in the Merchant Market is reported in the RSPO ACOP in the Processor & Trader Section (<https://rspo.org/members/acop>)

| | Palm Kernel Oil ¹ | Palm Kernel Oil Derivatives ¹ |
|--------------------------|------------------------------|--|
| Metric Tons ¹ | 169,626 | 78,045 |
| RSPO Certified (%) | 44% | 37% |
| RSPO MB Certified (%) | 44% | 37% |

¹ This is the volume consumed in P&G brands in FY19/20. The PO/PKO volumes used in P&G Chemicals and sold in the Merchant Market is reported in the RSPO ACOP in the Processor & Trader Section (<https://rspo.org/members/acop>)

Suppliers' Traceability—Palm Oil Traceability to Mills

Traceability plays an important role in helping us monitor and manage a sustainable palm supply chain. We have currently been at 98% traceability of palm purchases back to the palm oil mills. Our key direct suppliers are Wilmar, ICOF, AAA, GAR and Kalmart. See the map for locations of mills and click on the link for a detailed list of these mills:



[P&G TRACEABILITY TO MILLS ↗](#)

SUPPLY CHAIN

Palm Oil

PILLAR II: Robust Monitoring

Human and Labor Rights—P&G Stepping Forward to Support Change at FGV

In 2018, an RSPO complaint was filed against FGV regarding alleged conditions related to forced labor among its foreign worker population. This catalyzed FGV to take a more holistic approach toward preventing and addressing human and labor rights issues within its supply chain.

At P&G, respecting human rights is fundamental to how we manage our business. We follow the U.N. Guiding Principles on Business and Human Rights and expect our business partners to operate in the same manner. It is our responsibility to engage with our suppliers if human rights issues are identified, assess the problem and then use our resources and expertise to take action and implement solutions. In 2019, P&G decided to step in and support FGV in accelerating the pace of change—an important step identified both by civil society, NGOs and P&G. The first step was to engage the Fair Labor Association (FLA), an independent and respected expert in the field of labor rights, for their help to guide and work with us to accelerate action and change.

In November 2019, the FLA announced that FGV and P&G Chemicals (PGC) would become affiliated members of [FLA-FGV Affiliation](#). FGV committed to uphold FLA standards, address labor issues and drive long-term improvements to manage working conditions in its operations and those in its upstream supply chain. The first step was for FGV to develop an


action plan based on findings from the FLA's internal management systems gap analysis, feedback from field visits and recommendations from civil society organizations working on human and labor rights and migration issues. This was published in March 2020 and can be found in the [FGV Action Plan 2020](#).

An essential part of the FLA's process is ongoing open and transparent publication of progress reports. FGV's first progress report was published by the FLA in September 2020. [This report](#) demonstrates progress during the COVID-19 pandemic and movement in the right direction, but more work is needed. The report is rigorous and thorough, and work is underway to develop an executive summary of progress and next steps in a targeted way to stakeholders. FGV will continue to take positive actions and to work with the FLA for regular progress reviews, which will be published on an ongoing basis.

Enterprise-Wide Monitoring of Supplier Operations—Activating Earthqualizer Monitoring

We believe an industry-wide monitoring system based on use of aerial/satellite imagery, concession maps and knowledge of high-conservation-value (HCV)/high-carbon-stock (HCS) areas is a powerful tool to help ensure consistent enforcement of our Palm Responsible Sourcing Policy. We are working with Earthqualizer (formerly known as Aid Environment) to deploy technology which tracks deforestation, and development on peat and fires in our supplier enterprise-wide supply chains, offering new visibility and ability to act on issues and exposure for our palm supply chains.

Over the past 10 years, Earthqualizer has developed a comprehensive oil palm database, based on a supplier group level and working with stakeholders to end non-sustainable commodity sourcing practices. A key feature of this data is its accuracy, level of precision and timeliness of the tracking system at a supplier group level which enables users, such as P&G to engage when there is a potential grievance case that can immediately halt destructive land-use practices and push for the resolution of social conflicts. This combination of analytical capacity and big data has made the Earthqualizer system a useful tool to help monitor the No Deforestation and Peat (NDP) elements of our Responsible Sourcing Policy.



*At P&G, respecting
human rights is
fundamental to how we
manage our business.*

SUPPLY CHAIN

Palm Oil

Monitoring and Grievance Reporting across P&G Palm Supply Chain

Earthqualizer's technology is helping us implement more robust and effective monitoring across our third-party supplier network. It allows us to proactively identify issues and address them quickly and respond efficiently and effectively to any concerns raised in relation to deforestation or peatland development. This technology will enable us to monitor palm oil concessions owned by companies inside our supply chain with primary focus on Indonesia, Malaysia and Papua New Guinea.

This data will be part of our ongoing grievance monitoring process. We plan to publish reports every four months on www.pg.com, with the first report planned for January 2021.



PILLAR III: Force for Good

P&G seeks to be a force for good wherever we operate. We know there are actions we can take for change within our supply chain and through use of certified-RSPO use in our brands. However, we also need to go further with long-term programs focused on making a difference for smallholders and communities and the ecosystems that sustain palm agriculture. It is also vital for us to both lead and partner on these programs, so we bring the voices and expertise of many parties to these programs. In FY19/20, we maintained our ongoing commitment to improving smallholder livelihoods, and we are beginning to identify and establish specific conservation and protection programs.

In FY19/20, we focused on:

1. Enabling Independent Smallholder Transformation

—approximately 40% of global oil palm is grown by smallholders and enabling and ensuring sustainable farming practices has the potential to both improve lives and deliver greater sustainable palm production and supply. We have supported RSPO engagement and training for smallholders since 2015. We have also worked directly with independent smallholders in Johor State, Malaysia, since 2017 and via our Centre for Sustainable Smallholders (CSS), which seeks to help farmers boost livelihoods via more efficient and sustainable farming practices. Additional detail on our smallholder efforts is available here:

SMALLHOLDER SPOTLIGHT

2. Traceability and Verification Task Force (TVTF)

P&G is supporting work by a key supplier to conduct full traceability of palm fresh fruit bunch production sources and No Deforestation, Peat and Exploitation (NDPE) verification of high-risk areas (as per GFW Pro Assessment) in 23 of their RSPO-certified mills in Peninsular Malaysia. So far, we have:

- Achieved supply-shed traceability of fresh fruit bunches to 23 mills within a 50 km radius.
- Completed traceability exercise of 108K mT FFB (2.4K mT PKO) to 17 FFB collection centers and 6,170 smallholders in Johor under the Binaan Jaya's (an FFB Dealer in Malaysia) supply base in Johor.

3. Conservation and Protection Program Development

This year, we began a process to identify potential force for good programs based on conservation and protection of ecosystems, wildlife and supporting communities. These will be developed in partnership with expert NGOs and in consultation with local civil society and communities. We are currently reviewing proposals and expect to announce further progress in FY20/21.

