P&G 2016 Citizenship Report

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ABOUT OUR FIRST ANNUAL CITIZENSHIP REPORT

P&G has been sharing a sustainability report since 1999. This year, we have expanded the scope of this report to better reflect all aspects of our citizenship work including Diversity and Inclusion, Gender Equality and Ethics & Corporate Responsibility, in addition to the Environmental Sustainability and Community Impact we reported on in the past. Data in this report covers the period from July 1, 2015, through June 30, 2016. Financial information is given in U.S. dollars. This report was prepared using the Global Reporting Initiative's (GRI's) GRI3.1 Reporting Guidelines. The mission of the GRI is to promote international harmonization in the reporting of relevant and credible corporate economic, environmental and social performance information to enhance responsible decision-making. The GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein.

For further information about the GRI, please visit: www.globalreporting.org

For the latest P&G news, in-depth information on P&G's brands, and shareholder and career information, please visit: www.pg.com

NOTE TO PDF USER

This PDF utilizes interactive elements. Use the bar below or return to the Table of Contents for easy navigation and use hyperlinks to reach external content.

Leadership Statement

P&G is committed to being a good corporate citizen and always doing the right thing.

We are pleased to share with you our first-ever Citizenship Report. In August, we announced our new Citizenship agenda, which aggregates all the efforts we are making in this space—ongoing efforts that also align with many of the U.N.'s Sustainable Development Goals.

This report, which expands the scope of our former Sustainability Report, now reflects all aspects of our Citizenship work—including Ethics & Corporate Responsibility, Diversity & Inclusion, and Gender Equality—in addition to the Environmental Sustainability and Community Impact progress we reported on in the past.

We are, and want to be known as, a company that is governed responsibly and behaves ethically, that is open and transparent in its business dealings, that supports good causes and protects the environment, and that provides an appealing place to work where our employees are treated well and are given the opportunity to be all they can be.

This is important for our business. We know our consumers are increasingly interested in understanding more about the company behind the superior performing brands and products they have come to know and trust— and in ensuring that our actions and values are worthy of that trust.

We focus our Citizenship efforts across a number of areas. We start with Ethics & Corporate Responsibility, which is the foundation for the other four: Community Impact, Diversity & Inclusion, Gender Equality and Environmental Sustainability. Each of these areas is led by an executive sponsor committed to ensuring we achieve our specific objectives. Inside this report, you'll find more details about each of these interdependent Citizenship areas.

Over my career, I have come to realize the much broader impact a company like P&G can have on the world. Everything we touch, we can help make better. We, along with our partners, can be a positive force for good. This happens when we improve consumers' lives with our brands and products, when we act with integrity and honesty in our business dealings, when we create jobs and economic growth, when we use our voice to encourage meaningful dialogue, when we donate our time and resources to make a positive impact in the communities where we live and work, and when we improve the environmental impact of our products and operations.

At P&G, we're proud of what we've been able to accomplish in each area of Citizenship, and we look forward to the opportunities in front of us to make a difference and be a positive force for good every day.

David S. Taylor

Chairman of the Board,
President and Chief Executive Officer

P&G — At a Glance

At P&G, everything we do starts by winning with consumers and shoppers.

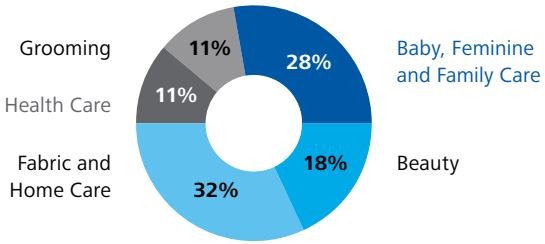
Our aspiration is to serve the world's consumers better than our best competitors, in every category and every country where we choose to compete—creating superior shareholder value in the process.

P&G is focused on four key areas of transformation to deliver balanced growth and leadership value creation: streamlining and strengthening our product portfolio, improving productivity and our cost structure, building the foundation for stronger top-line growth, and strengthening our organization and culture.

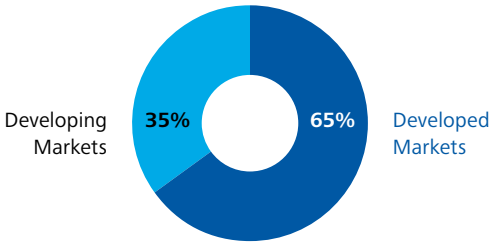
Fiscal Year 2016

Net sales	$65.3 billion
Net Earnings attributed to P&G	$10.5 billion
Countries of operations	About 70
Countries where our brands are sold	More than 180
Employees worldwide	About 105,000

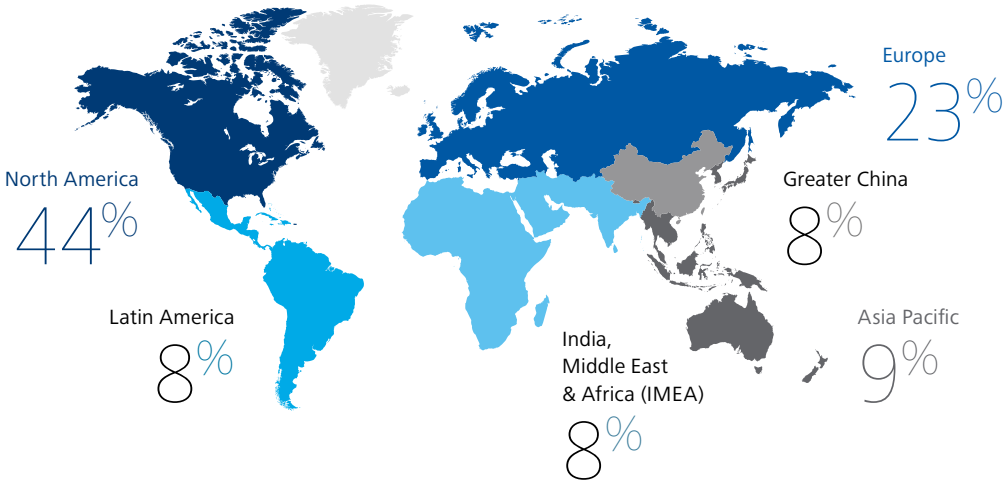
FY 2016 NET SALES BY BUSINESS SEGMENT
(Excludes net sales in Corporate)



FY 2016 NET SALES BY MARKET MATURITY



FY 2016 NET SALES BY GEOGRAPHIC REGION



P&G — A Company of Leading Brands

We're organizing our portfolio around 10 product categories and about 65 brands — approximately half of which have sales of more than $500 million each year. These 10 category-based business units have historically grown faster with higher margins than the balance of the Company. These are categories where P&G has leading market positions and where product technologies deliver performance differences that matter to consumers.

FABRIC CARE

HOME CARE

BABY CARE

FEMININE CARE

FAMILY CARE

GROOMING

ORAL CARE

PERSONAL HEALTH CARE

HAIR CARE

SKIN & PERSONAL CARE

P&G — Who We Are

The characteristics that define P&G have stood the test of time — since P&G's founding in 1837 by a candle maker and a soap maker who believed that everyday products could and should be of the highest quality, and that the only way to run a business long-term was with honesty and fair dealings. Their beliefs have been translated into three simple ideas: Leadership, Innovation and Citizenship.

LEADERSHIP

P&G's Purpose, Values and Principles are the foundation of leadership — and we grow talent with the same creativity and discipline that we bring to every other part of our business. We see leadership development as a long-term business strategy.

P&G is widely recognized as a top company for leaders.

- #21, Fortune's World's Most Admired Companies
- #32, Forbes' America's Most Reputable Companies
- #35, Barron's World's Most Respected Companies
- #9, Chief Executive Magazine's 40 Best Companies for Leaders
- #23, LinkedIn's Global Top Attractors

INNOVATION

Innovation is at the heart of P&G's business. It differentiates our brands vs. competition and prevents commoditization of our categories and brands. It's how we delight consumers, create value with retail partners, and create new businesses. P&G combines "what's needed" with "what's possible," conducting hundreds of consumer research studies each year to understand what people need and want, in order to create superior value and product experience every day.

CITIZENSHIP

P&G is committed to being a good corporate citizen and always doing the right thing. We are and want to be known as a company that is governed responsibly and behaves ethically, that is transparent in its business dealings, that supports good causes and protects the environment, and that provides an appealing place to work where our employees are treated well and are given the opportunity to be all they can be.

We focus our Citizenship efforts in five areas: Ethics & Corporate Responsibility, Community Impact, Diversity & Inclusion, Environmental Sustainability and Gender Equality. By growing our Company responsibly, we earn the trust on which our business is based and we build the relationships on which our future depends.

At P&G, the consumer is at the center of everything we do. Every day, we work to improve people's lives in small but meaningful ways with our brands and products. Learn more about P&G at **www.pg.com**.

Ethics & Corporate Responsibility

CORPORATE RESPONSIBILITY >

STAKEHOLDER ENGAGEMENT >

Purpose

Our brands play a unique role in the world

Principles

Universal respect drives every core belief

Values

Doing the right thing is the only thing

Ethics & Corporate Responsibility

P&G is committed to being a good corporate citizen and doing the right thing. We believe and have publicly committed that we have a responsibility to act as good global citizens. This sense of responsibility influences everything we do. Our customers, consumers, employees and external business partners know that we do what we say, and we say what we mean. This reputation of trust and integrity, built over time and rebuilt every day, is what sets us apart. Our Purpose, Values and Principles (PVPs) are the foundation of the Company.

Our objective is to create industry-leading value by maintaining and enhancing our strong corporate reputation through a strong ethics and compliance culture and a strong corporate culture that supports conserving resources, protecting the environment, improving social conditions, respecting human and labor rights, and empowering individuals and the communities in which we live, work and serve.

We operate within the spirit and letter of the law, maintaining high ethical standards wherever we conduct business. We believe that good governance practices contribute to better results for shareholders. We maintain governance principles, policies and practices that support management accountability. These are in the best interest of the Company and our shareholders, and they are consistent with the Company's Purpose, Values and Principles.

Corporate Responsibility

We manage our business responsibly. This is implemented through our policies, practices and due diligence systems (e.g., Human Rights Policy Statement; Employee Benefits; Product Safety; Environmental Policies & Practices; Worldwide Business Conduct Manual; Sustainability Guidelines for External Business Partners; Responsible Sourcing). Examples of our commitment to our corporate responsibility can be seen throughout this report.

Ensuring the safety of consumers who use our products, and the safety of the world we all live in, has been at the heart of what we do. Before we market a new product, we ensure its safety through a four-step, science-based process, which is the same process used by regulatory agencies around the world. We also provide ingredient and fragrance information to enable consumers to make informed choices about the products they use every day.

We work closely with our external business partners to ensure that our products are sourced responsibly. P&G's Sustainability Guidelines for External Business Partners set our expectations with our supply base with regard to Social and Environmental Responsibility. We actively seek business relationships with partners that share these values, and that promote high standards within their own supply chains. Our risk-based audit program supports this effort by assessing partners through third-party audits, and identifying and remediating issues. We strive to effect change in our supply base when we identify improvement opportunities, and this is an important way we fulfill our purpose. We want to build a robust system of External Business Partners that is fully integrated and synchronized with P&G's business and values.

Ethics & Corporate Responsibility

Stakeholder Engagement

P&G works hard to be a good corporate neighbor and to improve lives in the communities where we live and work.

CONSUMERS

We are committed to providing products and services that can help improve the lives of our consumers all over the world. In developing and marketing our products, we adopt a "Consumer Is Boss" approach to ensure that we delight consumers by launching only new products and product improvements that genuinely meet their needs. We actively encourage consumers to contact us because we want to hear about our consumers' experiences with our products. We feel very privileged that consumers care enough about our products to contact us.

COMMUNITIES

Each P&G production facility has site-specific activities to build constructive relationships with local authorities, industry associations, residential and business neighbors, action groups, thought leaders and news media. Depending on the cultures and interests of individual communities, this can range from regular official meetings, during which new information is shared or questions are answered, to more informal meetings.

AUTHORITIES: LOCAL — REGIONAL — GLOBAL

P&G is focused on meeting consumer needs in the countries where we do business, while creating value for our shareholders and continuing to be good corporate citizens.

Guided by our PVPs, P&G engages in the political process to ensure that the interests of our employees, consumers and shareholders are fairly represented at all levels of government around the world. We are committed to being transparent about our political involvement globally.

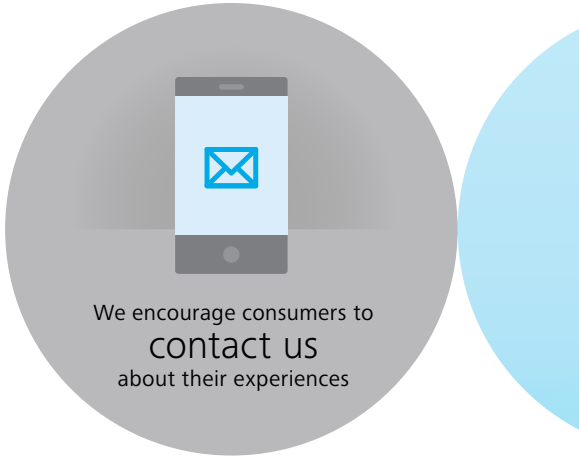
P&G's approach to taxes is also based on our PVPs. Consistent with the law and international norms, we believe tax should follow business substance and that profits are generated where key business activities take place. P&G is committed to the highest level of tax compliance. In doing so, we observe and adhere to the tax law, the underlying tax policy intent, and the disclosure and reporting requirements.

NON-GOVERNMENTAL ORGANIZATIONS (NGOs): LOCAL — REGIONAL — GLOBAL

P&G frequently enters into dialogue with NGOs to understand their concerns and cares. NGOs can vary by area of interest (e.g., environmental, consumer, human rights) and by their geographic links (from local to global).

PRINCIPAL INDUSTRY AND BUSINESS ASSOCIATIONS

P&G holds membership in many industry and business associations whose activities are related to the Company's. These associations provide a forum for us to promote and defend our interests in the broader industry context while providing a lawful platform for joint research, issue monitoring, and sharing of best practices.



Community Impact

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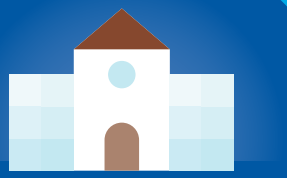
BRAND PROGRAMS >

REGIONAL HIGHLIGHTS >

EMPLOYEE WELL-BEING >

Pampers + unicef



We have improved school facilities in rural China for over
300,000
students

We supported Habitat for Humanity projects in more than
10
countries

We responded to
26
global disasters

Our Born Learning program has improved the lives of
100,000
children in Latin America

Community Impact Overview

For nearly 180 years, we have been focused on improving the communities we serve. Through our brands, our products and our people, we have a unique role to play in improving the health and well-being of the people who are part of our global community. From a family in Mexico enjoying clean drinking water to a mother in Uganda playing with a healthy toddler, to a girl in rural China realizing the promise of an education, we are committed to helping the communities we touch.

Sharing the Power of Clean Water

In May, we celebrated reaching the 10 billionth liter milestone of clean water, delivered to a family in Mexico through our P&G Children's Safe Drinking Water Program. Working with our 150+ partners around the world, we are well on our way to reaching our goal of 15 billion liters by 2020.

HELPING NEIGHBORS IN TIMES OF DISASTER

After disaster strikes, necessities and basic comforts of home are often overlooked. Head & Shoulders, Oral-B, Pantene, Pampers and other P&G brands donate thousands of products and hours to help survivors, families and entire communities regroup and recover. This year, we worked with relief organizations to provide the comforts of home to those impacted by 26 global disasters.