SUPPLY CHAIN

Palm Oil

4. Engaging, Advocating and Partnering for Change

Making change happen across the palm industry supply chain starts with commitment, but is enabled by partnerships. P&G is committed to working with others in the industry, as well as stakeholder groups to develop best practices and implement programs for change. We partner with many groups including:

- **RSPO** via many working groups, standing committees and participation in programs that help drive the development and implementation of sustainable palm practices. These include:
 - Development of the new Jurisdictional Approach Certification system to support group certification at scale under the RSPO Principle & Criteria (P&C), Independent Smallholder Standard (RISS) and Supply Chain Certification Standard (SCCS)
 - Smallholder programs which include:
 - Development of RSPO on Smallholder Strategy and Supply Chain Certification Standards (SCCS) group to implement the RSPO Independent Smallholder Standards certification
 - Providing smallholder support and engagement at RSPO annual Round Table
 - Support for the RSPO Smallholder Training Academy through availability of master trainers for training
 - Partnering on the development of Principles and Criteria on High Forest Cover and High Carbon Stock Approach

- **Consumer Goods Forum (CGF)**—We are participating in CGF's Forest Positive Coalition of Action comprised of member companies committed to moving efficiently toward a forest positive future and to work to accelerate systematic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains.

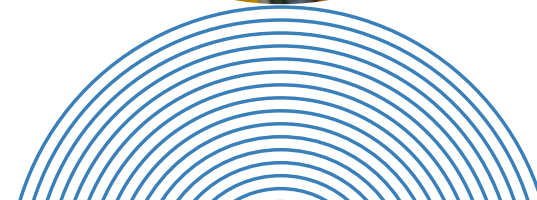
Moving Forward

We are proud of the progress we have made so far, but we are not complacent. We need to advance our work in collaboration with our suppliers and across the industry and with NGOs and civil society to continue the journey to more sustainable palm.

In FY20/21, we will be focusing on:

- Completing our supply chain efforts to achieve 100% RSPO SG for POD by the end of 2020 or early 2021.
- Implementing our glidepath to 100% PKO and PKOD RSPO certification by the end of 2021.
- Having public grievance reporting for social and environmental in place by January 2021.
- Continuing the social remediation work through Fair Labor Association (FLA) in FGV supply chain.

- Completing RISS Certification of a minimum of 124 smallholders in Johor.
- Executing the conserve and protect program of ecologically sensitive areas.
- Enabling finalization of the Jurisdictional Certification System Document for approval early 2021.



SUPPLY CHAIN

Palm Oil: Smallholder Spotlight



RSPO Independent Smallholder Standard (RISS)—Inclusive and Sustainable

Smallholders play an important role in the palm supply chain. Implementing the RSPO Smallholder Strategy is a critical way to enable sustainable palm production, while enabling inclusion of smallholders to help them boost their yields and livelihoods and enable their participation and voice within the RSPO System.

The new RSPO Independent Smallholder Standard (RISS) is the means to realize the strategy. As a member of the Smallholder Interim Group, we have been contributing to the development of the RISS. This aims to create a simplified, more inclusive process, with a stepwise approach that supports continuous improvement of farming practice and productivity. It seeks to bring this key supply chain sector into the RSPO-certified palm system with key eligibility requirements to enable market support to the smallholders to advance by milestones towards 100% RSPO compliance.

Key progress updates include:

- Supporting our smallholders to successfully complete registration of their new smallholder association—PERTANIAGA (Association for Sustainable Commercial Smallholders). This was completed on May 26, 2020 with Malaysia Registrar of Societies (as governed by Societies Act 1966 and Societies Regulation 1984). This is a key step toward their association becoming a regular RSPO member, which is essential for moving toward RISS Certification Audits.
- Making progress toward RISS certification for independent smallholders—257 of the P&G partner smallholders have signed a participatory agreement to achieve certification in FY20/21 of which 124 smallholders are on track to achieve RISS certification milestone by the end of 2020.
- Expanding expertise by training four of our sustainable field officers at the Centre for Sustainable Smallholders (CSS) to be qualified as RSPO Smallholder Trainer Academy Master Trainer.

We are committed to continuing the support to the smallholders and have been nominated to sit in the RSPO Smallholder Standing Committee which will oversee the successful implementation of the RSPO Smallholder Strategy and Standard.

SUPPLY CHAIN

Palm Oil: Smallholder Spotlight

Improving Livelihoods of Palm Smallholders

P&G's Smallholder Program in Johor state, Malaysia, seeks to put smallholders in control, so they can improve their livelihoods and make sustainable farming choices. P&G has a unique role to play, not only through investment but by creating and activating partnerships with independent experts in sustainable agriculture, ecology and supply chain that lead to better, more responsible solutions.

In collaboration with the Malaysia Institute for Supply Chain Innovation (MISI), we established the Centre for Sustainable Smallholders (CSS). CSS is based at the University Tun Hussein Onn Malaysia, in Parit Raja, Johor. It works as a "one-stop-shop" resource center

with researchers, agronomists and field workers to work with supply chain teams to drive "on-the-ground" (and in-the-field) capability. We also quickly established a collaboration with Yara, a leading global fertilizer manufacturer, to create a supply chain at affordable prices. In order to support the future generation of program leaders, we have created internship opportunities for local students to learn and experience life in the palm sector working in CSS.

Key progress on our efforts include:

- 10 smallholders have successfully completed their first of three years of participation in Core Learning Farm Program.
- Positive progress in palm fresh fruit bunch (FFB) yields achieved in the 10 Core Learning Farms with annual yield of 18.83 mT/Ha.
- CSS has successfully completed six field pocket guides on Best Management Practices (BMP) to provide expertise for smallholders.

We are also committed to championing smallholders' progress in partnership with RSPO. Since 2015, we have sponsored their "Linking Learning" session annually. Through CSS, we are supporting the RSPO Smallholder Academy, which looks to develop technical experts who are then able to train farmers in best practices.





SOCIETY

**Create transformative partnerships
that enable people, the planet and
our business to thrive**

- We will find solutions so no P&G packaging will find its way to the ocean.
- We will protect water for people and nature in priority basins.
- We will collaborate on and invest in natural climate solutions that improve and restore critical ecosystems and support local communities.

SOCIETY

Society



Accelerating transformative change to protect the planet is firmly on the corporate agenda. With serious challenges facing us—climate change, plastic waste, loss of biodiversity and more—P&G and other private sector companies are stepping up and joining forces with NGOs, academics, governments and more to collectively develop solutions at scale.

50L Home Coalition will Reinvent Water Use in the Home

At P&G, we believe there are opportunities to develop and scale viable innovations to reinvent how water is used in cities around the world. Today, we know that the average home in the developed world is highly inefficient, using up to 500 liters of water per person each day. Showering, laundry, cooking and washing dishes in the home result in using 10% of the earth's water supply. P&G is spearheading the 50L Home Coalition to bring partners together across the entire domestic water value chain, aiming to transform urban water management. The goal of the 50L Home project will be to leverage technologies and innovations that enable a person to live on 50 liters of water usage per day that feels like 500 liters. This effort will not only aim to save water but also energy used in the home.

50L HOME COALITION ↗

Protecting Forests with WWF in Russia

P&G partnered with three key retailers in Russia including Tander, X5 and Lenta to contribute more than 8,3 million RUB to WWF Forest program. The in-store campaigns focused consumers' attention on climate problems, offering easy and transparent ways to participate by supporting several forest conservation projects of WWF-Russia. This addressed the challenge of Siberian fires and intact forests which are important not only for the conservation of the planet's biological diversity, but also for regulating the climatic and water regime, protecting the soil from degradation and maintaining the high flow of rivers.

- Naturella in X5: one ruble from each purchase of Naturella was allocated to the WWF-Russia's project "Forest Guards". Each shopper received a personal certificate indicating the area of intact forest conserved on their behalf.
- Multi-brand in Lenta: one ruble from each P&G product sold in Lenta's stores funded WWF-Russia's initiative "Preserving Altai's Valuable Forests from Fires."
- Laundry products in Tander: during Earth Hour in 2020 one ruble from each purchase of Ariel, Fairy and Lenor was donated to the WWF-Russia fund for preserving Russian intact forests that contributes to climate change mitigation.

SOCIETY

Keeping Plastic Waste Out of the Environment

Alliance to End Plastic Waste Enters Year Two with Strong Momentum



P&G is a founding member of the Alliance to End Plastic Waste, launched in January of 2019 with the clear and ambitious vision to help end plastic waste in the environment. Now almost 50 members strong, with P&G CEO David Taylor serving as Board Chair from day one, the Alliance is continuing to develop, support and invest in a range of solutions that are helping prevent the leakage of plastic waste into our rivers, seas and oceans.

Thinking Globally, Acting Locally

Ending plastic waste is a global issue with local municipal action and responsibility. Communities bordering water bodies in Asia and Africa are the most vulnerable, but Alliance efforts will cover all corners of the world, in both emerging and developed economies.

Collaboration Is Key

Orchestrating coordinated actions from a diversity of partners is critical to success across the world and on the ground.

Changing Behavior

Inspiring people to care about the management of the waste they generate by observing and understanding society.

From Waste to Worth

Recovering and extracting value from waste plastic is a critical outcome for a circular supply chain and to closing the loop.

Moving Up the Waste Hierarchy

Progressing from short-term actions to long-lasting waste management solutions that help communities and society achieve circular economies.

The Alliance is engaging with cities to deliver a portfolio of big-impact solutions that will rapidly catalyze a waste-free future, providing support for 14 projects in cities like Jembrana, Indonesia; Accra, Ghana; Tan An, Vietnam; Puducherry, India; Surabaya, Indonesia, and Manila, Philippines, to name a few. Bringing companies together with nonprofit organizations, development agencies, governments and other stakeholders drives more investment in much-needed infrastructure to properly manage plastic waste.

With a target of \$1.5 billion over five years, Alliance efforts make a real difference by providing expertise and funding. Finding solutions to tackle plastic waste also helps to address the economic, social and environmental challenges defined by the U.N. Sustainable Development Goals (SDGs).

[ALLIANCE TO END PLASTIC WASTE ↗](#)

#Transparent2020: WWF's ReSource: Plastic Drives Transparency on Plastic Waste

World Wildlife Fund (WWF) launched ReSource: Plastic to bring companies together in a first-of-its-kind effort to bring transparency and collaboration to corporate action and reporting on plastic. In June 2020, ReSource published its inaugural public report, Transparent 2020, as the first benchmark of the activation hub's goal of preventing 50 million metric tons of plastic waste by 2030.

With a comprehensive measurement and analysis of the plastic footprints of P&G and four other ReSource member companies, Transparent 2020 provided data-driven insights to inform how companies can maximize and multiply the impact of their plastic mitigation activities. The report also identified four critical areas where companies can overcome shared challenges through collective action.

The report findings were calculated using the ReSource Footprint Tracker, an innovative methodology designed to fill a critical measurement gap companies have needed to effectively advance plastic sustainability.

[READ TRANSPARENT 2020 ↗](#)

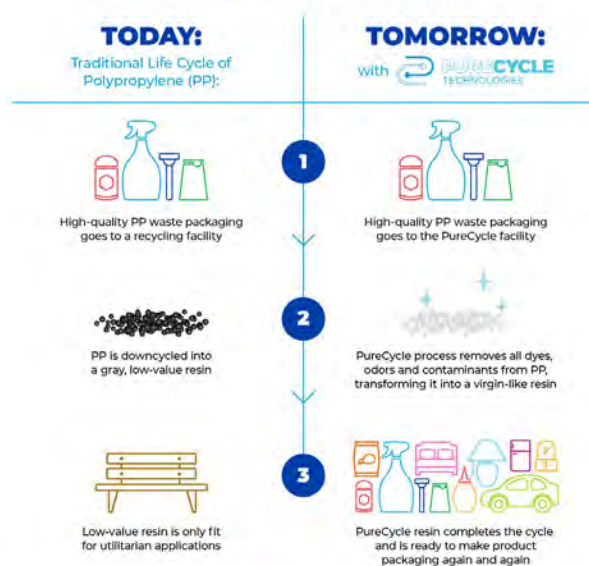
SOCIETY

Keeping Plastic Waste Out of the Environment

PureCycle Gives Polypropylene a Second Life

PureCycle Technologies' process purifies polypropylene plastic waste and converts it into high-quality, ultra-pure recycled polypropylene. The patented process developed by P&G scientist Dr. John Layman uses a non-toxic solvent to remove color, odor and contaminants from polypropylene, widely used in packaging, textiles and plastic parts for the automotive and other industries.

MAKING POLYPROPYLENE LIKE NEW AGAIN



UNLOCKING THE CIRCULAR ECONOMY OF POLYPROPYLENE

Recycled Material to Build a Home in Argentina

P&G Argentina's Magistral brand connected with TECHO Argentina, an NGO that provides emergency houses to vulnerable communities around the country so they can have a place to move on in life. Together, we came up with a campaign that would benefit these communities as part of the launch of a new SKU with a recyclable package. Recycling bins were placed in stores in Gran Buenos Aires that encouraged consumers to recycle the Magistral product bottle. With every new Magistral product purchased by consumers, the brand contributed toward the delivery of recycled material for TECHO. These contributions were used to craft 36 emergency houses, each made with recycled material. P&G employees volunteered their time to build two of the 36 emergency houses in one of the most vulnerable neighborhoods in the city of La Plata. The construction took two full days of hard work and was led by TECHO and P&G employees, who left aside their own plans for the weekend to take part in this activation, changing the reality of those families that needed anew home.