FORMING A HEALTHY VISION FOR CHILDREN

During the last three years, our Born Learning program in Latin America has improved the lives of 100,000 children, strengthened nearly 1,400 child care centers, and trained more than 15,000 parents and 5,000 teachers and caregivers. The new Born Learning model, Healthy Environment, seeks to make an even greater impact to ensure more children live and develop in healthy environments.

STRENGTHENING COMMUNITIES AND IMPROVING LIVES

We have always believed in the importance of a healthy, safe and clean home. Our partnership with Habitat for Humanity shows just how true that really is. Habitat envisions a world where everyone has a decent place to live. For more than 10 years, we have supported this vision, through our Company and thousands of P&Gers who have lent their expertise, leadership and effort to help provide safe and affordable homes to those in need of decent shelter.

PROTECTING THE MOST VULNERABLE AMONG US

Even though neonatal tetanus is easily preventable with a simple vaccine, about 49,000 babies still die every year. That's one newborn fatality every 11 minutes. Pampers supports UNICEF in their effort to eliminate neonatal tetanus in EVERY country. Since the start of the campaign, Pampers has helped UNICEF eliminate neonatal tetanus in 19 countries. We are now halfway towards achieving our goal of eliminating this disease from the world.

BUILDING A BETTER FUTURE

In order to help underprivileged children in rural and underdeveloped areas have better basic education facilities, we started supporting Project Hope in 1996. Project Hope is by far the largest and most influential charity program in China. In 20 years, we have helped renovate more than 200 schools, benefitting more than 300,000 children, enabling them to improve their lives through education. Also, the program has now evolved from just improving school facilities to providing children with a holistic education to include arts, sports, music and drama.

Corporate Programs

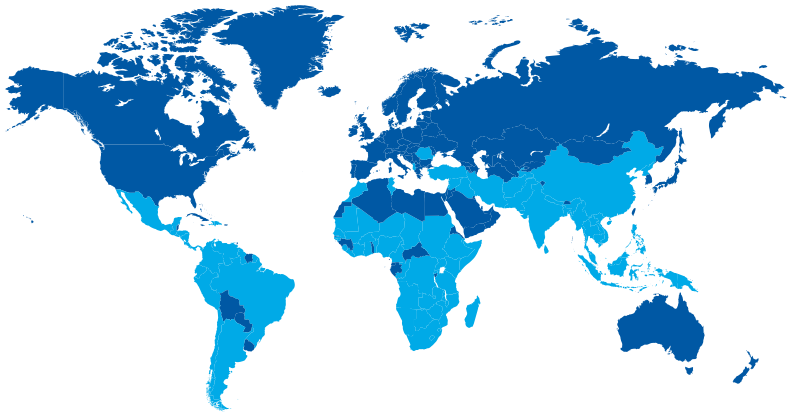
CHILDREN'S SAFE DRINKING WATER

Nearly one billion people do not have access to clean drinking water. P&G Purifier of Water packets pack the power of a water treatment facility into a small packet. A single sachet can purify 10 liters of water, killing bacteria and viruses, and removing parasites, arsenic and dirt—all in 30 minutes. Clean water has the power to improve health, education and economic opportunity for children and families around the world. The P&G Children's Safe Drinking Water Program has delivered more than 10 billion liters of clean water in 85 countries through the help of our more than 150 partners. This milestone puts us well on track to reach our goal of 15 billion liters by 2020.

Americas
Argentina
Brazil
Chile
Colombia
Costa Rica
Dominica
Dominican Republic
Ecuador
El Salvador
Guatemala
Guyana
Haiti
Honduras
Mexico
Nicaragua
Panama
Peru
St. Lucia
Venezuela

Africa
Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Chad
Cote d'Ivoire
Democratic Republic of Congo
Djibouti
Ethiopia
Ghana
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Morocco
Mozambique
Namibia
Niger
Nigeria
Republic of Congo
Rwanda
Senegal
Sierra Leone
Somalia
South Africa
South Sudan
Sudan
Swaziland
Tanzania
Tunisia
Uganda
Zambia
Zimbabwe

Europe/Asia
Afghanistan
Albania
Bangladesh
Cambodia
China
East Timor
India
Indonesia
Iran
Iraq
Laos
Lebanon
Malaysia
Maldives
Myanmar
Nepal
North Korea
Pakistan
Papua New Guinea
Philippines
Romania
Sri Lanka
Syria
Tajikistan
Thailand
Turkey
Vietnam



P&G Purifier of Water packets have helped children & families in
85 countries

Corporate Programs

DISASTER RELIEF EFFORTS

At P&G, we care deeply about the communities we live and work in, and are committed to helping them thrive through our brands and our people wherever we can. In the aftermath of large-scale natural disasters, P&G helps to bring a sense of normalcy and comfort through our products like Pampers, Pantene, Gillette and Tide. We've worked with national and international disaster relief partner organizations during more than 25 disasters this year alone.

To aid the critical need for food, shelter and other necessities, we've provided more than $2 million in monetary grant support to our long-standing global emergency relief partner organizations such as AmeriCares, American Red Cross, CARE, Direct Relief, GlobalMedic, International Federation of Red Cross and Red Crescent Societies, International Medical Corps, Matthew 25: Ministries, Population Services International, Save the Children, and World Vision.

In addition, P&G employees have volunteered their time and talents assisting in the procurement of products, writing notes of encouragement, and packing kits filled with P&G health and hygiene products.

HABITAT FOR HUMANITY PARTNERSHIP

We have always understood that improving lives starts in the home. Our partnership with Habitat for Humanity shows how true that really is. This year, hundreds of employees volunteered their time to build, repair or clean homes in Brazil, Canada, the United States, Hungary and multiple other countries. Throughout the world, the goal was the same—help families realize their dreams of homeownership or improve the places they already call home. In 2016, this meant:

- In Brazil, volunteers helped 12 low-income families improve their housing conditions through basic home repair instructions and subsidized microloans. In addition, the P&G Sales Team raised $2,000 for Habitat Brazil to help one more family than originally expected with much-needed home repairs.
- In Canada, volunteers helped construct nine townhomes for families in Toronto's East End neighborhood.
- In Singapore, P&G employees cleaned homes to assist elderly homeowners or those with disabilities.

hundreds of employees
volunteered to build, repair and clean homes

Brand Programs

PAMPERS UNICEF

Even though neonatal tetanus is easily preventable with a simple vaccine, about 49,000 babies still die every year. That's one newborn fatality every 11 minutes. Pampers supports UNICEF in their effort to eliminate neonatal tetanus in EVERY country. Since the start of the campaign, Pampers has helped UNICEF eliminate neonatal tetanus in 19 countries. We are now half way towards achieving our goal of eliminating this disease from the world.

TIDE LOADS OF HOPE

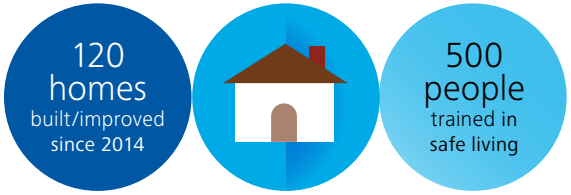
After a flood or other natural disaster, something as simple as clean clothes is a small but important step toward recovery. Tide Loads of Hope provides free laundry service to help victims find some normalcy in a state of chaos. Since 2005, this service has helped more than 45,000 families and, with the addition of the Tide Loads of Hope Clothing Drive, has a goal for more than doubling that in the next decade.

DAWN WILDLIFE PROGRAM

Cleanup from an oil spill is long, labor-intensive work. Safely removing oil from bird feathers, animal fur and marine wildlife requires a gentle touch and powerful, yet safe cleansers. Dawn dishwashing liquid has been the answer for animal rescuers since the mid-1980s because it removes tough grease while being gentle on animals' delicate skin and feathers. Our Dawn Wildlife Program partners with International Bird Rescue and the Marine Mammal Center to give volunteers the cleaning help they need. In all, 100,000 donated bottles have helped save 75,000 wild animals from oil contamination.

100,000
donated bottles of Dawn
have helped save
75,000 animals

Regional Highlights



Having a Place to Call Home

Josefa is two years old and hasn't left the hospital—because she didn't have an adequate home to go to. Thanks to our work with Habitat for Humanity in Chile, now she can and is ready to. 40 P&G volunteers worked more than 180 hours to refurbish her house and transition it into a welcoming home.

Josefa's story is just one of many in Latin America. P&G teams have built or improved more than 120 homes in the region since 2014. And we do more than build homes—we help families thrive in them. With "healthy housing" training, educational materials and workshops, 500 people learned how to keep their new home healthy and safe.

Watch Josefa's story

LATIN AMERICA

Success in school sometimes starts before day one. Prepping pre-school-age children with the basics—before they start school—can make all the difference. We support **Born Learning**, a United Way education program for children ages six and under. Since 2008, 100,000 children in 11 countries have benefited from early exposure to safe and healthy learning environments.

Numbers Across the Region:

- Delivered more than 550 million liters of clean water to 16 countries through P&G Children's Safe Drinking Water
- Aided 250,000 people affected by more than 10 disasters and emergencies

GREATER CHINA

In rural China, local schools are often miles away—not reachable for many children. We started supporting **Project Hope** in 1996 to improve access to much-needed education. The numbers truly show exponential progress. In 20 years, we helped renovate more than 200 schools, benefiting more than 300,000 children with a better school environment. Together, we are bringing a better future within reach.

Six minutes is all it takes to screen for cervical or breast cancer. Yet many women in Taiwan did not grasp the importance of regular screenings. Thanks in part to our **"6 Minutes To Protect a Life"** campaign, we've helped improve women's health since 1994. In fact, the "six minute" message has 98% awareness in Taiwan. Now, more than 80% of cervical and breast cancer cases are diagnosed early, and cervical cancer death rates have dropped 65%.

We've helped
250,000 people
affected by more than 10 disasters in Latin America

We've helped renovate more than
200 schools
in rural China

ASIA PACIFIC

Our community efforts in Singapore are wide and varied. Employee volunteers clean homes, build schools and sanitation facilities, and, through our new Fingerprints initiative, use their strategic and organizational skills to consult with charities and social organizations. Our **Beyond Borders** program coordinates our community activity throughout the region. We partner with Habitat for Humanity, Save the Children, Special Olympics, UN Women, World Vision and others to touch underprivileged lives in as many ways as possible.

Regional Highlights

EUROPE

Europe is home to a wide variety of cultures and countless traditions. But need knows no borders. In difficult living conditions, everyday products are important essentials. We share personal care and household products to help restore a bit of confidence with the comforts of home, health and hygiene.

In the UK, our product donations have reached about 2,000 charities and volunteer groups through **In Kind Direct**, a charity which distributes to those in need.

In Switzerland, we partner with **Partage**, a Geneva food bank that supplies all local charities and official shelters.

In Greece, we help the Municipality of Athens provide housing and essentials to homeless families, easing the journey from severe conditions to self-sufficiency.

In Germany and Austria, we supply the largest number of newly arriving refugees with vital products through **Hand in Hand for Refugees**. This program also builds on strong employee engagement in our communities, helping to integrate refugees into society and the labor market..

In Eastern Europe and Central Asia, we created a new partnership platform. **P&G Care to Every Home** coordinates all of our community and donation programs in the area, working with SOS Children's Villages, UNICEF, International Federation of Red Cross and Red Crescent Societies, and food banks.

In Spain, our new "builders of the future" program in partnership with **Aldeas Infantiles** program, is a chance for employees to be directly involved by volunteering to deliver much-needed products to families in need. Last year, our employees also volunteered to organize workshops aiming to improve the confidence in teenagers.

In Hungary, Poland and Romania, we partnered with **Habitat for Humanity** to help provide the comforts of home by building and cleaning houses for underprivileged families. In total, 17 house units were built and renovated.

Imagine, nearly 1,000 P&G employees taking a full work day to volunteer with social or environmental causes. On **Solidarity Day** 2015, that's exactly what happened in France. The team conceived Solidarity Day in 2009 as a show of support for community efforts. Each year, we organize a full day of volunteers dedicated to giving back. Not only was this year's turnout a new record, but we also recently expanded the concept to hold Solidarity Days in the Netherlands and Belgium.

In Turkey, we partner with **Red Crescent** to supply the large number of refugees with essential hygiene products.

INDIA, MIDDLE EAST, AFRICA

Young girls in Northwest Africa may live far from their rural homes—and their families—while in school. **Learn for a Better Future** gives these girls a more-comfortable and safer place to live and learn. To launch this program and empower those in need, we joined with the Ministry of Education, Rotary International and the Food Bank.

Our goal is to help 60,000 Nigerian girls gain vocational and literacy skills. But since **Always and UNESCO** partnered in 2014, it has actually proved to be too low. The project is so successful, we now hope to reach 110,000 girls.

We're supplying newly arriving **refugees** in Germany and Austria with vital products

We're aiming to reach **110,000 girls** through our Always and UNESCO partnership in Nigeria

Regional Highlights

NORTH AMERICA

Feeding America does much, much more than the name implies. North America's leading hunger relief charity not only distributes food, but also household essentials, through a nationwide network of 200 food banks and 61,000 agencies. As a long-term partner, P&G has been providing basic essential products like Crest, Gillette, Charmin and Pantene to help families who are in need of non-food items. In just two years, Pampers has donated 15 million diapers and 10 million baby wipes to help families care for their youngest members. P&G has also helped support Feeding America's School Pantry and BackPack programs for kids, and partnered together on brand campaigns such as the Crest Healthier Smiles Project.

As Canada welcomed 25,000 Syrian refugees over the last year, P&G was there to help with some home essentials. In donating more than 17,000 products to nearly 7,000 refugees, we were able to help them feel a little more settled and comfortable after a difficult journey.

Watch a packing event for families settling in Vancouver

The **United Way** has been improving lives in communities around the world to advance the common good. Sounds very much like our own "Touching Lives, Improving Life." No wonder our partnership with United Way is among our longest. It's our chance to directly support the communities where we live and work.

In Cincinnati, P&G and its employees donated more than $10 million to the United Way's annual campaign, making us the largest local donor.

In Canada, our employees' generous spirit is just as strong. We were the first packaged goods company in the nation to donate $1 million in a year—and have bested that amount every year for the past 16 years.

P&G is the largest contributor to The Cincinnati Center City Development Corporation, or **3CDC**, a nonprofit company designed to strengthen the city by revitalizing districts in the downtown area. Fourteen percent of 3CDC's budget comes from corporate sponsors, and P&G is the largest contributor. 3CDC has initiated $920 million in total real estate projects since 2003. This has resulted in 144 historic buildings restored, and the construction of 50 new buildings, 679 apartments, 421 condominiums, 13 townhomes, 156 hotel rooms, 320 shelter beds, 852,924 square feet of commercial space, and 3,553 parking spaces.

FEEDING AMERICA + P&G

Pampers has donated
15 million
diapers and 10 million
baby wipes in two years

Employee Well-Being

P&G Vibrant Living

2016 was quite a milestone for Vibrant Living. After five years, our presence is as strong as ever, covering 198 P&G sites across 55 countries. But we felt we could do more. This year, we expanded our vision to move beyond health. Our new vision: "Enable peak performance by inspiring meaningful, happy, healthy lives."

To fulfill this vision, Vibrant Living helps support employees in three important areas:

- "Meaningful" Heart—Feeling proud to be part of P&G and connecting with others who share similar interests and passion to bring out our best.
- "Happy" Mind—Enriching our overall well-being, building resilience and strengthening relationships to enjoy the best in life.
- "Healthy" Body—Optimizing our physical strength and energy to meet everyday challenges and enjoy an active lifestyle. That's the core of Vibrant Living.

HIGHLIGHTS OF OUR PROGRESS

Positive P&G Employee survey trends

Participation in Vibrant Living is growing quickly and steadily; 81% took part in events, activities and programs, up dramatically from 56% in 2011. Employees who participate in Vibrant Living activities average 17 percentage points higher in Personal Well-Being than those who do not. Overall Personal Well-Being scores improved 5 points over the last five years.

Global Vibrant Living Awareness Day

In April, 66% of our sites took part in this celebration around the world. The theme for our third annual event was "Vibrant Living, Better Together!"

A workplace culture of health and well-being

- Our Vibrant Living Site Certification program continues to expand, with 96 certified sites that support the health and well-being of our employees.
- With the help of 320 Vibrant Living Health Coaches and Champions throughout the world, employees can connect to Vibrant Living resources they need most.
- Our global online wellness assessment is now available to 100% of employees in over 30 languages.
- Our WorkLife Solutions Program expanded to reach more than 90% of employees worldwide, with a high utilization rate of more than 10%.

Vibrant Living is present in 55 countries

Our global online assessment is available in 30+ languages for 100% of employees

Employee Well-Being

Global Medical

We touch and improve the lives of our employees with focused delivery of our five Global Medical priorities.

1. Save a Life (Protect Our People)
2. Obey the Law (Protect Company Reputation)
3. Protect Key Technologies (Protect Brand Integrity)
4. Enhance Speed to Market (Support Emerging Technologies and New Business Development)
5. Inspire Health and Wellness (Vibrant Living, Travel Medicine Support, Global WorkLife Solutions and EAPs)

The P&G Medical vision "Healthy People, Healthy Business" reflects the importance of the wellness, productivity and innovativeness of our employees. The P&G global Employee Health and Wellness Policy ensures that we deliver:

- The same corporate health and wellness standards at all P&G locations consistently around the world, assuring that sites provide employees with the appropriate level of occupational health assurance programs and services
- Comprehensive and effective emergency care for our employees, onsite contractors and visitors at all our facilities
- Compliance with related laws and regulations, and sharing this expectation with all of our business partners
- A culture of health through quality health services and Vibrant Living offerings that support employees in protecting and promoting their health
- WorkLife Solutions and Employee Assistance Programs (EAPs) to support employees and their families

Our programs are making a difference. Our 162 P&G Health Services/Vibrant Living Health Centers in 42 countries had over 322,000 employee visits in the past fiscal year. Based on employee feedback, 96% of visits received a favorable rating. Our annual ratio of Health Center visits to total P&G employees covered by onsite occupational health services remains at a similar level. Many of these employee visits are proactive, including use of preventive health services such as travel health consultations, seasonal influenza immunizations, and personal health and wellness consultations.

Employees who used health services or on-site health programs reported better personal well-being scores of 13 percentage points or higher on the 2016 P&G Employee Survey. P&G Survey results for the last five years tell a remarkably consistent story of double-digit well-being improvement.

We ensure consistent global delivery of high-quality health systems via our Health Systems Key Elements (HSKE) site audit process. HSKE defines the corporate governance, country legal, and clinical governance standards and requirements for our health systems worldwide. We review the HSKE program regularly to ensure the requirements stay current with legal, technical and policy developments. During this past year, we updated guidance on medical management of polyacrylate materials, medical surveillance for 3D printer metal exposures, and medical review of all new applicants.

Diversity & Inclusion

OVERVIEW >

GETTING THE FULL VALUE OF OUR DIVERSITY >

BUILDING AN INCLUSIVE CULTURE >

STEPPING UP INSIDE AND OUTSIDE OUR WALLS >

GIVING A VOICE TO ISSUES THAT AFFECT SOCIETY >

BRINGING OUT THE BEST IN EACH OTHER, EVERY DAY >

STRENGTHENING OUR LEGACY >

Everyone Valued, Everyone Included, Everyone Performing at Their Peak™

HUMAN RIGHTS CAMPAIGN FOUNDATION™

There are more than
145
nationalities represented in our global workforce

We've spent more than
$2 billion
a year with diverse suppliers

Diversity & Inclusion Overview

We aspire to be as diverse as the people who use our products. The more we reflect the diversity of our consumers, the better equipped we are to understand and serve them. To realize the full power of diversity, our culture of inclusion values every employee's talents. We strive each day for every P&Ger to be valued, included and able to perform at their peak. We win when everyone brings their unique self to work, when we bring out the best in each other, when every talent is used and every voice is heard. This is the power of diversity and inclusion.

Everyone Valued, Everyone Included, Everyone Performing at Their Peak™

"Everyone Valued, Everyone Included, Everyone Performing at Their Peak is P&G's motto for Diversity & Inclusion, but it is not a slogan for us. It is something that we truly and fundamentally live by. We are trying to solve problems for consumers that no one has solved before. This requires leveraging diversity and inclusion—being respectful of everyone and valuing different backgrounds, cultures, working and thinking styles, passions, and points of view. This is what Diversity & Inclusion is for us at P&G and we see it as an undeniable way to win."

— **William P. Gipson, Chief Diversity Officer**

Getting the Full Value of Our Diversity

Our employees are the heartbeat of diversity at P&G. We have talented leaders and role models who challenge themselves and their teams to look differently at the problem to be solved or the improvement needed, recognizing that a diverse team with diverse vantage points can better tackle a challenge than a homogeneous team, every time. To nurture this inclusive behavior, each year we recognize individuals and teams for their leadership, passion and positive impact on the Company's culture. This year, more than 200 nominations were submitted for the Company's annual Diversity & Inclusion Awards. Nine winners were selected in four areas: Innovation, Value Creation, Inclusion and Inspirational Leadership. The award-winning individuals and teams tapped into our diversity to turn consumer insights into action, to unleash the power of teams, to mirror the consumers we serve, to increase awareness and acceptance of LGBT employees, and to ensure a diverse pipeline of recruits from around the world. These awards strengthen our pride, build community and inspire courageous, breakthrough leadership year after year.

2016 Global Diversity & Inclusion Award Winners

INNOVATION

Turning Local Insights Into Action (IMEA) We win as a team when diverse talents join forces to gain insights from across the globe. The work of the Global High Frequency Store Team is now being used globally to enable our brands to win in-market. We are now better equipped to know how best to shelve, which point-of-sale materials to use, what to avoid and how to spend in the high frequency store environment.

Watch the Global High Frequency Store Team's Video

Nurturing Innovation Every Day (Asia Pacific) Quality is an integral part of everyone's work at the Singapore Innovation Center—not an add-on. Everyone is accountable for consumer delight and SgIC is on its way to becoming a model site for P&G Innovation Centers around the world.

Watch the Singapore Innovation Center's Video

Getting the Full Value of Our Diversity

VALUE CREATION

One Extraordinary Team, Delivering Extraordinary Results (Europe & IMEA) This "Extraordinary Team" knows that the key to winning performance is building and unleashing the power of people. New core principles have been adopted by more than 80 of our Product Supply organizations across the region to shape an inclusive culture and work environment in a highly complex region.

Watch the Product Supply Video

Keeping Quality Through Collaboration (Latin America) The Latin America Paper Legacy Team reminds us that great opportunities are found in crisis—and anything can be done with an inclusive spirit. Their commitment to diverse thinking and inclusion of new ideas started on day one. Within only four months, new designs with the potential to save nearly $2 million in material costs were consumer tested and modeled. This led to record-breaking savings throughout the Latin American market.

Watch the Latin America Paper Legacy Team's Video

CULTURE OF INCLUSION

Leading with Compassion and Courage (North America) This team is creating an environment of awareness and acceptance through a new support network for LGBT employees at our North America St. Louis plant.

Watch the St. Louis Plant's Video

Creating a More Diverse Organization (IMEA) Two years ago, the workforce of P&G Israel was entirely secular Jewish. This did not reflect Israel's population, which includes Orthodox Jewish and Arab-Israeli communities. To better mirror the population, Keren Kohl, Israel Human Resources Manager, and Naama Giladi, Israel Corporate Communications, implemented a diversity program that focuses on recruiting, culture and retention. Today, P&G Israel is a more diverse organization because of this work.

Watch P&G Israel's Video

This year, there were more than

200

D&I Award nominees

Getting the Full Value of Our Diversity

INSPIRATIONAL LEADERSHIP

Growing Competitive Leaders for the World Ed Hunter, Vice President, Product Supply, sees potential in everyone and has played a personal role in embracing innovation inspired by diverse organizations. Throughout his career, Ed has proven that when all employees are included and valued, people will perform at their best. Most recently, Ed knew that the Asia PS organization could better serve their market if their leadership team better represented consumers. This realization inspired Ed to set ambitious goals to hire, develop and challenge more Asian and female leaders. He set out to create a more inclusive environment by leading interventions across the organization for leadership accountability, talent development and a culture of diversity and inclusion. As of January 2016, 82% of senior executives are Asians and 49% are female versus 68% and 42%, respectively, five years ago.

Watch Ed Hunter's Video

Giving Every Employee a Chance to Succeed Shelly McNamara, Vice President, Corporate Functions and Global Health & Grooming Human Resources, is a role model and an authentic leader who inspires others through her actions. She shows up to work every day as her full self to ensure that each employee has every opportunity to do the same. Shelly's passion for inclusion extends to all employees, as well as in the area of LGBT, where she has made a uniquely significant impact. She has moved people beyond words. Her sincerity, caring attitude and storytelling ability have singlehandedly increased LGBT understanding at a corporate level. By sharing her personal experience, she touches hearts and minds to show what it is like to be excluded and how to talk about LGBT issues. Her efforts have successfully created important understanding and necessary conversations across the Company.

Watch Shelly McNamara's Video

Providing an Essential Voice Andrea Wilkerson, Associate Director, Consumer & Market Knowledge, NA Grocery and Shopper Insights, has been successful in building community across disparate groups, whether in multifunctional teams within P&G or across various stakeholders in Cincinnati. She has repeatedly demonstrated the ability to engage broadly to build inclusion, inspire creativity to develop great plans, make the complex simple and then drive robust execution. A long-time champion of African Ancestry talent recruitment and development, Andrea is involved with the African Ancestry Leadership Network and is co-leader of the Cincinnati Music Festival, while also supporting Company programs like "My Black is Beautiful" and "Grow Africa." At every step, she pushes for new recruitment and development approaches and helps leadership clearly hear the perspective of African Ancestry employees. Her leadership is unmatched when it comes to the impact she has made on our employees, business and community.

Watch Andrea Wilkerson's Video

Building an Inclusive Culture

We are building a supportive environment and inclusive culture so everyone at P&G can reach their full potential. We hire talented women and men equally at entry level. Women represent almost half of our management roles and about one-third of our senior leadership. But we know we can do better—our talent pipeline is as important as our innovation pipeline. We are committed to achieving gender balance at all levels of the Company while continuing to make sustained progress across our diverse organization.

International Women's Day

CORPORATE WOMEN'S LEADERSHIP TEAM

Celebrating women and honoring them is not something we do once a year; it is something we do every day. On this team, women and men from every region, function and business unit work together to build stronger, more creative and more effective leadership across our businesses. In March, the group celebrated International Women's Day with a panel of P&G senior leaders and special guests speaking about unconscious bias. We also hosted Geena Davis, founder of the Geena Davis Institute on Gender in the Media.

INTERNATIONAL WOMEN'S DAY MEETING HIGHLIGHTS:

"What message are we sending to boys and girls at a very vulnerable age if female characters are one dimensional, side-lined, stereotyped, hyper sexualized or simply not there at all?"

— Geena Davis, Academy Award-winning actor, founder of the Geena Davis Institute on Gender in the Media

"The thing about unconscious bias is it's unconscious; you don't know it exists…What you have to do is make it conscious…We can't gloss over it. You've got to dig a little deeper if you're going to address it."

— Marc Pritchard, Chief Brand Officer

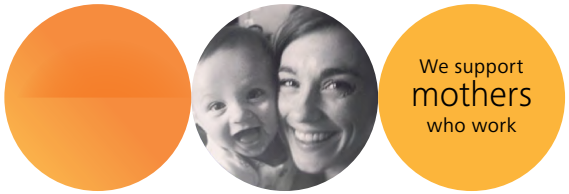
"A number of women played a role in my development and promotion, but two of the most catalytic moves I made were enabled by the male leaders that chose me for the role…men who didn't know me all that well, but knew my track record and that I deserved a chance."

— Alexandra Keith, President Global Skin and Personal Care

"If you think about unconscious bias and what we need to do about it, it actually means we have to recognize it exists and have willingness to leverage courageous dialogue and belief that we can make a difference to drive change rather than look at it as a challenge or something that can't be solved."

— Monica Turner, Vice President, SMO Sales North America

Building an Inclusive Culture



A Story of Family Support

The Maternity Support Program offers phone support for employees in the U.S. from an obstetrics nurse. Expectant mothers can work with the same nurse throughout pregnancy and up to six weeks after delivery.

For Rachel in Corporate Function-Human Resources, the service helped ease her first-time-mom qualms: "As a first-time mom, I didn't know what I was doing! It was nice to know that, if needed, someone was available to answer questions. My nurse was professional and knowledgeable. She would check in from time to time to see how things were going. Since the consultation is over the phone, it's easier to ask questions you might be embarrassed to ask a doctor face to face."

Rachel also took advantage of two other company benefits when she returned to work: a Mothers' Room and flexible scheduling.

A Mothers' Room is a dedicated on-site area for pregnant women and working moms who wish to continue breast-feeding. Rachel was reassured to find several conveniently located rooms complete with desks and computer hookups, so she could balance her personal and professional life after returning to work.

Rachel and her manager worked to create a flexible schedule to support her return. She reduced the number of work days in a week by working extended days. This flexibility gave her an extra day to be at home with her son: "Being able to make the best decisions for my life, I am so much more present and productive when I'm at work."

FAMILY LEAVE POLICIES

Support at work means recognizing everyone has a life outside of work. Freedom to care for a growing family is part of the support we offer men and women at P&G. Our comprehensive benefits and policies for maternity, paternity and adoption give parents the time and space they need to be the best parents they can be. In the U.S., parental leave includes 16 weeks for birth mothers and adoptive parents, and four weeks for all other new parents. Through paid and unpaid leave, parents can take off up to their child's entire first year. We also have committed to significantly upgrade our leave benefits in many other countries this coming year. As employees expand their families, it is one way we help them have an amazing experience.

FLEX@WORK

We recognize the many demands placed on our employees to live a full life while balancing work responsibilities – especially in today's real-time, results-driven business environment. Our flex@work culture aims to improve business results by meeting the varying needs of the individual. The flexibility we provide enables many of our employees to flex their start and finish times in the workday, work from home, compress their work week or even work a reduced schedule. And we continue to work toward creative solutions to enable flexible arrangements at our plants and other process-driven sites. We also realize employees' needs change over time, so employees can partner with their manager on options to dial their flexibility up or down and pace their careers based on life stage needs.

flex@work

Building an Inclusive Culture

UNLEASHING OUR TALENT

We are nurturing a highly inclusive environment to ensure all employees can achieve their full potential and operate at their peak.

To build inclusive leadership skills throughout the Company, we invest in a number of training and development initiatives for senior leaders and managers.

Staff to Win: P&G has a long history of growing great leaders. We will continue that, but with a more intentional and systemic focus on building the mastery and diversity required to win in our unique categories and geographies. Staff to Win (S2W) is a renewed talent strategy with the stated objective to "build a pipeline of outstanding, diverse talent that delivers outstanding business results." We are more overtly making business growth the primary outcome of talent management and are clearly defining the success measures for a diverse pipeline. The guiding principle behind S2W is having the right people on the team—those with the depth of mastery and experience required by the business. We will better balance the need for both mastery and depth (within industry and business), and appropriate breadth of experiences. We will staff more based on strengths and expertise. We will hold ourselves accountable for making progress on diversity across the talent pipeline.