Project HolyGrail Pioneers Intelligent Packaging



P&G packaging expert Gian De Belder led a coalition of companies under Ellen MacArthur Foundation's New Plastics Economy Pioneer Projects to solve one of the largest obstacles facing recycling: ineffective sorting at material recovery facilities. HolyGrail tested the use of digital watermark technology to turn packages into "intelligent objects" and accomplish sorting benefits deemed impossible for the recycling industry to achieve. Faster, more accurate sorting means more plastics go back into the circular economy at a much higher reuse quality. Widespread adoption of harmonized digital technology also enables end-to-end 'smart package' advantages including quality inspection and inventory management systems at production plants, faster check-out at retail, scannable content for consumers and tracking materials recovery at recyclers.

HolyGrail 2.0—facilitated by AIM, the European Brands Association—is the next step in the journey. Officially launched in September 2020, the HolyGrail 2.0 consortium currently has more than 85 value chain members, including some of world's biggest brand owners and retailers. De Belder is chairing the leadership team of HolyGrail 2.0, with the goal to enter a European test market by early 2022.

SOCIETY

Keeping Plastic Waste Out of the Environment

P&G Teams Step Up to Help Clean Up

Waste that ends up in rivers and oceans is a pressing global issue. Here are a few examples of how our teams around the world are tackling waste head on:

Less Waste in Mumbai

More than 150 P&G employees, partner employees, family and friends collected nearly 2300 kilograms of waste from the Mahim beach in Mumbai. The collected waste was sorted and recycled by our waste management partner. Through these interventions, we strive to enhance the overall state of cleanliness and waste management by making sustainability a part of everything we do. This also brings us closer to achieving our Ambition 2030 goals.

Cleaner Beaches in Greece

In collaboration with the environmental NGO iSea, as well as retailer AB Vasilopoulos (Delhaize), P&G and our brands have joined forces for the last three years to clean waste from Greek beaches. The campaign is called Offer and reinforces to consumers, "I offer the best products to my family, while in parallel I offer the best care to the environment protecting our beaches from waste." So far, the NGO has done more than 75 beach cleanups and the target for summer 2021 is 100. P&G employees help in at least one cleanup every year.

P&G France Foundation for the Seashore Protection

Our P&G France Foundation for the Seashore Protection is one of the first company foundations in France. It was created in 1992. One hundred percent of the foundation's funds are dedicated to projects led by and with the Conservatoire du littoral, a public body under the supervision of the Ministry of Ecology. One of the Foundation's missions is to educate the youngest about the environment, and particularly, about the protection of the coast. During the last 10 years, educational tools were developed with this objective in mind for young people from kindergarten to high school.



P&G employees in Greece help in at least one beach cleanup every year.

SOCIETY

Keeping Plastic Waste Out of the Environment

Fairy Clean Waters in Romania

In 2019, Fairy started the campaign Clean Waters in Romania in partnership with Act For Tomorrow and cleaned some of the most problematic areas on Lake Bicaz where waste thrown into mountain rivers has contributed to a highly polluted environment. Four tons of waste was collected in 1,060 trash bags by 220 volunteers over the course of three days. We have also implemented cleaning events with P&G employees resulting in 150 bags of trash collected from the Danube shore in Giurgiu.

P&G Poland Continues Its Sustainability Journey

P&G Poland remains committed to the “Clean Earth” program, a partnership with the Our Earth Foundation. The program, consisting of various community activities and campaigns, is focused on eliminating plastic waste from the environment. We have cleaned plastic waste from the scenic Baltic Sea coast and the community neighboring our Pampers plant in Targówek. P&G joined forces with Lidl, a key customer, to encourage shoppers to get involved. Further, a number of nationwide education programs support students in developing responsible consumption habits and responsibly managing natural resources.

Spain Promotes Caring for Environment through Mi Playa Sin Plástico Campaign

Created to raise awareness and promote care for the environment, Spain’s Mi Playa Sin Plástico campaign enrolled volunteers to clean Las marismas de Santoña natural park. Volunteers from P&G, Carrefour and the Paisaje Limpio association removed and classified waste. The protected area is an important wetland in the Iberian Peninsula that is a vital migration route for many bird and mammal species.

Vision: Growing China’s Future Leaders in Environmental Protection

P&G China’s Pioneer Program has been co-launched by P&G and China’s Environmental Protection Foundation. This project provides funding, training and networking to student environmental protection societies in universities in China and is designed to grow future leaders in environmental protection. Since 2015, the program has provided financial and capability-building support to 144 university student clubs in 11 provinces, benefiting more than 8,000 university students. More than 100,000 students joined the program network. P&G China Pioneer Program has not only enhanced the capability for student clubs to get involved in environmental protection, but also integrated resources from universities, enterprises, local governments and broader society, hence broadening and deepening the scope of environmental protection practices for university students.



SOCIETY

Protecting Water for People and Nature

Despite the challenges of this past year, P&G has remained committed to advancing our Citizenship goals, including our goal to protect water for people and nature in priority basins. Last year, we announced the 18 priority basins that will guide our efforts in this area. These basins are across seven countries, including China, India, Mexico, Saudi Arabia, Spain, Turkey and the United States. We continue to work with partners to determine the key shared water challenges and viable solutions in each priority basin. New efforts were started in Spain and Turkey to guide potential engagement, and we were excited to support a large-scale water resilience project in the U.S.

Spain and Turkey

In order to increase our understanding of the priority basins in Spain and Turkey, we kicked off a new partnership with the Water Systems Analysis Research Group at the University of Cincinnati (U.C.). The U.C. team will help us better understand the sustainability of the water resources in these two regions of the world. They'll work with the P&G Sustainability team to identify solutions that are best suited to address key water challenges facing the people and natural environment that call these basins home.

United States

The southwestern U.S. faces increasing stress on their water resources and organizations are working on creative, collaborative ways to ensure key water sources are prepared for the future. P&G is excited to be one of eight major corporations to support a landmark collective funding agreement that complements existing funding from the state of Arizona to compensate the Colorado River Indian Tribe (CRIT) for conserving billions of liters of water —directly shoring up declining water levels in Lake Mead, an essential water source for millions of people.

P&G SUPPORTS SYSTEM CONSERVATION ↗



| Country | # Priority Basins | Priority Basin |
|--------------|-------------------|---|
| China | 3 | Xuanhui He Hai He Delta Tuo Jiang |
| Mexico | 3 | Moctezuma Laja Lerma/Salamanca |
| USA | 5 | Lower Bear/Malad, Great Salt Lake, Lower American, Lower Sacramento/ Putah, Calleguas |
| India | 3 | Sutlej Yamuna 1 Musi/Aler |
| Saudi Arabia | 2 | Saudi Arabia West Coast 5 Persian Gulf Western Coast 2 |
| Spain | 1 | Segura |
| Turkey | 1 | Kocaeli |

SOCIETY

Climate

Carbon Neutral for the Decade

For many years, the prevailing belief was that the only way to combat climate change was to reduce greenhouse gas (GHG) emissions by moving away from fossil fuels and investing in renewable energy. Reducing emissions is still our first priority, but we need to find ways to close the gap until innovation can catch up. Scientific data tells us that protecting and restoring nature can provide up to 30% of the GHG reduction required to limit the average temperature increase to 1.5 degrees Celsius. If we're going to flatten the climate curve and build a more sustainable future, we must make nature part of the solution.