With a longer-term outlook, supported by predictive planning tools, we will proactively staff people based on their unique set of strengths. By staffing people in roles that build on existing knowledge and expertise, we will increase the mastery across our business and reduce the amount of talent churn. S2W is the start to developing the next generation of leaders, ready to win for decades to come.

Intentionally Inclusive Leadership Training: This year, nearly 800 senior business leaders across the globe explored how inclusion helps them unleash the talent in their organization. They discovered their proficiency at being inclusive, how to identify and overcome bias, and left with a courageous plan to create an environment where people are secure to contribute as themselves.

Athena in Action™: Athena, the Greek goddess of wisdom, courage, strength and inspiration is the namesake for this women's leadership program. The program encourages participants to own their voice and power to help others and themselves succeed. That is why 100% of participants would recommend the program to a colleague. Our women leaders are at their best when they are able to leverage their uniquely female strengths.

Catalyst's MARC™ (Men Advocating Real Change): MARC is a community committed to achieving gender equality in the workplace through the perspective and support of men. The focus of MARC's content and programming is on the benefit of equality for all employees, regardless of gender, and strategies for effective partnership between men and women in creating inclusion.

Lean In Circles: "Leaning in" is about helping women unleash their full potential. Lean In Circles provide a forum for women to get peer-to-peer support, and to tackle business and career challenges and opportunities in a safe environment. P&G is the largest sponsor of Lean In, with more than 4,000 women participating around the world.

More than
4,000
P&Gers are
involved with
Lean In

Lean In Circles

When P&G became an early sponsor of Lean In, Bonnie Curtis, Vice President, Product Supply, decided to create and try out a Circle before deploying the concept across the Company. She expected the team to meet for three months, make a recommendation for the program and move on. But, as she said, "by the second meeting, we were in this for the long haul. Despite our tenure with the Company and our wide network of supporters, we found that the Lean In Circle provided some extra magic. Conversations were totally confidential. We talked real issues we each were facing and shared our hopes and fears. We have helped each other move to new roles, deal with adversity and follow our passions. We are all lifetime supporters of Lean In."

Stepping Up Inside and Outside Our Walls

African Ancestry buying power is expected to reach $1.2 trillion in 2016, and $1.4 trillion by 2020.* Winning with these consumers is critical; it is integrated into who we are and how we go to market. We also have a long track record of hiring outstanding African Ancestry talent, and we want to keep that talent at P&G. We are addressing opportunities and investing in purposeful plans for hiring, retaining and developing AA talent to the executive level. We want every AA employee to feel valued, trusted and supported with the relationships, capabilities and opportunities they need to achieve their career success.

MY BLACK IS BEAUTIFUL

With 2.6 million members, My Black is Beautiful is the largest online community of black women. While challenging society's standards of beauty, MBIB celebrates the diverse and collective beauty of black women, and encourages black women everywhere to act as catalysts in their communities to redefine these standards. This year, My Black is Beautiful kicked off its 10-year anniversary at the Essence Festival in New Orleans. Interactive and educational experiences, combined with engaging panel discussions, inspired visitors to embrace their best and beautiful selves.

PANTENE GOLD SERIES

For African Ancestry women, caring for their hair is part of their lifestyle and a reflection of who they are; however, they struggle with finding the right products for their hair type. Pantene's Gold Series Collection is a breakthrough line designed to provide strength and moisture for relaxed, natural or transitioning African Ancestry hair. The line was co-created with African Ancestry scientists, stylists and dermatologists who understand the unique needs of textured hair. The new technology targets and penetrates damaged areas of the hair, and strengthens the hair structure for less breakage, to give women the most beautiful, healthy hair in any look they choose.

** http://www.terry.uga.edu/news/releases/asians-hispanics-driving-u.s.-economy-forward-according-to-uga-study*

Giving a Voice to Issues that Affect Society

P&G and our brands are known and trusted worldwide. This trust translates into influence when we use our voice to address or start conversations about issues that affect society, such as biases that prevent us from understanding and supporting one another.

U.S. PARALYMPICS TEAM

Through 10 surgeries and no permanent success, Lex Gillette lost his eyesight. But he never lost his mother's words: "It does not matter what anyone says. You decide what you can do and no one else." Lex most definitely did decide. In 2016, he competed in his fourth Paralympic Games for Team USA as a track and field athlete. This time, he had his P&G family behind him. Sponsored by Tide, Lex came home with his fourth career medal, a silver in long jump. Lex's mother tells his inspiring story in "Raising an Olympian," a P&G video aired with closed captioning and audio descriptions.

Watch Lex's Raising an Olympian video

Our deep involvement in this international event includes a $200,000 donation to the USOC Paralympic organization, and supporting team athletes and their families during the Games. We also sponsored swimmer Mallory Weggemann (Head and Shoulders) and paratriathloner Melissa Stockwell (Military Channel athlete) in Rio this year. We remain inspired by the determination and strength of these amazing athletes.

SK-II CHANGE DESTINY

SK-II's #ChangeDestiny campaign inspires and empowers women to shape their own destiny. Enjoy these diverse stories of women who overcame challenges and barriers that were preventing them from achieving their dreams and goals —stories of perseverance, fearlessness, strength and self-fulfillment.

- Lin Ching Lan, a deaf Taiwanese dancer, rejected limitations and forged a successful career.
- Sha struggled to show the world her true identity and has encouraged people to follow their dream and true self.
- Sayaka Osakabe founded the Matahara Net support group and became an internationally recognized advocate for women's rights in the workplace.
- Sun Li, a Chinese actress, and famous mom idol in China, inspired women to follow their heart and let go of what others want them to be.

REJECTING LIMITATIONS WITH LIN CHING LAN >

SHOWING YOUR TRUE SELF WITH SHA >

ADVOCATING WOMEN'S RIGHTS WITH SAYAKA OSAKABE >

FOLLOWING YOUR HEART WITH SUN LI >

HUMAN RIGHTS CAMPAIGN'S BUSINESS COALITION FOR GLOBAL WORKPLACE FAIRNESS

P&G is an inaugural member of the HRC's Business Coalition for Global Workplace Fairness. Our core values as a Company include treating everyone with respect. We have a strong non-discrimination policy and have zero tolerance for unlawful discrimination. The coalition advocates for all employees, regardless of race, religion, gender, sexuality, age or disability. We respect everyone's right to be who they are, and want all employees to feel safe, included and able to bring their whole selves to work.

Bringing Out the Best in Each Other, Every Day

Inclusion comes down to the everyday choices and actions of individuals. When we unite to bring out the best in each other, when we are open to the insights and innovation that each of us brings to the workplace every day, when our passions drive the work that we do, we have the power to be unstoppable.

Diversity & Inclusion Week

Our annual Diversity & Inclusion Week celebrates the unique individuals that we all are and encourages us to come together to solve our Company's biggest challenges. The events and activities that take place during this week are a source of inspiration and learning.

EUROPE

- GABLE Allies delivered a program on "How to be an Effective Ally." The training was developed and rolled out to help raise awareness of LGBT employment challenges. Interactive discussions were conducted with 300+ employees across P&G sites in UK and Germany with leadership from our Europe Human Resources and Diversity & Inclusion Network.
- (Germany) P&G Germany organized "Labels do matter!" workshops meant to understand the importance of overcoming stereotypes in order to enable an inclusive culture. Dr. Paula-Irene Villa, Professor at Ludwig-Maximilians-Universität Institute for Sociology talked about the paradox of looking at unconscious biases in order to move beyond them.
- (Geneva) The 4th annual P&G Geneva TEDx Event brought together inspirational external and internal speakers who provided a memorable opportunity for employees to imagine looking at reality through different lenses and walking in someone else's shoes. This helped P&G Geneva become an even more inclusive and inspiring place to work.

ASIA

- (Greater China) P&G China highlighted issues faced by women by sharing global brand campaigns on popular messaging app WeChat. The post "P&G Salutes Women around the World: Every Day is Women's Day" generated over 11,000 views in one day.
- (Japan) P&G Japan championed diversity with eye-opening lessons on LGBT inclusion. It also launched the first female manager coaching program designed not only for employees but their managers.
- (APAC: Singapore, Philippines, Indonesia, Hong Kong-Taiwan, South Korea): P&G APAC celebrated diversity and inclusion through a week-long campaign across Asia. This included learning symposiums, "speed-dating lunches" and "Open Mic Night" sponsored by P&G GABLE.

NORTH AMERICA

- (Global HQ) Trudy Bourgeois, founder and CEO of the Center for Workforce Excellence, motivated and inspired employees to apply "creative disruption" as one way to take inclusion to a new level. Participants were provided actionable steps to apply on a daily basis.
- (U.S., Canada and Puerto Rico) 50 P&G sites hosted Diversity & Inclusion booths and other activities that brought more than 10,000 employees together. Events were customized by site and included Affinity Group displays, Inclusion Awareness seminars and a Portrait Project celebrating employees' stories.
- (Global HQ) Flowers were handed out on International Women's Day, creating a special moment for our female employees. In addition the Always "Like A Girl" campaign was showcased through video and #LikeAGirl emoji postcards.

D&I Week brought more than
10,000
employees together across 50 North American sites

Bringing Out the Best in Each Other, Every Day—D&I Week

IMEA

- Colleen Jay, P&G Senior Executive on loan to Catalyst, hosted a session with her daughter, Catherine Jay, University of Rochester Early Medical Scholar, on how to build a strong family support network. The event was scored by attendees as 5/5.
- (India) Hosted a "Sponsors Day" where they celebrated life sponsors of their employees and how they helped P&G employees perform at their peak.
- (Pakistan) The week featured innovation experiments such as a #YourColor Inclusion Test, International Women's Day celebrations, and a Women Empowered Network session, capped by our signature inclusion event—a P&G talent show. 100% of employees participated in at least one activity. P&G Pakistan General Manager Sami Ahmed shared, "This has been the unsurpassed highest energy event I have attended so far in Pakistan! The energy, vigor and talent was unequalled."

LATIN AMERICA

- (Brazil) As part of International Women's Day—more than 320 employees stopped by the cafeteria to answer the question, "What does it mean to be a woman? To be #LikeAGirl?" and had the chance later that day to see the message shared with the entire organization in a powerful jointly-created word cloud.
- (Costa Rica) At the first Multifunction Women's Symposium for more than 200 female managers, the office was covered with a print campaign showing the diversity of P&G women, as well as fun facts for the overall site including representation of gender, generations, flexibility and nationalities.
- (Mexico) Project Reach, a program that develops real job skills by providing students with disabilities administrative-level work experience, led the "What Makes You Feel Included?" campaign for more than 170 employees at the Mexico City General Offices. This included an inclusion panel with Mexico leadership team members.

Costa Rica's Multifunction Women's Symposium hosted more than

200

female managers

Bringing Out the Best in Each Other, Every Day

Employee Affinity Groups

Employee affinity groups can often be employees' source of connection and emotional fuel. At their most active, they help employees feel valued, respected and included. We enthusiastically support three global affinity groups and five more in North America. They are vital to leading change in the Company—and change in perceptions. Through research, cultural immersion, local events and other initiatives, these groups expose us all to different perspectives and a richer experience.

Global Affinity Groups

CORPORATE WOMEN'S LEADERSHIP TEAM (CWLT)

The Corporate Women's Leadership Team (CWLT) is committed to the advancement of women, helping ensure that women's skills and insights are well represented throughout our global Company, and at all levels of leadership. The team continues to be actively involved in events and programs that promote mentoring, sponsorship, leadership skill development, flexibility and increasing representation of women at all levels. CWLT leaders also support broad-based women's affinity networks across all functions and regions of the Company.

GAY, ALLY, BISEXUAL, LESBIAN AND TRANSGENDER EMPLOYEES (GABLE)

GABLE is dedicated to fostering an inclusive, supportive global network that enables Gay, Ally, Bisexual, Lesbian and Transgender (LGBT) Employees to contribute to their fullest potential and to bring their whole self to work every day. What began as largely a North America-centered network for fostering workplace equality for LGBT employees has grown into a supportive and global community, with networks in every region of the world. These grassroots efforts have evolved into chapters representing the diversity of our employees as well as strong allies to support individuality and inclusion.

PEOPLE WITH DISABILITIES (PWD)

The People with Disabilities (PWD) Affinity Group is devoted to raising awareness about issues facing people with disabilities, including supporting employees with disabled dependents. They are also committed to serving as a change agent to foster a more inclusive work environment for every employee, regardless of mental or physical limitations.

North American Affinity Groups

AFRICAN ANCESTRY LEADERSHIP NETWORK (AALN)

The African Ancestry Leadership Network (AALN) is one of the oldest employee groups within P&G. It is dedicated to helping P&G achieve its vision of being the best place for African Ancestry employees with the best brands for African Ancestry consumers. The AALN helps the Company develop effective action plans that drive accountability, promote employee development and progression, recruit the best talent, and create a more inclusive environment. Beyond employee development, the AALN provides insights about African Ancestry consumers to enable P&G's brands to connect with more consumers in more parts of the world.

ASIAN PACIFIC AMERICAN LEADERSHIP TEAM (APALT)

The Asian Pacific American Leadership Team (APALT) represents the Asian-Pacific Americans working at every level in the Company. The team offers opportunities for networking and is actively involved in recruiting, retaining, developing and advancing employees of Asian-Pacific heritage.

HISPANIC LEADERSHIP TEAM (HLT)

The Hispanic Leadership Team (HLT) provides direction to the Company on issues important to Hispanic communities and consumers, and is heavily involved in recruiting to attract top Hispanic talent. Members of our Hispanic Leadership Team were key in P&G establishing support for the Hispanic Scholarship Fund. P&G has partnered with the fund for more than 25 years, motivated by an expanding number of highly qualified, college-bound students in the Hispanic community.

NATIVE AMERICAN INDIAN NETWORK

The Native American Indian Network's mission is to enable P&G employees with a strong NAI cultural identity to bring their whole selves to work, in a way that leverages and respects the NAI diversity of our workplace and supports the communities in which we live.

VETERANS AND RESERVISTS NETWORK

The Veterans and Reservists Network, our newest affinity network, wants to be known for attracting and retaining the highest quality U.S. military veterans and reservists to the Company. Their purpose is to attract and place top talent, enable fast starts through mentorship, and build a positive environment through volunteering and community support.

Bringing Out the Best in Each Other, Every Day

Expanding Our D&I Footprint

PWD

The People With Disabilities Affinity Group (PWD) assists the Company in delivering business results. Its focus areas include ensuring work processes, technology and governance are in place to drive an inclusive culture and regulatory requirements globally; bringing insight to product, package and facility design to more completely serve global consumers who live and work with disabilities; and enabling the Company to be recognized as an "Employer of Choice" by attracting, retaining, developing and fully enabling employees that live and work with differing abilities to achieve peak performance. The network also raises awareness about issues facing people with disabilities. An often overlooked issue is how employees can give their best at work if they have a dependent at home with special needs. A pillar within the network, Employees with Disabled Dependents, meets monthly and shares experiences and resources with others who are going through a similar situation.

People With Disabilities team members are also active in the community and made a difference this year by sharing their knowledge and educating deaf college students on opportunities in the technology sector. P&G Systems Manager Scott VanNice, with co-sponsorship by Guidance Software, Ernst & Young, Bender Consulting Services and Rochester Institute of Technology/National Technical Institute for the Deaf, created a forensic bootcamp for students at the RIT/NTID. Twenty-three students received 32 hours of computer forensic training designed to prepare them to meet the growing demand for information security professionals. Students also met with prospective employers from P&G, FTI Consulting, Ernst & Young, JP Morgan, Comcast, Prudential, Central Intelligence Agency, Cisco, Morphick and Vigilant. Three employers made offers within 48 hours.

GABLE

The GABLE Affinity Group, in supporting and informing the Lesbian, Gay, Bisexual and Transgender Community and their Allies, enjoyed an extraordinary year. The group continued providing programs, workshops and tools to raise awareness and help P&G adapt policies and benefits to be more inclusive. Pride Month remained a rallying point, with speaking events, parades, training and celebrations around the world. The year was truly marked by growth—growth in the P&G GABLE network and growth in understanding.

In France and Central Europe, activity was strong. Highlights included "How to Be a Successful Ally" training and International Day Against Homophobia events that built empathy and understanding of being gay. These and other similar efforts are why the group has more members and allies than ever.

Bringing Out the Best in Each Other, Every Day

OVERCOMING UNCONSCIOUS BIAS FOR AN INCLUSIVE WORKPLACE

In celebration of LGBT Pride Month, P&G's GABLE Affinity Team hosted a leadership panel discussion on Intentionally Inclusive Leadership: the Role of Unconscious Bias.

Speakers shared personal experiences in dealing with unconscious bias and how, as leaders, they work to break through bias with themselves and their teams. They also addressed the need for everyone to face their own biases as we work to build stronger, more diverse teams.

The panel featured:

- John E. Pepper, former P&G CEO and Chairman of the Board; former Chairman of the Walt Disney Company and of the National Underground Railroad Freedom Center.
- Richard Cooper, Director of Museum Experiences, National Underground Railroad Freedom Center and curator of a new exhibit on bias.
- Marc Pritchard, P&G Chief Branding Officer and Sponsor of the African Ancestry Leadership Network.
- Jodi Allen, P&G VP NA Hair Care and new NA GABLE Executive Sponsor.

Richard Cooper of the National Underground Railroad Freedom Center said, "The way we've thought about racism in the past has been at the conscious level—but not the unconscious level. We've always said good people make good decisions. Bad people make bad decisions. But actually, good people make bad decisions."

Marc Pritchard said that one of the most important things we can do to overcome unconscious bias "is becoming familiar with one another, getting to know people at a deeper level… you'll realize they are people just like you and then you can really understand their strengths and weaknesses and opportunities."

"I believe enormously in the power of diversity for this Company," stated John Pepper "I've always tried to see the other person in myself and myself in them—and if I'm able to do that to some degree, it's more likely we can strike up a relationship. And whatever value I've had from learning about this [unconscious bias], it's not come out of… principles; it's come out of relationships."

Jodi commented, "If you spend the time to meet every individual as the individual they are, they will be different to you on some level. They will also be similar to you on some level. And then, when you can create a comfort zone with the people who have similarities and differences to you—and do it with a circle of trust—you can have amazing debate that will always end up in better solutions than what any one person can do themselves."

Strengthening Our Legacy

Our journey to be the global leader of diversity and inclusion is far from over. In fact, it will never be over. We will continue to learn and improve for generations to come. We want to have a positive impact on our employees' lives and careers—and on the lives and careers of our business partners' employees. And, we're humbled when others tell us the impact we are having through awards and recognition.

GLOBAL SUPPLIER DIVERSITY NETWORK

Supplier Diversity has been a critical business strategy at P&G for more than 40 years, and we are committed to it as a driver of value creation and continuous innovation. The Billion Dollar Roundtable—a forum of companies that spend more than $1 billion a year with diverse suppliers—has only 22 members. P&G has exceeded $2 billion a year nine years in a row. This is the legacy of our global Supplier Diversity Network, which has strengthened thousands of minority, women, military veteran and LGBT-owned businesses, and bolstered our ability to innovate and get new products to market.

To broaden our network's reach and impact, we launched the P&G Community of Partners at two major supplier diversity conferences. Working to involve all of our suppliers in supplier diversity, we made more than 200 introductions between majority suppliers and prospective diverse suppliers. These connections were the start of many fruitful and ongoing business relationships. We know when our supply network reflects the diversity of our employees, consumers and stakeholders, our business grows and our communities thrive.

Recognition for our partnership efforts:

- Corporation of the Year, Ohio Minority Supplier Development Council (two years in a row)
- Top Corporation for Women-Owned Businesses, Women's Business Enterprise National Council (two years in a row)
- Military-Friendly Supplier Diversity Program, National Veteran-Owned Business Association (two years in a row)
- Corporation of the Year, Ohio River Valley Women's Business Council
- Corporation of the Year, Ohio/Kentucky Construction

DIVERSITY & INCLUSION RECOGNITION

- Working Mother 100 Best Companies (Top 20)
- Working Mother Best Companies for Multicultural Women (Top 5)
- National Association for Female Executives Top Companies for Executive Women
- DiversityInc's Top 50 Companies for Diversity (#13)
- National Organization on Disability (NOD) Leading Employer Seal
- Human Rights Campaign 2016 Corporate Equality Index (100% score)

DIVERSITY RECRUITING AT P&G

We understand consumers because we attract, recruit, hire and retain diverse people. In fact, a culture of diversity and inclusion is embedded into our Purpose, Values and Principles. A variety of ethnicities, thoughts and experiences are valued at P&G every day. It's how we operate. It's an environment where each person can bring their personal best.

Look for us at these recruiting events

- Service Academy Career Conferences
- National Society of Black Engineers
- Consortium for Graduate Study in Management
- Association of Latino Professionals For America
- National Black MBA Association
- Society for Advancement of Chicanos/Hispanics and Native Americans in Science
- Society of Asian Scientists and Engineers
- Reaching Out MBA
- Society of Women Engineers
- Society of Hispanic Professional Engineers
- American Indian Science and Engineering Society
- Annual Biomedical Research Conference for Minority Students

Gender Equality

OVERVIEW >

USING OUR VOICE IN ADVERTISING AND MEDIA >

SUPPORTING EDUCATION FOR GIRLS AND ECONOMIC OPPORTUNITIES FOR WOMEN >

HELPING P&G WOMEN THRIVE >

76%
now consider "like a girl" a positive expression vs only 19% before the Like A Girl campaign

ARIEL

Ariel is urging men in India to
#ShareTheLoad

Always has supplied
100,000
girls in Kenya with puberty and hygiene education

P&G

The staff at our CSDW plant in Singapore is
55% female

Gender Equality Overview

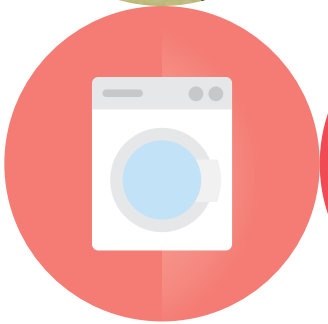
At P&G, we aspire to help build a better world, inside and outside of P&G—a world free from gender bias and a world with equal representation and an equal voice for women and men. Because most of our consumers are women, and many of our products are specifically for women and girls, we are in a unique position to make a positive impact.

We have deep insights into their lives, their challenges and their aspirations. Beyond the products we create to improve their lives every day, we help them—at home, at work, in school—to live their lives free to be all they have the potential and desire to be.

We are leveraging our insights to uncover gender bias and taking actions to spark conversations that can motivate change. We are doing this through our brands, with our corporate voice, and with our people.

Using Our Voice in Advertising and Media

Our brands are part of our consumers' everyday lives. Through our brands, we often find insights rooted in gender bias. Through the voice of our brands, we can bring these gender biases to light in campaigns that spark conversations to change perceptions and bring about change. As the world's largest advertiser, we take this responsibility seriously and we are encouraging other companies and agency partners to join in and do the same. The following brand campaigns have been recognized as breakthrough efforts to reveal and address gender bias.



Ariel's
"Share the Load"
video encourages men in India to help with laundry

ALWAYS #LIKEAGIRL

Research reveals that 50% of girls have a large drop in confidence at puberty. For more than 30 years, Always has been a brand grounded in confidence, making it the perfect platform to rewrite the rules. One of the more insidious reasons for the drop in girls' confidence at their first period includes demeaning phrases, such as "like a girl." Always set out to change that and make "like a girl" mean amazing things. The Always #LikeAGirl campaign has continued to address more outrageous facts. Over the past year, we continued this campaign by addressing the stereotypes that exist with 'girl' emojis, which typically wore pink, were princesses, did their nails and fixed their hair. And that's about it. So we asked girls to make suggestions for new girl-focused emojis. Young women made thousands of suggestions. The campaign, which launched on International Women's Day 2016, played a role that led Google, Facebook and Unicode to introduce new girl-focused emojis.

The #LikeAGirl campaign is making a difference. People are sharing videos, having conversations and advocating change. More than 550 million views and many awards later, attitudes are changing—surveys say that 76% of consumers see the phrase "Like a Girl" as a positive expression compared to 19% before the campaign began in 2013.

ARIEL SHARE THE LOAD

In India, 70% of men believe household chores are women's work. Consequently, two out of three children believe laundry is a mother's work. Ariel, our market-leading laundry detergent brand, brought this generational bias to life. Our "Share the Load" video encourages men to help with laundry. The video shows a father watching his grown daughter return from work, only to do all of the household chores while her husband watches TV. The father comes to the realization that women and men can "share the load." With this campaign, Ariel is changing conversations about the role of women and men in society.

SK-II CHANGE DESTINY

Trailblazing women in Asia are challenging the traditional belief that destiny is set at birth. Our SK-II #ChangeDestiny campaign is showing how strong, independent women are breaking stereotypes and pursuing their dreams.

"Marriage Market Takeover", a powerful film, takes on a deeply held cultural norm about marriage in China.

Get inspired yourself.
Watch the campaign videos:

LIKE A GIRL ›

GIRL EMOJIS ›

SHARE THE LOAD ›

MARRIAGE MARKET TAKEOVER ›

Supporting Education for Girls and Economic Opportunities for Women

Through our brands, corporate programs and public policy advocacy efforts, we are working to remove gender-biased barriers to education for girls and economic opportunities for women. These efforts help us do good and contribute to the United Nations Sustainable Development Goal #5 for Gender Equality.

ALWAYS KEEPING GIRLS IN SCHOOL

In many parts of the world, girls don't have puberty information or access to sanitary pads. As a result, these girls often miss school when they are menstruating. These missed days add up, and girls often end up dropping out of school. Over the past 10 years, the Always Keeping Girls in School program has touched 100,000 lives by donating more than 3.5 million pads and providing puberty education to primary school girls. In addition, we expanded the Always/UNESCO project in Nigeria. It is now helping 110,000 Nigerian girls through vocational studies and basic literacy skills. The program is building confidence and keeping girls in school so they have a better chance to plan for their future.

SHIKSHA

Shiksha means education in Hindi. For more than 12 years, P&G India has provided access to education for underprivileged children through the Shiksha program. The program has already impacted the lives of more than one million students and is now expanding this impact by focusing on marginalized girls. We are working in partnership with the government and Save the Children to remove the gender-based barriers that prevent many girls from attending school. By working with girls, teachers, school management committees and parents, we are helping improve learning environments and support quality education.

LEARN FOR A BETTER FUTURE

To get an education, some rural adolescent girls in Northwest Africa must move far from their families, sometimes living in risky conditions just to continue their studies. We are supporting these girls by helping provide a more comfortable living and learning environment through the Learn for a Better Future program. We are supporting this in partnership with the Ministry of Education, Rotary International and the Food Bank.

Supporting Education for Girls and Economic Opportunities for Women

CHILDREN'S SAFE DRINKING WATER

Our Children's Safe Drinking Water Program provides more than one billion liters of clean drinking water each year. Using our P&G water purification packets, people can easily purify water in their own homes. Beyond the health and community impact, this program helps women and young girls who are responsible for collecting water for their families. They spend 40 billion hours each year managing household water needs, such as walking long distances each day to collect often-contaminated water for their families. These hours could be devoted to attending school and finding other economic opportunities to improve their lives and those of their families.

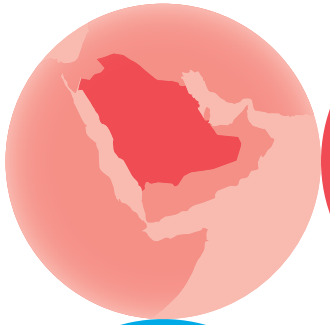
Learn more about the power of clean water

PUBLIC POLICY EFFORTS FOR WOMEN IN THE WORKFORCE

In some areas of the world, women are underrepresented in the workforce. Employment is critical to their advancement, and we engage in public policy efforts where laws and practices need to change.

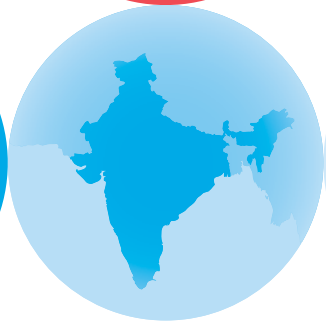
Saudi Arabia: In the Kingdom of Saudi Arabia, it is rare for women and men to work side by side. Many women specialize in healthcare and education, not in commercial business. We have been on a decade-long journey to enable Saudi women to bring their talents and insights to P&G, while respecting local culture and values. Today, women represent 15% of the Saudi workforce, and they receive full benefits and career opportunities in the same work environment as their male counterparts.

Hyderabad, India: Women were only permitted to work a day-shift schedule at our manufacturing plant in Hyderabad, India. Working with local policymakers, we opened up access for women to work any shift. For the first time in the history of P&G India, we have more than 30% overall plant floor gender diversity. Today, our Hyderabad facility serves as a benchmark for gender diversity and representation in India.



Today women
represent 15%
of the Saudi workforce
at P&G

Today P&G India has about
30% overall plant floor
gender diversity



Helping P&G Women Thrive

While we are committed to being a voice for gender equality globally, we are also committed to achieving gender balance within P&G. We are focused on creating a supportive environment and inclusive culture for both men and women. We are a leading company for gender representation, but that is just a start. We talk openly and at all levels about opportunities to do better.

OUR INITIATIVES

Throughout P&G, we are helping women thrive at every level, including our most senior-level roles. Some of our internal initiatives include:

- Our Corporate Women's Leadership Team, which includes women and men from every region, function and business unit is focused on driving systemic changes that create an inclusive culture where women can be successful at P&G. CWLT leaders also support broad-based women's affinity networks across all functions and regions of the Company.
- The Women's Empowered Accelerator Program and Athena in Action initiatives target high-potential women across all functions at critical points in their careers to help them develop skills necessary for success in senior-level roles.
- We offer parental leave benefits in the United States that include 16 weeks of paid leave for birth mothers and adoptive parents, four weeks of paid leave for all other new parents; and we provide the option of taking a full year off work during a child's first year by combining paid and unpaid leave. We have also enhanced maternity, paternity and adoptive-parent benefits in many markets around the world.
- Lean In Circles serve as advisors and sounding boards for women. P&G is the largest corporate sponsor of Lean In, with more than 4,000 women participating.
- In partnership with Catalyst, the MARC (Men Advocating Real Change) training program helps men understand and fulfill the role they can play to help achieve gender balance inside and outside P&G.

We also see the impact we can have on our distributors, manufacturing sites, suppliers and retail customers.

In Singapore, a gender-balanced P&G team produces our P&G Purifier of Water technology to provide clean water in more than 85 countries through the non-profit Children's Safe Drinking Water Program. When the plant opened in 2012, it was primarily staffed by men. Today our plant employees are 55% female. Clean water is a gender equality issue for women and girls all around the world, and we're proud to have equal representation on the manufacturing team that provides this innovative and life-changing P&G technology.