In July 2020, P&G announced a new commitment to have its global operations be carbon neutral for the decade through a series of interventions that protect, improve and restore nature. Recognizing the next decade represents a critical window for the world to accelerate progress on climate change, P&G will go beyond its existing science-based target of reducing absolute GHG emissions 50% by 2030, to also advancing a portfolio of natural climate solutions. These efforts will deliver a carbon benefit that balances any remaining emissions over the next 10 years, allowing P&G operations to be carbon neutral for the decade.

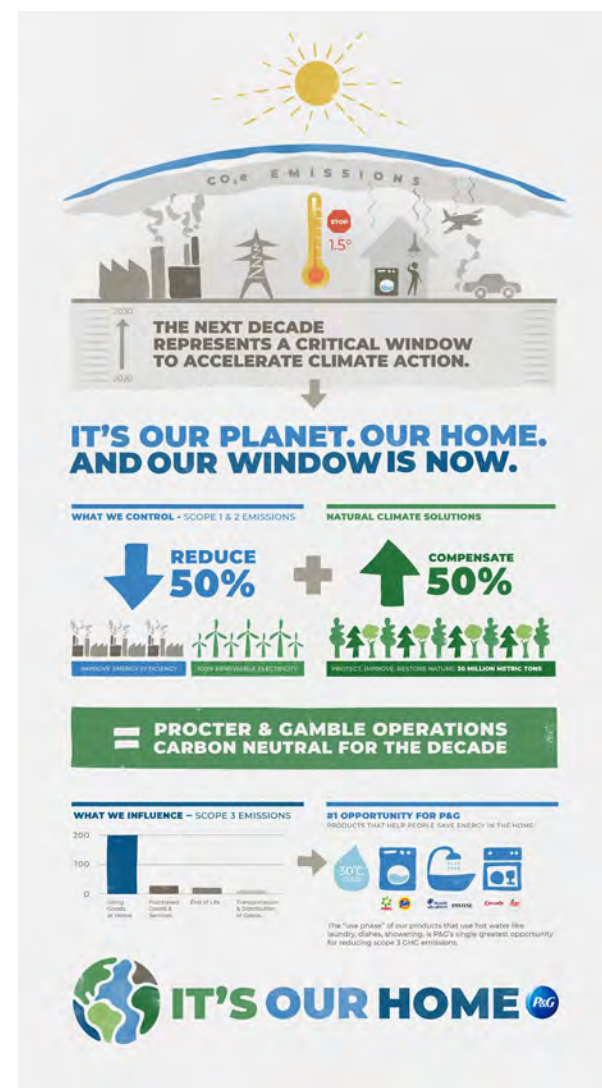
P&G will partner with Conservation International, World Wildlife Fund (WWF) and other partners to identify and fund a range of projects designed to protect, improve and restore critical ecosystems like forests, wetlands, grasslands and peatlands. In addition to sequestering more carbon, an important aspect of natural climate solutions is the potential to deliver meaningful environmental and socioeconomic co-benefits that serve to protect and enhance nature and improve the livelihoods of local communities. As P&G moves forward, the Company will seek to identify, measure and communicate relevant co-benefits from its investment in nature.

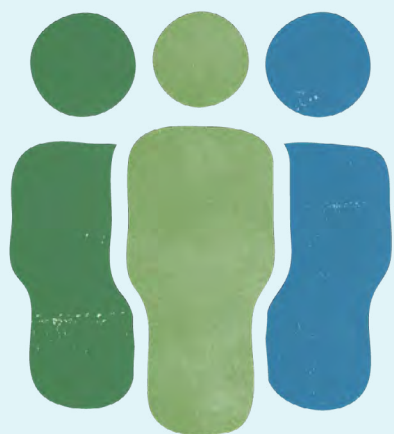
P&G is developing a detailed project portfolio and investing in projects across the globe. Projects already identified include:

- Philippines Palawan Protection Project with Conservation International
- Brazil's Atlantic Forest Restoration Planning with WWF
- Evergreen Alliance with Arbor Day Foundation

This is our home, the time is now. Click [here](#) to learn more about P&G's commitment to be carbon neutral for the decade.

P&G'S CARBON NEUTRAL COMMITMENT ➔





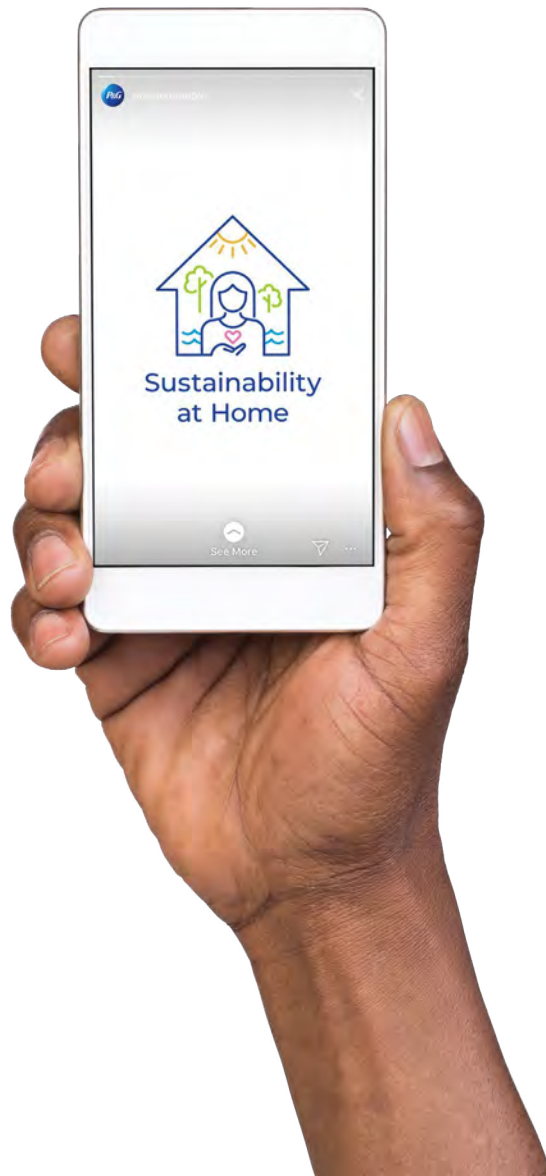
EMPLOYEES

Inspire and enable every P&G employee to build sustainability into their work and their communities

- We will integrate social and environmental sustainability as a key strategy in our business plans.
- We will educate employees across all levels.
- We will reward progress and integrate recognition in the individual's performance assessment.

EMPLOYEES

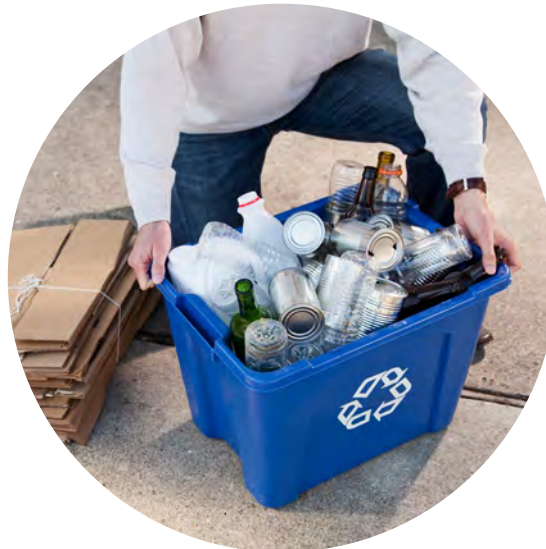
Employees



Employees Encourage Sustainable Habits During Lockdown

When a group of sustainability-minded P&G employees found themselves spending more time at home during the Spring of 2020, they decided to film themselves sharing advice for adopting eco-conscious habits. The Sustainability@Home series of videos featured P&G experts talking about tips for saving water, recycling, saving energy and more, posted on the Company's social media platforms throughout the lockdown days of April, May and June. The videos were well-received and turned these P&G employees into screen stars (for a few weeks) with lots of likes, shares and retweets.

[SUSTAINABILITY AT HOME ↗](#)



Annual Awards recognize P&G's Outstanding Sustainability Leaders

Even though the Ambition 2030 awards on October 1, 2020, was a virtual celebration, the enthusiasm and energy shone through. Hundreds of employees tuned into the broadcast to celebrate the best and brightest P&G teams and individuals who made extraordinary contributions to advance the Company's sustainability progress in a year of unusual challenges. P&G employees awarded in 2020 include:

- Jeffrey Chen — Senior Vice President — Greater China
- Freddy Bharucha — Senior Vice President — Personal Care, North America
- Brussels Innovation Center Sustainability Team
- Store Excellence Europe Sustainable Point of Sale
- P&G Walmart Team
- Angela Belcher — R&D Beauty Innovation Design Sustainability Leader
- Jennifer Chan — Product Supply Sustainability Leader, Global Fabric & Home Care
- Nicolas d'Avout — Finance & Sustainability Leader, Global Carrefour team
- Girish Deshpande — Palm Sustainability Leader
- Neil Lant — R&D Research Fellow — Fabric & Home Care
- Victoria Monge — Electronic Invoicing Specialist — North America
- Cristina Morillo Gomez — Oral Care Sustainability Leader

EMPLOYEES

Employees

Employee Survey Results Demonstrate Sustainability is a High Priority Across P&G

In March 2020, more than 83% of employees declared they are contributing to the Company's sustainability efforts in our annual employee survey. Many employees provided perspective that they value the Company's work in the space and welcome the chance to put more effort into where we make the greatest difference: our brand innovations and corporate partnerships.

P&G Wins WWF-Canada Employee Engagement Award

P&G employee Ashley Fill received the 2019 Workplace Champion of the Year Award from WWF-Canada. As the leader of the volunteer employee Sustainability Network for P&G Canada, Fill is passionate about bringing P&G's Ambition 2030 to life. She led and executed the "Green for 2019" campaign with the goal of educating employees to reduce their personal environmental impact.

Sparkling Sustainable Thinking at Our Newcastle Innovation Centre

In December 2019, our Newcastle Innovation Centre (NIC) in the UK hosted its annual "Spark Innovation and Connections Event," which is an internal celebration of the sustainability work being led by P&G employees, and provides an opportunity to learn what is happening externally to spark new ideas and connections. As part of the event, the site hosted internal and external inspirational speakers and showcased a range of NIC-led development projects. Chief Sustainability Officer Virginie Helias joined the event and thanked the local teams for their creative thinking and positive impact on site operations.





The health and safety of our employees and our contractor partners is foundational to the Company and directly linked to our core values.

Tracking Our Progress

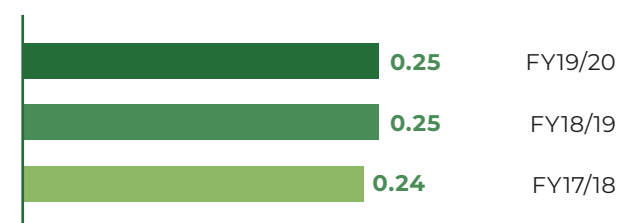
Health and Safety

The health and safety of our employees and our contractor partners is foundational to the Company and directly linked to our core values. Nothing we do is worth getting hurt. Safety can be managed. Every injury can and should be prevented. Safety is everyone's responsibility.

The Company tracks our total injury rate (TIR) and lost work day case rate (LWDC). TIR includes any injury that requires medical treatment beyond first aid, including work restrictions. LWDC is a subset of all injuries that were serious enough to result in the individual missing the next assigned work shift. Our TIR target for both employees and contractors is 0.35 injuries per 200,000 hours. No targets are set for LWDC rates. To achieve these results, we have implemented an integrated Health, Safety and Environmental (HSE) program. This program sets expectations that enable evaluation of each site's leadership involvement, behavior and culture, equipment design and maintenance standards and training and procedures. We specifically focus on life-safety critical systems such as electrical safety, confined space entry, fall prevention/protection, material handling and isolation of hazardous energy. The TIR and LWDC rate results are summarized in the charts to the right.

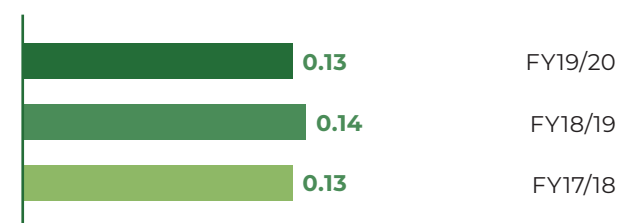
Total Incident Rate

(Injury and illness per 100 employees)



Total Lost Work Day Case Rate

(Lost and restricted work day cases per 100 employees)

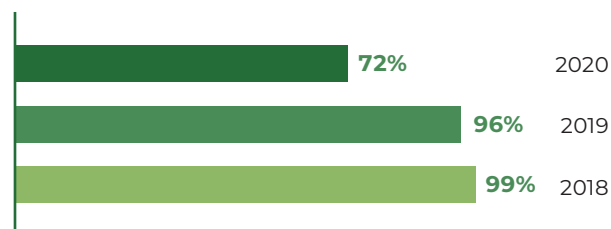


Tracking Our Progress

Audit Programs

Our internal HSE audit program is designed to ensure sites are complying with both local regulatory requirements, as well as corporate policies, standards and procedures. These audits are completed at all plants, innovation centers and distribution centers worldwide. The audit program is designed to identify specific findings and classify those findings as critical, major or minor. Two separate audits are completed—an HSE audit and a fire protection audit. All findings are tracked to closure by the corporate HSE. The fundamental philosophy is to use the standards worldwide, implemented by trained HSE leaders and audited each year using a consistent, comprehensive approach. Audits measure performance against mandatory standards and operating procedures. The target is to have no critical findings and continually reduce the number of major or minor findings. This year, 98% of HSE audits were completed, and 24% of the fire protection audits were completed. Fire protection audits by an outside vendor were stopped in February 2020 due to COVID-19. On average, 72% of the sites were assessed.