Learn more about how we are building a supportive and inclusive culture at P&G

Environmental Sustainability

OVERVIEW >

CLIMATE CHANGE >

RENEWABLE ENERGY >

ENERGY CONSERVATION >

GREENHOUSE GAS EMISSIONS >

LOW-ENERGY WASHING >

RENEWABLE MATERIALS >

PACKAGING >

RESPONSIBLE FORESTRY >

WATER >

WASTE >

BRAND SUSTAINABILITY STORIES >

WORKING TOGETHER >

THE POWER OF P&G PEOPLE >

GLOBAL MEASUREMENT & ADDITIONAL OPERATIONAL DATA >

Our Charmin products are now FSC® and Rainforest Alliance certified

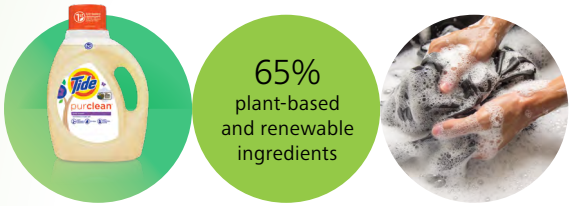
We diverted
millions
of tons of waste
from landfills

We're committed to
zero
deforestation by 2020

Fairy dishwashing tablets will be
phosphate free
within the year

Environmental Sustainability Overview

Protecting the earth is both a responsibility and a business opportunity. Our goal is to create brands that enable consumers to make more sustainable choices. We have integrated sustainability into our business practices, operations, innovation, brand building and culture.



Using Bio-based Ingredients to Clean

Cleaning brands have always faced the same challenge: how to be more sustainable without compromising performance. Tide purclean™ is the first liquid laundry detergent to solve the puzzle. A full 65% of its ingredients (certified by the USDA) come from plants and other renewables. Yet Tide purclean cleans as well as the original—even in energy-saving cold water. In addition to the new ingredients, Tide purclean is manufactured at a site that uses 100% renewable wind electricity and sends zero manufacturing waste to landfill.

GROWING OUR FORESTRY EFFORTS

Consumers can now find the Forest Stewardship Council® and Rainforest Alliance Certified labels on packages of Charmin paper products. These independent verifications help consumers identify products from well-managed forests. In fact, 100% of Charmin tissue products come from responsible forests. Plus, for every tree we use, one is re-grown. FSC® certification is based on one of the most stringent standards in the world, and we are proud to make this sustainable choice.

WASTING NO OPPORTUNITY

Our Global Asset Recovery Purchases (GARP) team doesn't see trash—it sees potential. Around the world, what once was waste is being beneficially re-used as raw materials and feedstock for other products. Oral-B waste is finding new life as part of innovative bricks, Head and Shoulders waste is being converted to compost in China, and scrap from Always is becoming part of low cost soles for shoes in India. Since our focused beneficial reuse program began nine years ago, we have creatively diverted millions of tons of would-be trash into something useful (and saved about $1.6 billion in the process).

TEAMING UP TO PROTECT FORESTS

Palm oil is a versatile crop, and we use a by-product of palm oil called palm kernel oil in some of our Fabric and Home Care and Beauty brands. To ensure it is sourced responsibly, we are delivering our no deforestation commitments and goals in our supply chain by 2020 with a three pillar approach—supplier management, small farmers and industry standard influencing—based on collaboration with partners and communication of our programs.

INNOVATING TO DRIVE PROGRESS

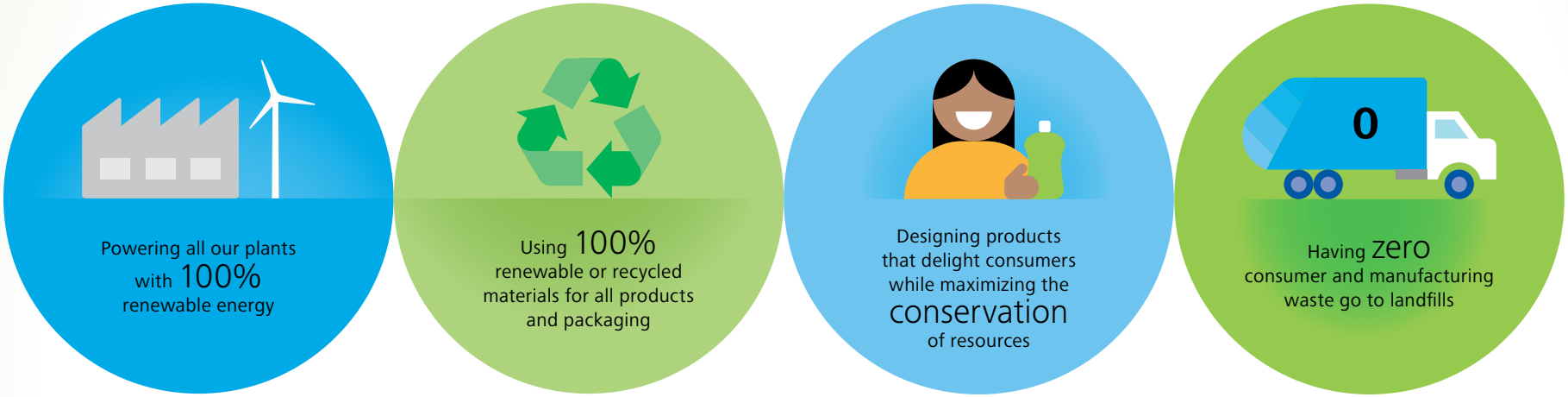
Enough phosphate to cover 270,000 soccer fields—that's how much will be removed when Fairy dishwashing tablets are phosphate-free within the year. All P&G ADW capsules even have an extra environmental benefit: with them, there is no need to pre-rinse, thus saving about 21 billion liters of water each year, equivalent to the water in nearly 9,000 Olympic-sized swimming pools.

HITTING OUR ENERGY TARGET

This year, not only did we achieve our 2020 goal of reducing energy use at P&G facilities by 20% per unit of production, but we reached it four years ahead of schedule. The accelerated progress is due in a large part to our employee engagement program The Power of 5, showing how everyday actions can have big impacts.

Overview — Long-Term Environmental Vision

We are working toward our long-term vision of:



Being a good corporate citizen means helping reduce both our own internal footprint and the footprint of our consumers. The following pages provide an update on our environmental progress.

In some areas, we have exceeded our goals several years ahead of target, while in others, we are still actively working.

We have established specific 2020 short-term goals to demonstrate we are making progress against our long-term vision.

Overview — 2020 Environmental Goals Progress

CLIMATE

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

Achieved 20% since 2010

Reduce truck transportation kilometers by 20% per unit of production

Achieved more than 25% reduction since 2010

Reduce absolute GHG emissions by 30% by 2020

Reduced 10% since 2010

Ensure plants are powered by 30% **renewable energy**

Renewable energy use is 9.6% since 2010

Ensure 70% machine wash loads are **low energy cycles**

Increased from 38% to 61% since 2010

Implement palm oil commitments

We achieved our initial goal on traceability and supply chain engagement and made significant progress in our smallholder efforts

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

Achieved

Create technologies by 2020 to s**ubstitute top petroleum-derived raw materials** with renewable materials, as cost and scale permit

We have established the capability to substitute petroleum-derived plastic resins and cleaning agents

Overview — 2020 Environmental Goals Progress

WASTE

Continued progress on **zero manufacturing waste to landfill (ZMWTL)**

55% of our manufacturing sites have reached ZMWTL

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

In FY 15/16, 98% of materials surveyed met these qualifications

Reduce packaging by 20% per consumer use

Reduced 12.5% since 2010

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

In FY 15/16, 86% was recyclable

Double use of recycled resin in plastic packaging

Increased 30% vs. 2010

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

We continue to advance our Waste to Worth pilot project in the Philippines and are actively involved in the Closed Loop Fund

WATER

Provide 1 billion people with **access to water-efficient products**

We've reached 450 million as of FY 15/16

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

Achieved more than 24% since 2010

Overview — 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)			2016 Global Business Unit Detail[1] (absolute units x 1,000)					
	2016	2015	2014	Baby, Feminine and Family Care	Beauty	Fabric and Home Care	Grooming	Health Care	Other
Production (metric tons)									
Product Shipped[2]	25,758	27,998	28,331	5,737	1,983	16,921	634	483	0
Raw Materials from Recycled Sources[3]	694	699	859						
Waste (metric tons)									
Generated Waste	640	807	1,119	216	96	216	42	31	39
Percent Recycled/Reused Waste	86%	89%	90%	89%	90%	83%	98%	89%	68%
Disposed Waste (metric tons)									
Waste Disposed	87	88	108	24.32	9.65	37.11	0.68	3.38	12.33
Solid Waste — Non-Hazardous	47	51	71	9.48	6.85	21.10	0.07	2.82	6.58
Solid Waste — Hazardous	8	4	5	4.50	0.04	2.53	0.07	0.09	0.69
Effluents (excluding water)[4]	23	21	20	4.55	2.39	10.45	0.41	0.37	4.90
Air Emissions[5]	10	11	12	5.78	0.37	3.03	0.13	0.10	0.16
Energy and Greenhouse Gas (GHG)									
Energy Consumption (gigajoules)	59,401	64,134	66,183	35,893	3,656	12,811	2,541	1,767	2,732
Total GHG Emissions (metric tons)[6]	4,903	5,300	5,912	2,777	368	1,054	238	193	274
Scope 1 — Direct GHG Emissions (metric tons)	2,133	2,389	2,612	1,463	103	391	67	41	69
Scope 2 — Indirect GHG Emissions (metric tons)[7]	2,770	2,911	3,300	1,314	265	663	171	152	205
Biogenic GHG Emissions (metric tons)	209	275	306	209	N/A	N/A	N/A	N/A	N/A
Water (Cubic meters)									
Water Consumption	64,192	68,424	69,681	39,876	5,540	14,053	1,071	1,587	2,065

1 metric ton = 1,000 kg = 2,205 lbs.

(1) For 2016, Baby, Feminine and Family Care includes Baby Care, Feminine Care and Family Care. Beauty includes Beauty Care, Prestige, Salon Professional and Personal Beauty 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 offices buildings as well as technical and research centers that support the business units, along with facilities that distribute finished product. Numbers do not include production from contract manufacturing operations.

(2) Estimated from shipment figures.

(3) Data is tracked at a corporate level.

(4) Wastewater chemical oxygen demand (COD).

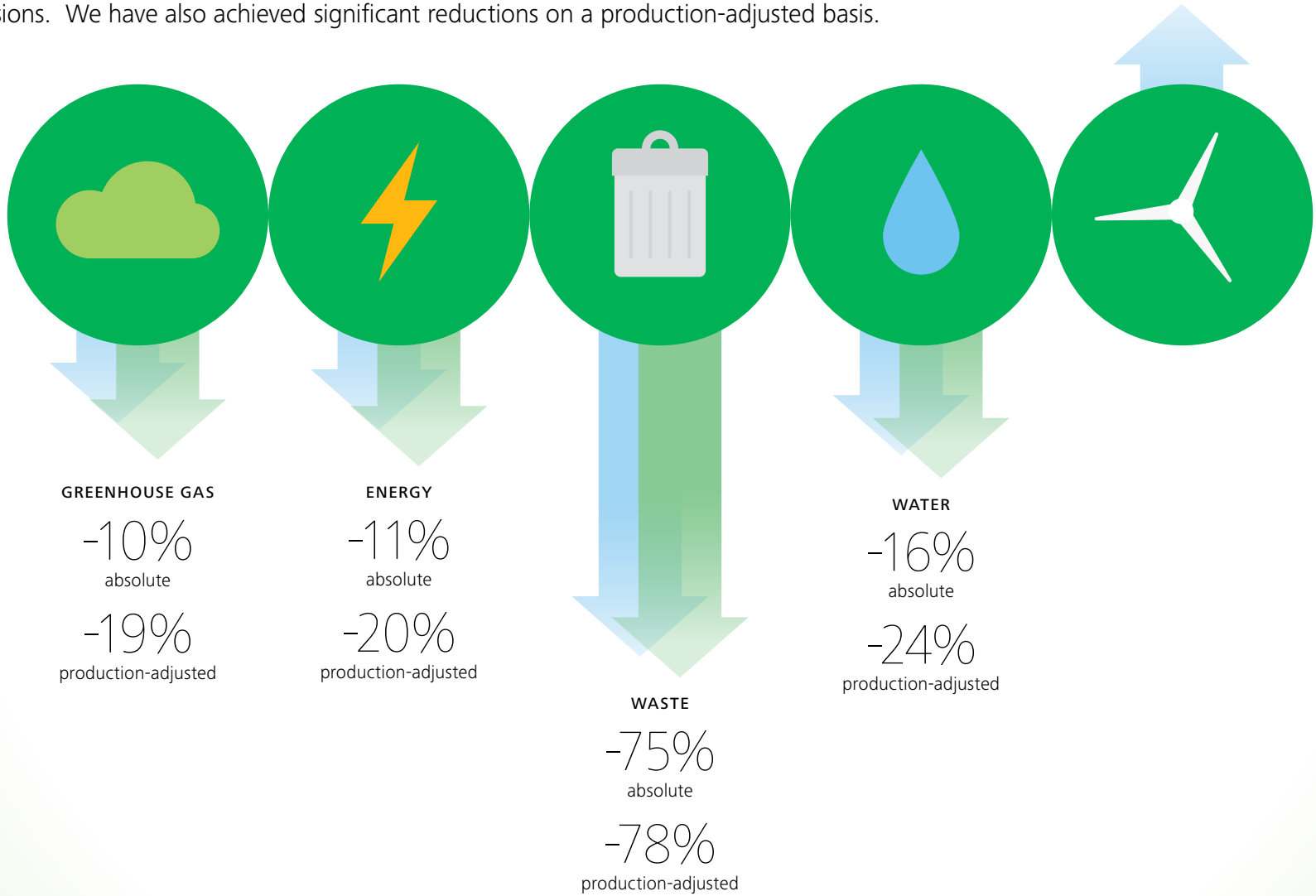
(5) Air emissions include particulates, SO_2, NO_X, CO and VOC.

(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 for 2016 were 2,923,000 metric tons.

Overview — Environmental Progress vs. 2010 Baseline

Although our production has increased since 2010, we have successfully decoupled that growth from our environmental footprint, achieving absolute reductions in waste, water, energy, and GHG emissions. We have also achieved significant reductions on a production-adjusted basis.



Climate Change

P&G is committed to taking action to address climate change. In 2015, we collaborated with World Wildlife Fund (WWF) to develop a new science-based goal for GHG emissions. Our new goal of a 30% absolute reduction in Scope 1 and 2 GHG emissions by 2020 versus 2010 is aligned with climate science and will help ensure that P&G is supporting global efforts to prevent temperature increases from exceeding two degrees Celsius. To help deliver this goal, we're striving to use 30% renewable energy and reduce energy consumption by 20% per unit of production by 2020.

› **Learn more about Science-Based Targets**

We're striving to use 30% renewable energy by 2020

Our goal is to reduce energy consumption by 20% by 2020

Renewable Energy

P&G has a goal to use 30% renewable energy by 2020. In FY 15/16, we achieved 9.6%, and have two projects underway that will nearly double our use of renewable energy.

FULL STEAM AHEAD

We are partnering with Constellation Energy to build a 50-megawatt biomass plant at our facility in Albany, Georgia, where we produce Charmin and Bounty. Constellation Energy will own and operate this highly-efficient combined heat and power site, which will produce 100% of the steam, and a significant portion of the site's total energy, from renewable sources. The plant's fuel supply will come from locally available and sustainable biomass—discarded tree tops, limbs, branches and scrap wood from local forestry operations, crop residuals such as pecan shells and peanut hulls, and mill waste—that would otherwise have been left to decay, be burned, or sent to landfill. Together, we have found a solution that is both sustainable and cost effective. We plan to have the plant up and running in 2017.

THE WINDS OF CHANGE

P&G partnered with EDF Renewable Energy (EDF RE) to build a wind farm that will create enough electricity to power all our Fabric and Home Care plants in the U.S. and Canada that make such brands as Tide, Cascade, Downy and Febreze. The wind farm will produce 100 megawatts of renewable power—the equivalent of taking out 200,000 metric tons of greenhouse gas emissions every year! The wind farm will be operational by the end of 2016.

We're partnering to power all of our Fabric and Home Care plants in North America using
100%
wind electricity

Artist rendering of the new Constellation renewable energy facility

Energy Conservation

Overall, P&G has achieved a 20% reduction in energy use per unit of production. In fact, we have already hit our 2020 goal. Since 2010, improvements have led to more than $500 million in savings. Below are a few examples of how we are driving reductions in energy consumption:

LIGHTING UP ENERGY SAVINGS

Through our Power of 5 Energy campaign, our manufacturing sites and the conservation team have committed to saving $100 million in three years. This engagement program has proven very successful as we improved energy efficiency by 5% in just the last 12 months when we completed the campaign.

MAPPING OUT ENERGY SAVINGS

Sustainability is a team effort. And the best ideas come from our employees who are involved in the process. The talented men and women at the Cairo plant conducted a workshop focused on identifying and eliminating energy losses. Through a "Value Stream Mapping" exercise, they were able to document and analyze their processes and create an action plan that reduces site energy consumption by 20%.

CO-GENERATION

Co-generation uses waste heat from generating electricity to create steam, hot air, or other beneficial processes within the host manufacturing site. This year, we completed three co-generation projects at our Gross-Gerau, Berlin, and Crailsheim sites in Germany. These three highly-efficient projects will reduce our footprint by 7,300 metric tons of carbon dioxide a year, which is equivalent to removing more than 1,900 cars from the streets.

We hit our 2020 energy goal

4 years early

The Power of 5
has shown that everyday actions by employees can have big impacts

Sylvia Jiang, and others from the Xiqing Beauty Care site in China, participated in the Power of 5 campaign by submitting innovative savings ideas

Greenhouse Gas Emissions

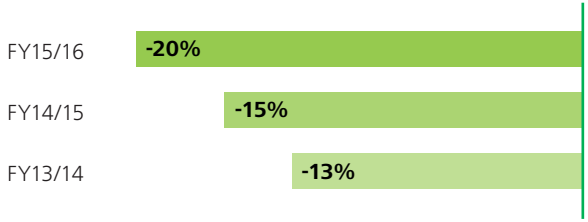
Our efforts on renewable energy and energy conservation are helping drive reductions in our GHG emissions.

SCOPE 1 & 2 EMISSIONS

In 2015, we announced a new science-based per unit of production goal to reduce our absolute Scope 1 and 2 GHG emissions by 30% by 2020 versus a 2010 baseline. Although our production has grown since our baseline, we have been able to successfully decouple this growth from our emissions driving a 10% absolute GHG reduction over the same period. Our focus on energy conservation, combined heat and power, and renewable energy have all helped deliver this result. The charts to the right summarize our progress:

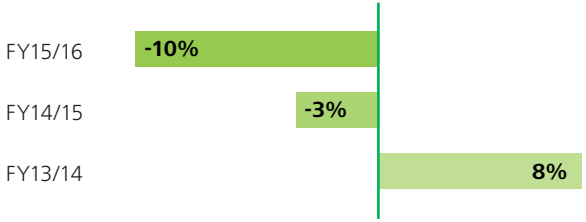
Reduction in Energy Consumption

Percent reduction versus FY09/10—per unit of production



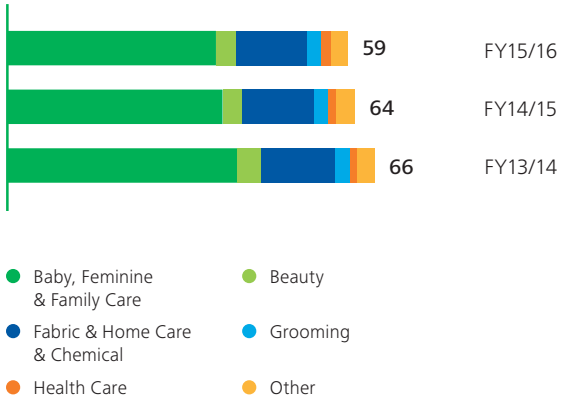
Total Greenhouse Gas Emissions (Scope 1 & Scope 2)

Percent reduction versus FY09/10, absolute



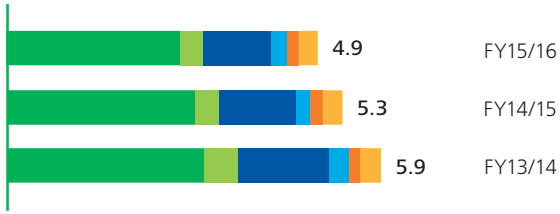
Energy Consumption by GBU

Millions of gigajoules



Total Greenhouse Gas Emissions (Scope 1 & Scope 2)

Millions of metric tons



Greenhouse Gas Emissions

SCOPE 3 EMISSIONS

This year, for the first time, we are reporting estimates of our Scope 3 emissions. We derived this data from lifecycle assessments that we have completed for all of our major categories as well as other sources such as employee travel miles.

This exercise reinforced that the "use phase" of products, especially those that use hot water during consumer use, is our single greatest opportunity for Scope 3 emissions. The chart to the right summarizes our Scope 3 estimates and the next section will highlight our efforts to help reduce energy consumption in the use phase of our laundry detergents.

Scope 3 categories	Tons CO_2e
Purchased goods and services — Upstream transport & distribution	8,560,000
Capital goods	In progress
Fuel & energy activities	In progress
Waste generated in operations	In progress
Business travel	100,000
Employee commuting	In progress
Upstream leased assets	Not material
Downstream transport & distribution	3,195,000
Processing of sold product	Not material
Use of sold product	186,500,000
End of life treatment of sold product	10,950,000
Downstream leased assets	Not material
Franchises	Not material
Investments	Not material

Low-Energy Washing

The impact of the energy used during machine washing of laundry is one of the biggest impacts on our corporate GHG emissions footprint.

For many years, we have been advancing cold water washing as a key strategy to reduce energy use during machine laundering. We also know that High Efficiency (HE) low-energy cycles significantly contribute to our overall objective of reducing energy consumption during machine wash and as such, since 2014, we have tracked not only cold cycles (i.e. dial set to cold setting) but also HE low-energy cycles. To better reflect the full scope of positive steps we are taking to reduce energy use during machine washing, we are updating the language of our existing cold water washing goal to reflect a 2020 target of "70% of machine washing loads are low-energy cycles." Per our existing tracking, low-energy cycles will include cold cycles as well as HE low-energy cycles. For FY 15/16, globally we estimate a 5-point increase in the number of low energy cycles from 56% to 61% over this time period.

To drive continued progress versus our goal, we continue to develop innovative, sustainable products which enable consumers to achieve outstanding laundry results in low-energy cycles so they don't have to sacrifice performance.

TIDE HE TURBO

This detergent is specifically designed to perform in HE machines and shorter wash conditions. Consumers have had a positive response to this product, and Tide HE Turbo showed a growth of 6% since last fiscal year.

TIDE PURCLEAN™

This is the first bio-based cleaning product with the cleaning power of Tide (65% bio-based). It performs great in traditional or HE machines and also works well in cold or quick cycles.

THE TIDE PROFESSIONAL COLD WATER SYSTEM

This is a suite of products designed to drive cold water adoption with hotels and other commercial machine operators. New enzyme technology allows for colder washing, less water, and fewer water fills, resulting in 40% less water used and 75% less energy consumed than a standard system. This innovation was recognized with a 2015 Silver Green Edison Award. While the Tide Professional Cold Water system is not included in tracking versus our cold water washing goal, it is consistent with our approach of innovating to provide products with outstanding performance in cold water.

Tide continues to focus on driving cold water washing through broad-based media with the Cold Weather Heroes Campaign. On a global level, we believe the next impact to low-energy washing will be the use of quick cycles. We continue to partner with top washing machine manufacturers to help educate consumers about the benefits of cold-water washing cycles and will reach about 20 million households next fiscal year. As in past years, we will continue to ensure our products will deliver the best results within these colder and quicker conditions.

We estimate that
61%
of machine loads have been low-energy cycles

Low-Energy Washing

HELPING TO REDUCE 20 MILLION TONS OF CO_2

P&G uses lifecycle assessment to better understand the footprint of our products across all phases of their lifecycle (raw materials, manufacturing, transportation, consumer use, and end of life). We found that since 2010, we have seen a 43% decrease in GHG emissions from laundry across North America and Europe, even though our sales increased during that same time period. This represents a reduction of about 20 million tons of CO_2 emissions per year. The total GHG emissions from all P&G manufacturing facilities around the world was about 4.9 million tons, so this is equivalent to eliminating all GHG emissions from our global manufacturing—four times over!

There were a number of factors that contributed to this reduction, including increases in cold water washing, increased use of HE machines, as well as development of "cleaner" electricity grids in North America and Europe that emit less CO_2. Our efforts are helping change consumer behavior and reducing GHG emissions.

We have seen a

43%

decrease in lifecycle GHG emissions from laundry detergents across North America and Europe

That's equivalent to eliminating all GHG emissons from our global manufacturing

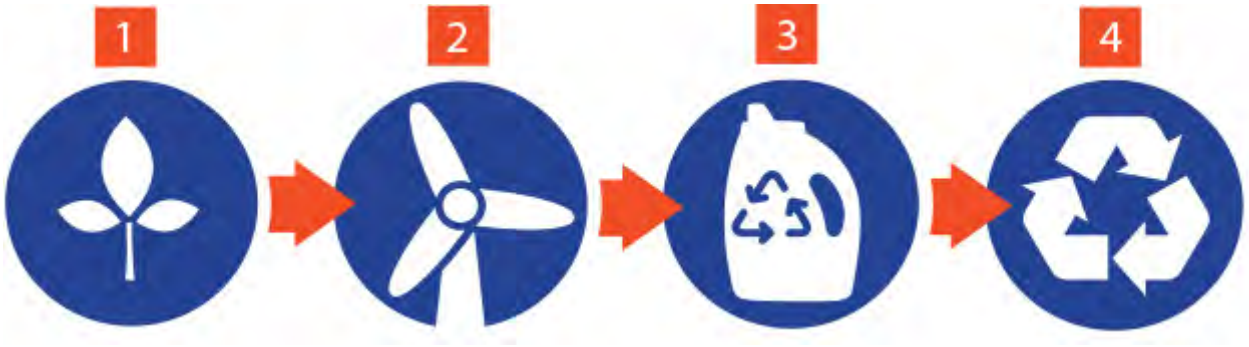
4 times over

Renewable Materials

We are committed to creating products that people love and use every day that have a reduced impact on the environment. We know our consumers want this, too. That is why we are working toward a vision of using 100% renewable and recycled materials in our products and packaging. Our goal is to create the capability to replace our top petroleum-derived materials with renewable materials. Our research focuses on finding cost-effective bio-based resins, cleaning agents and acrylates. Last year, we provided an update on our efforts on bio-resins. This year, we focused on cleaning agents.

TIDE PURCLEAN

One step toward our goal was the introduction of Tide purclean™—the first bio-based detergent with the cleaning power of Tide. Tide purclean helps consumers make sustainable choices. Just as important, they are choosing a product that cleans as well as Tide Original Liquid Laundry detergent. With 65% bio-based ingredients, as certified by the USDA BioPreferred program, Tide purclean is helping to set the standard for natural detergents. Plus, this bio-based detergent is designed to clean well even in energy-saving cold water.



Product Design

USDA certified bio-based ingredients are sustainably sourced.

Manufacturing

Formula is made with 100% renewable wind power electricity, which represents approximately 50% of the total energy used. Formula is made at a zero manufacturing waste to landfill site.

Packaging

Bottle is made from 25% post-consumer recycled materials.

Reuse/Recycle

Tide purclean™ comes in a 100% recyclable bottle.

Packaging

Our products need a package. Packaging protects our products and provides important safety and use information. P&G puts just as much thought and research into our packaging as we do our products. We are always making improvements, so our containers are as efficient and sustainable as possible while still delivering against key performance criteria.

Our 2020 packaging stewardship goals include:

- Reducing packaging by 20% per consumer use
- Doubling our use of recycled resin in plastic packaging
- Ensuring 90% of our packaging is recyclable or there are programs in place to develop the ability to recycle it

We have achieved a
12.5%
reduction in packaging per consumer use

LESS PACKAGING

Reduce packaging by 20% per consumer use by 2020.

Our goal is to reduce packaging by 20% per consumer use by 2020 vs our 2010 baseline. In FY 15/16, we achieved a 12.5% reduction per consumer use, which keeps us on our glidepath for our 2020 goal. However, we continue to experience market-driven headwinds that are impeding progress against our goal. In some key markets, customer requests for smaller case counts increased the amount of corrugate usage per consumer use of product. We also shifted some products to smaller sizes to better meet consumer needs, which also increased the amount of packaging per consumer use. However, through our ongoing focus on packaging efficiency and several packaging design breakthroughs, we were able to offset these headwinds and deliver a 12.5% reduction versus our 2010 baseline. Some examples of breakthroughs from this year include:

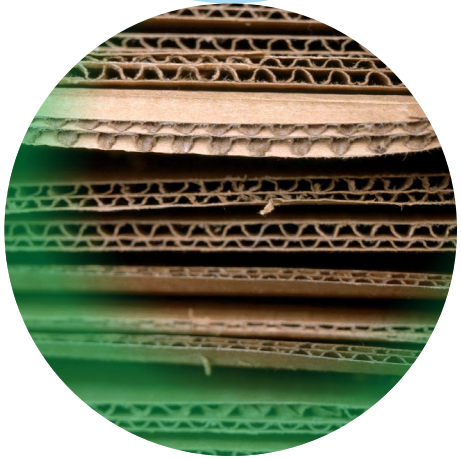
- Our Hair Care business in Europe transitioned to caseless shipping through some supply chains by eliminating the use of corrugate for transportation.
- The Baby Care business in Latin America launched Pampers Pants in a flexible film bundle with a robust pallet stacking design. This significantly reduces the amount of corrugate material needed. This bundle and pallet design is being rolled out to other regions.
- Our Family Care business is working with consumers to design larger rolls of Bounty and Charmin. Consumers have fewer roll changes, and we deliver more consumer uses per amount of packing material used.

We expect the same challenging headwinds to persist in FY 16/17 such that future progress against our goal may become more challenging. Going forward, we will maintain a strong focus on optimizing packaging design and evaluating opportunities to not only source-reduce, but also increase our use of recycled resin and increase recyclability.

While we continue to maintain a strong focus on optimizing package design, we are also partnering with external stakeholders to help advance recovery of packaging materials. Learn more about these efforts in the Waste section.

WASTE ›

Packaging



MORE RECYCLED RESIN IN PLASTIC PACKAGING

Double our use of recycled resin (post-consumer resin) in our plastic packaging by 2020.

By 2020, we will need to use 52,000 metric tons of post-consumer resin to meet this goal. In FY 15/16, we used about 34,100 tons of post-consumer resin in our plastic packaging, putting us about 30% of the way to hitting our goal. We accomplished this through:

- Using more recycled resin in our Fabric Care, Home Care and Hair Care packaging, mostly in North America.
- Working with our suppliers to develop the capability to use recycled resin material in our Fabric Care and Home Care bottles in Europe.
- Expanding the use of recycled resin material in markets where we already have the capability, as well as developing new capabilities in other markets.
- Working with industry partners, trade organizations and others to ensure a healthy recycling value chain is in place.

MORE PACKAGING RECYCLABILITY

Ensure that 90% of our product packaging is recyclable or that programs are in place to create the ability to recycle them.

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. This includes collection, sortation, processing for end use, and an established end market for collected material. Using this definition, approximately 86% of our packaging would be considered recyclable today. This relatively high value reflects the fact that the vast majority of our current packaging is materials and forms that are readily recyclable (e.g., corrugated boxes, cartons, high-density polyethylene [HDPE] bottles and polyethylene terephthalate [PET] bottles).