Sites Conducting Annual Audits





Tracking Our Progress

Compliance with Laws and Regulations

There are numerous health, safety and environmental requirements worldwide. Plants are subject to safety rules and emission limits with operating requirements that may be embodied in sources, such as statutes, regulations, laws and permits. It is our intent to comply with both the letter and the spirit of statutes, regulations, laws and permit requirements. Identified compliance issues are treated seriously, and all noncompliance matters are resolved as expeditiously as possible.

Notices of Violation

We continually strive for zero notices or penalties. The charts below summarize data from the last three years and provide perspective on notices of violation (NOVs) received during FY19/20. Note, several fines are still under review but are included in the total numbers.

Here's a breakdown of NOVs:

| Year | Number | Fines |
|------|--------|-----------|
| 2020 | 21 | \$13,595 |
| 2019 | 40 | \$62,060 |
| 2018 | 17 | \$249,430 |

| Violation | Number of NOVs | Fines |
|----------------------|----------------|----------|
| Water-Based | 3 | \$665 |
| Air-Based | 3 | \$5,250 |
| Solid-Waste-Based | 2 | \$0 |
| Paperwork | 3 | \$74 |
| Transportation-Based | 3 | \$3,200 |
| Other | 0 | \$0 |
| Worker Safety | 7 | \$4,406 |
| Total | 21 | \$13,595 |

Tracking Our Progress

Air Emissions

Each site assesses total suspended particulates, volatile organic compounds (VOCs), carbon monoxide (CO), nitrogen oxides (NOX) and sulfur oxides (SOX). The chart to the right summarizes data from the last three years.

Global Air Emissions

Thousands of metric tons

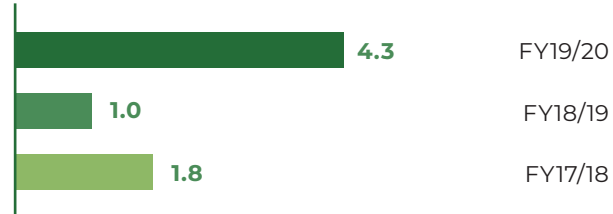
Volatile Organic Compounds (VOCs)



Sulfur Oxide (SOx)



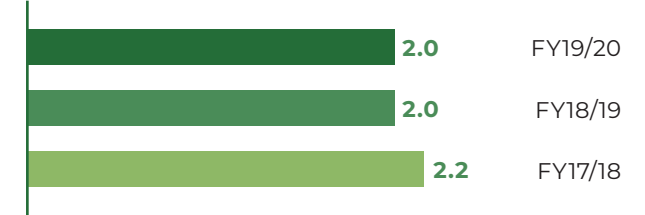
Particulate Matter (PM)



Nitrogen Oxides (NOx)



Carbon Monoxide (CO)



Facilities/LEED

LEED®

We are committed to designing sustainability into our facilities, including pursuing LEED certification for all new facilities. We now have 46 project sites with LEED Silver or Gold certification.



LEED certification of P&G facilities is an ongoing example of how we are focused on improving the environmental performance of our operations.

P&G is a member of the U.S. Green Building Council (USGBC). To ensure ongoing excellence in the sustainable design of our operations, P&G has committed to LEED certification for all new construction of manufacturing plants, distribution centers and office buildings around the world.

LEED CERTIFICATION ↗



| Location | Gold | Silver |
|--------------------------|----------|-----------|
| Albany, GA, U.S. | | 1* |
| Amiens, France | | 1 |
| Ben Cat, Vietnam | | 2 |
| Box Elder, UT, U.S. | | 3* |
| Budapest, Hungary | | 1 |
| Cabuyao, Philippines | 1 | |
| Cape Girardeau, MO, U.S. | | 1* |
| Cincinnati, OH, U.S. | | 4 |
| Cruzeiro do Sul, Brazil | | 1 |
| Greensboro, NC, U.S. | | 1 |
| Guangzhou, China | 1 | 1 |
| Gyongyos | | 2 |
| Geneva, Switzerland | 1 | |
| Hyderabad, India | 1 | 3 |
| Jakarta, Indonesia | | 4 |
| Lagos, Nigeria | | 2 |
| Mexico | 1 | |
| Novomoskovsk | | 1* |
| Shiga, Japan | | 1* |
| Singapore | | 1 |
| Tabler Station, WV, U.S. | | 7 |
| Taicang, China | 1 | 3 |
| Total | 6 | 40 |

*Represents a LEED v4 Certification at this location.

Environmental Resource and Waste Summary

The table below reports environmental statistics for Manufacturing Operations in our Global Business Units, Technical Centers and Distribution Centers.

| | Totals (absolute units x 1,000) | | | 2020 Global Business Unit Detail ¹ (absolute units x 1,000) | | | | | |
|---|---------------------------------|--------|--------|--|--------|----------------------|----------|-------------|-------|
| | 2020 | 2019 | 2018 | Baby, Feminine and Family Care | Beauty | Fabric and Home Care | Grooming | Health Care | Other |
| Production (metric tons) | | | | | | | | | |
| Finished Products Manufactured ² | 15,357 | 15,204 | 15,101 | 2,851 | 1,989 | 9,843 | 166 | 509 | N/A |
| Raw Materials from Recycled Sources ³ | 708 | 674 | 632 | | | | | | |
| Manufacturing Waste (metric tons) | | | | | | | | | |
| Solid Waste Generated | 874 | 648 | 621 | 267 | 102 | 248 | 35 | 39 | 183 |
| % Recycled/Reused Waste | 99.0% | 96.0% | 94.1% | 99.8% | 99.1% | 98.0% | 100.0% | 99.9% | 98.8% |
| % Disposed—Hazardous | 0.2% | 0.3% | 0.4% | 0.0% | 0.6% | 0.3% | 0.0% | 0.0% | 0.1% |
| % Disposed—Non-Hazardous | 0.8% | 3.7% | 5.6% | 0.2% | 0.3% | 1.7% | 0.0% | 0.1% | 1.1% |
| Other Waste (metric tons) | | | | | | | | | |
| Effluents (excluding water) ⁴ | 15 | 16 | 21 | 3.92 | 2.86 | 6.34 | 0.18 | 1.08 | 0.28 |
| Air Emissions ⁵ | 10 | 7 | 8 | 8.26 | 0.16 | 1.77 | 0.05 | 0.11 | 0.14 |
| Construction & Demolition Waste | 4 | 5 | 15 | 3.21 | 0.00 | 0.44 | 0.09 | 0.10 | 0.13 |
| Energy and Greenhouse Gas (GHG) | | | | | | | | | |
| Energy Consumption (gigajoules) | 62,823 | 61,375 | 61,135 | 40,741 | 3,687 | 11,161 | 2,475 | 2,112 | 2,647 |
| Total GHG Emissions (metric tons) ⁶ | 2,619 | 4,060 | 4,081 | 1,738 | 166 | 489 | 78 | 55 | 93 |
| Scope 1—Direct GHG Emissions (metric tons) | 2,218 | 2,217 | 2,162 | 1,632 | 88 | 318 | 64 | 51 | 64 |
| Scope 2—Indirect GHG Emissions (metric tons) ⁷ | 402 | 1,843 | 1,919 | 106 | 77 | 171 | 14 | 4 | 29 |
| Biogenic GHG Emissions (metric tons) | 50 | 57 | 68 | | | | | | |
| Water (cubic meters) | | | | | | | | | |
| Water Consumption | 67,049 | 64,296 | 65,028 | 41,164 | 5,930 | 15,091 | 1,102 | 2,200 | 1,562 |

¹ Baby, Feminine and Family Care includes Baby Care, Feminine Care and Family Care. Beauty Care includes Hair Care and Skin & Personal Care. Fabric and Home Care includes Fabric Care, Home Care and Chemicals. Grooming includes Blades and Razors and Devices. Health Care includes Personal Health Care and Oral Care. Other includes major stand-alone offices/technical centers that support the business units and our largest distribution facilities. Numbers do not include production from contract manufacturing operations.

² Estimated from FY19/20 finished product production volumes. Updated to exclude intermediate products that are used as raw materials in other P&G categories.

³ Data is tracked at a corporate level.

⁴ Wastewater chemical oxygen demand (COD).

⁵ Air emissions include particulates, SO₂, NO_x, CO and VOC.

⁶ Total GHG emissions = Scope 1 + Scope 2. Scope 2 emissions calculated using a market-based method.

⁷ Market-based Scope 2 GHG emissions. Note: Location-based Scope 2 emissions 2020 were 2,566,617 metric tons.

Global Measurement and Additional Operational Data

2020 Goal Measurement Systems

We go to great lengths to ensure rigor, accuracy and transparency in our reporting. Below, we share additional information on some of our 2020 Goal Measurement Systems to help ensure clarity and transparency on the data we are reporting.

Greenhouse Gas Emissions (GHG)

For the purposes of monitoring progress against our goal and listing emissions levels in charts and graphs, we utilize market-based Scope 2 GHG emissions. The WRI/WBCSD GHG accounting protocol provides additional perspective on market-based versus location-based GHG emissions.

GHG PROTOCOLS ↗

Our GHG emissions data has been verified by an external third party, Lloyd's Register Quality Assurance (LRQA).

LLOYD'S REGISTER QUALITY ASSURANCE ↗

Low-Energy Cycle Machine Washing Loads

In 2019, we reported that 70% of machine loads were being done in low-energy cycles, meeting our goal. This was determined by carefully reviewing habits and practices data to help us assess progress against our low-energy washing goal. Cycles included in our tracking were cold cycles in traditional top-load machines and cold and warm cycles in all high-efficiency HE machines (top and front loading).

Packaging Reduction

The average packaging reduction is calculated using products that represent the top 70% (by volume) of the categories that have the largest impact on packaging use (Fabric Care, Home Care, Baby Care, Feminine Care, Family Care, Oral Care, Personal Cleansing, Shave Prep, Hair Color and Hair Care). While a subset of overall data, we believe it is representative of overall corporate data and focuses resources on the biggest SKUs and categories with the biggest impact on packaging.



*We go to great lengths
to ensure rigor, accuracy
and transparency
in our report.*

Global Measurement and Additional Operational Data

2020 Goal Measurement Systems

Recyclability of Packaging

For purposes of tracking progress against our goal, a package is considered recyclable when there is an in-market, at-scale recycling system in place for that material type (e.g., collection, sortation, processing for end use and established end-market for collected material). While we require large-scale systems to be in place in at least one geography, we do not require a minimum percent access or recovery rate per package in every country or market for the package to be considered recyclable for purposes of tracking progress versus our goal.

Paper Packaging

Data for calculating progress versus our paper packaging goal was self-reported by our suppliers. The data collected this year covered materials procured directly by the Company as well as contractor manufacturers and covered more than 98% of our global spend.

Renewable Energy

When calculating the renewable energy powering our plants, we include the renewable energy level of the local electrical grid that provides power to the plant.

Water Conservation

Our goal to reduce water use in manufacturing facilities by 20% per unit of production applies to freshwater consumption, which means freshwater intake from the following sources:

- Tap water: water supplied by municipalities or third-party companies via piping systems or trucks, at any quality they deliver
- Ground water from site wells
- Surface water: non-brackish as rivers, lakes, creeks, etc., at any quality they deliver
- Purchased steam: water supplied in the form of steam purchased from third-party companies.

Venezuela

Due to current conditions in Venezuela and consistent with how we have approached other corporate reporting, we have excluded our three facilities in Venezuela from the manufacturing data included in this report. For transparency, the estimated combined data from these three sites within our 2010 baseline was energy (353,752 gigajoules), water (233,188 cubic meters), and GHG emissions (20,589 metric tons), which represents less than 0.5% of the respective global footprints. These changes have already been incorporated into the baseline restatement.

Baseline Restatement

This year, we adjusted our GHG emissions baseline in accordance with the principles in the WRI and WBCSD Corporate Standard for greenhouse gas Accounting. Changes included adjustments for acquisitions and divestitures, as well as other minor modifications and corrections to historic data. Our original baseline was 5,466,601 metric tons. Our revised baseline, which we will use for calculating progress versus GHG emissions reduction goals, is now 5,421,120 metric tons. As part of this work, we also updated our baselines for energy, water and waste. Original energy baseline was 67,904,220 gigajoules. It is now 63,886,813 gigajoules. Original water baseline was 77,049,114 cubic meters. It is now 76,208,753 cubic meters. Original waste disposed was 354,563 metric tons. It is now 335,552 metric tons. The baseline year remains the same: the Company's FY09/10.

Recognitions and Awards

Here are just a few of the external recognitions we've received this year in our Citizenship priority areas.



Community
Impact



U.S. CHAMBER
OF COMMERCE
FOUNDATION

*Social Responsibility
in Action*

ACTIVATE
THE GLOBAL CITIZEN MOVEMENT

*Among Fast Company's
2020 World Changing
Ideas in Creativity*



Equality
& Inclusion



Environmental
Sustainability

MEMBER OF
**Dow Jones
Sustainability Indices**
In collaboration with **S&P**
a RobecoSAM brand

5 years in a row



FTSE4Good

Since 2001



Ethics & Corporate
Responsibility



Ranked in Top 20



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Data in this report covers the period of July 1, 2019, to June 30, 2020. Financial information is given in U.S. dollars. Questions related to this report can be directed to mediateam.im@pg.com. This report references GRI 102: General Disclosures 2016 and specific disclosures from other GRI Standards as specified in the GRI Content Index for this report which can be found [here](#).