Difficult to recycle materials including films, resins not readily collected by curbside programs, and mixed material packaging continue to be our biggest opportunity. We partner with other organizations in the recycling value chain to find solutions for these materials. One example is our recently expanded program with Terracycle to collect and recycle the difficult to recycle packaging materials used for some Air Care products. Terracycle will collect these materials, regardless of producing company, and utilize their recycling process to ensure the materials are recovered and used for new purposes.

TERRACYCLE®

Responsible Forestry

Forests are critical to supporting virtually all life on earth. Increases in world population and pressure from economic demands are increasing threats to the world's forests. These threats are especially high in tropical regions where deforestation and loss of high-conservation-value areas are already occurring. The good news is that forests are one of our most-renewable resources and by collaborating with numerous private and public sector organizations we can make progress in achieving our zero net deforestation goals and protecting habitat which benefits people, business, wildlife and local economies.

Our efforts are based on our commitment to ensure the responsible management of the world's forests and our conscientious use of forest products. Although we do not own or manage commercial forests, many of our products and packages are dependent on raw materials from the forest-based supply chains. Therefore, we recognize the key role we must play through our procurement and manufacturing practices to ensure the sustainability of the world's forest resources.

Wood pulp for tissue/towel and absorbent hygiene products, wood fibers used in paper packaging, and palm oil for our laundry and beauty products are strategic commodities where our sourcing practices can have the greatest impact on ensuring responsible use of the world's forest resources. Each of these materials has a different supply chain, and their unique complexities led us to develop individual programs as described in the following sections.

Responsible Forestry—Wood Pulp Supply Chains

Wood Pulp Supply Chains

We give preference to pulp from Forest Stewardship Council® (FSC®) certified forests when it is available and meets product performance and business requirements. FSC protects water, wildlife and local people by ensuring forests are responsibly managed. FSC standards are recognized worldwide as the most-stringent forest management certification scheme and is supported by internationally recognized environmental NGOs.

Based on the market availability of certified fibers, P&G also relies on the use of other third-party forestry certification systems within our supply chain. They include:

- Programme for the Endorsement of Forest Certification (PEFC)
- Sustainable Forestry Initiative® (SFI)
- Brazilian Forest Certification Programme (CERFLOR)
- Canadian Standards Association (CSA) Group Sustainable Forest Management System (SFM)

PROCUREMENT POLICY

P&G requires that the forest certification systems utilized by our wood pulp suppliers adhere to the following criteria for responsible forest management:

- Ensuring that unwanted wood sources are avoided and that wood is legally harvested and that all legal requirements are met. P&G will not knowingly use illegally sourced materials in our products.
- Ensuring the safety of forestry and manufacturing operations for employees and the environment.
- Ensuring that our supply chain is incorporating the principles of responsible forest management and continuous improvement in their own operations and that these are verified by independent forest and chain-of-custody certification.
- Ensuring that trees are not harvested from high-conservation-value forests unless they are credibly certified or source verified. P&G supports multi-stakeholder efforts to develop information sources and tools that will help suppliers identify these areas on their own forestlands and in their procurement of wood raw materials from third parties (e.g., www.hcvnetwork.org).
- Ensuring that there is no sourcing from genetically modified trees.
- Ensuring that supplier practices reflect our social values and support of universal human rights through work with local governments and communities to improve the educational, cultural, economic and social well-being of those communities.
- Ensuring that our supply chain does not contain fiber from conflict timber (timber that was traded in a way that drives violent armed conflict or threatens national or regional stability).

PULP FOR OUR TISSUE/TOWEL AND ABSORBENT HYGIENE PRODUCTS

P&G purchases wood pulp for use in our tissue/towel and absorbent hygiene products. We maintained our prior goal for 100% of the virgin wood fiber used in our tissue/towel and absorbent hygiene products to be third-party certified to one of the aforementioned standards. FSC Controlled Wood (FSC CW) is an important component of our stepwise approach to progressively increase the amount of pulp from FSC Chain of Custody (FSC CoC) certified sources. Specifically, we also require that all pulp come from sources that have undergone a risk assessment in accordance with the FSC Controlled Wood standard—a standard that intends to minimizes the risk of using wood products from 'unacceptable' sources in FSC-labeled products. The FSC CW standard ensures that unwanted wood sources are avoided and that wood harvesting is done legally per our procurement policy.

Responsible Forestry—Wood Pulp Supply Chains

PULP SOURCES

In FY 15/16, P&G bought approximately 1.65 million metric tons of air-dried pulp for use in our tissue/towel, diaper and absorbent hygiene products. The pulp was sourced from the following countries:

Country of Origin	% of Total
Argentina	2%
Brazil	33%
Canada	27%
United States	38%
Total	100%

> Learn more about our wood pulp procurement policy

The third-party-certified fiber used as a percent of our total virgin wood supply for FY 15/16:

Certification System	% of Total
FSC COC	33%
FSC CW	2%
PEFC	17%
SFI	47%
CSA-SFM	1%
Total	100%

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

Charmin FSC Certification

In addition to ensuring a responsible supply chain for our virgin wood pulp, our Charmin business has taken the step to supporting responsible forest management by achieving FSC certification for its tissue paper products.

We recently launched our newest tissue product innovation, Charmin Essentials, and with it, the launch of FSC and Rainforest Alliance certification of our Charmin Ultra Strong and Ultra Soft family of tissue products.

FSC and Rainforest Alliance certification of brands is an outcome of our preference for FSC®-certified pulp sources and our past and sustained effort to ensure FSC®-certified virgin wood pulp inputs for our tissue and paper towel business.

Responsible Forestry—Wood Pulp Supply Chains

We continue to drive strong progress in our wood pulp sourcing. Below are just a few highlights from FY 15/16.

RESPONSIBLE PAPERMAKING

Our iconic Bounty, Charmin and Puffs brands have a long papermaking heritage, and we are proud to share information and insights on our approach to responsible papermaking.

Watch our Responsible Papermaking video

To learn more about how each of these brands are supporting responsible forestry visit the following links:

BOUNTY >

CHARMIN >

PUFFS >

U.S. SOUTHEAST SMALLHOLDER PARTNERSHIP

We have joined with multiple organizations and an association of small landowners to increase the acreage of FSC-certified forestlands in the southeast U.S. P&G is going beyond simply making demands to our suppliers; we are investing our resources in a close collaboration with our suppliers to increase the availability of FSC-certified timber.

Two years ago, we invested in a collaboration with Domtar, the Rainforest Alliance, The Nature Conservancy, World Wildlife Fund's Global Forest & Trade Network®, Forest Stewardship Council and the Four States Timberland Owners Association to educate landowners on the benefits of FSC certification and the steps they can take to ensure responsible management of the their forestlands.

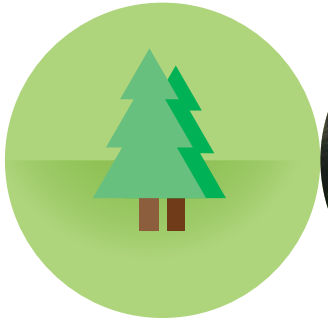
Thus far, for the duration of P&G's involvement with this group, forestlands in the U.S. Southeast committed to FSC certification have increased from 100,000 hectares to over 500,000. Now, additional FSC-certified timber is available to Domtar for use in their production of pulp and available for use by P&G in our products.

FSC-U.S. AWARD RECIPIENT

In the fall of 2016, the Forest Stewardship Council—U.S. jointly awarded P&G and several other companies and organizations with their 2016 FSC Leadership Award for Uncommon Partnerships. This award celebrates the collaboration between the awardees for support of FSC U.S.'s Consumer Marketing initiative and the group's collective efforts to protect the world's forests.

P&G's Bounty, Charmin, and Puffs Communications and Marketing professionals contributed to the development of concepts, strategies, and content launched by FSC-US in the fall of 2016 to raise awareness of the FSC and the choices consumers can make to support responsible forestry by purchased FSC-certified products.

> Learn more about FSC



Watch FSC video

Responsible Forestry — Palm Oil

Palm Oil

Palm oil (PO) is a high-demand vegetable oil used as a raw material by food and non-food industries. In some regions of the world, palm oil production is threatening tropical forests and peat lands. It has also led to some incidents that have infringed upon the rights of independent smallholder farmers and indigenous peoples.

While we do not use a large amount of palm oil, we do use a byproduct called palm kernel oil (PKO). We are committed to ensuring that our sourcing of palm oil, palm kernel oil and derivatives does not contribute to deforestation and respects the rights of workers and indigenous peoples. We are members of the Roundtable on Sustainable Palm Oil (RSPO) and support their standards to drive responsible palm practices across the industry. In addition, we take steps beyond RSPO certification to confirm the palm-derived materials we purchase are not contributing to deforestation.

COMMITMENTS

1. Develop a traceable supply chain.
2. Ensure our suppliers meet RSPO criteria and have policies and procedures in place to ensure:
   - No development of high-conservation-value areas and high-carbon-stock 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

   If we find that a supplier is violating any of the above requirements, and if that supplier does not acknowledge and resolve the concern, P&G will move to suspend or eliminate palm oil purchases from that supplier. The supplier would need to have a documented action plan and demonstrate meaningful progress to be considered for reinstating supply agreements
3. Work with suppliers, industry peers, non-governmental organizations, academic experts and other stakeholders to promote consistent industry standards and practices in palm oil sourcing with the aim of achieving traceability and eliminating deforestation.

GOALS

Palm oil and palm oil fractions:

- Establish traceability to palm oil mills by December 31, 2015 (Achieved).
- Suppliers to submit plans by December 31, 2015, to ensure no deforestation in their supply chain by 2020 (Achieved).
- As we advance progress against the goals above, we also will continue to purchase 100% RSPO-certified palm oil.

Palm kernel oil:

- Establish traceability to palm kernel oil mills by December 31, 2015. (Achieved)
- Invest in and work with palm kernel oil suppliers, and the smallholders who supply them, with the aim of improving both practices and livelihoods to establish zero deforestation in our supply chain by 2020.

Palm oil derivatives and palm kernel oil derivatives:

- Require suppliers to put forward time-bound plans by end of 2016 to ensure no deforestation in their supply chains.

We will continue to purchase
100%
RSPO-certified palm oil

Responsible Forestry — Palm Oil

PROGRESS

We are working to meet our commitments through supplier management, our smallholder program and industry standard and methodology development.

SUPPLIER MANAGEMENT

We are engaging with and enabling our suppliers to meet our procurement requirements.

Traceability: Tracing the route of palm oil and palm kernel oil allows us to ensure that our suppliers are adhering to our standards and practices. We apply the KnownSources platform, which is the industry standard for traceability, with most of our suppliers. During FY 15/16, we met our commitment to trace palm oil to the mill and palm kernel oil to the crushing plant.

Tracing the journey of these oils has its challenges. For instance, with palm kernel oil, it can be difficult to trace kernels from the kernel crushing plant back to the palm oil mill. Kernels can travel long distances and be stored for long periods of time, making traceability harder for the entire industry. To address this challenge, we formed a unique collaboration with the Malaysian Institute for Supply Chain Innovation and our largest palm kernel oil supplier, FGV. Working together, we have overcome these challenges and have achieved significant visibility into our largest palm kernel oil supply chain. In fact, we now know that about 96% of our palm kernel oil comes from kernels that were sourced from a known subset of FGV's palm oil mills. While this partnership is significant, industry-wide challenges still remain and will most likely require industry-wide efforts and solutions.

Learn more about the complexity in the supply chain in this video

No-deforestation plans: All of our palm oil and palm kernel oil suppliers have submitted no-deforestation plans. These plans provide relevant policies, action plans, procedures, and status of suppliers' palm oil sourcing. We periodically review our suppliers' progress, seek to understand and help solve relevant challenges. We are now having our palm derivative suppliers submit their no-deforestation plans.

RSPO-certified Oil Procurement: We maintain 100% RSPO-certified palm oil and palm oil derivative. In addition, at the end of FY 15/16, we achieved 76% physically certified palm oil and palm oil derivatives, with the expectation of reaching 100% as we progress into FY 16/17.

Challenges: We did face a challenge this fiscal year. Our largest supplier of palm kernel oil voluntarily withdrew its RSPO certification. This has had a negative impact on our overall levels of mass-balanced palm kernel oil. However, we anticipate these numbers will increase when this supplier is recertified, and we are carefully monitoring their progress towards recertification.

P&G Palm Materials Purchases FY 15/16

	Metric Tons	RSPO Certified (%)
PO*	38,977	100%
PO Derivatives	81,402	100%
PKO	335,290	28%
PKO Derivatives	73,255	0%
Total	528,924	40%

*This includes palm oil and palm oil fractions

Responsible Forestry — Palm Oil

SMALLHOLDER PROGRAM

About 20% of our palm kernel oil volume originates from independent smallholder farmers who work as a part of a complex trader network. This can make the supply chain more complex. But we know the importance of supporting these smallholders, recognizing that they depend on palm production as a source of income. We are committed to appropriate sourcing practices and improving livelihoods for these smallholders. We established an independent smallholder program for our largest palm supply chain. For this effort, we have teamed up with the Malaysia Institute for Supply Chain Innovation (MISI) and NGO partners Wild Asia, Proforest and the International Plant Nutrition Institute (IPNI). Thanks to this project, we have a better understanding of the many challenges of the smallholder. This includes disease control, harvesting and labor practices, best peat management practices, and fertilization. We have also found many opportunities for improving the productivity of these small farms. Our findings will be available in FY 16/17, and we will incorporate these into a smallholder improvement framework model.

We are also continuing development of the Smallholder Risk Assessment Modeling (SHRAM) project with partners WRI, MISI, and FGV. We are designing this to be an easy-to-use tool to enable risk prioritization and to simplify and focus smallholder engagement efforts.

Watch to learn more about our commitment to independent smallholder farmers

INDUSTRY STANDARDS AND METHODOLOGY DEVELOPMENT

We connect and collaborate with the multi-stakeholder community to drive harmonized industry standards and methodology.

RSPO Smallholders Working Group (SHWG): This group develops new standards and tools for our smallholder project and industry programs. This includes the RSPO Management System Requirements and Guidance for Group Certification of FFB Production, approved in March 2016. We also sponsored the smallholders from Latin America, Africa and SE Asia to join the Linking and Learning Session at the RSPO RT13 meeting. These smallholders shared best practices and experiences for capability building to improve the livelihoods of smallholders across the geographies.

Right: *P&G representatives meeting with NGO partners, Traders and smallholders in Malaysia to discuss progress of P&G's Smallholder Pilot Projects.*

Check out what our partners think about our smallholder projects

About
20%
of our palm kernel oil comes from independent smallholder farmers

Responsible Forestry — Palm Oil Collaboration

The Traceability Working Group (TWG): This group supports development of an industry traceability platform and system that will drive greater efficiency and speed for driving traceability of palm oil. The group also developed the Supply Shed Risk Assessment and Verification Methodology that creates a framework to tackle the challenges facing many independent palm oil mills. We are advocating the implementation through our supply management effort.

The High Carbon Stock Approach Steering Group (HCSA SG): When forests are cleared, carbon is released and biodiversity is lost. The high carbon stock (HCS) distinguishes areas for protection. As a member of HCSA, we support development and implementation of the HCS assessment approach. We are driving to integrate multiple efforts on HCS into a single harmonized methodology. We are also supporting the High Conservation Value (HCV) approach and multiple assessment processes into an integrated land-use planning tool. We joined the Smallholder Working Group within HCSA SG to develop a simplified HCS assessment process for the smallholders.

› **Learn more about how we are progressing in our efforts towards palm oil sustainability**

Thanks to P&G, smallholders were able to come together to link with, and learn from, others in the industry.

Responsible Forestry — Paper Packaging

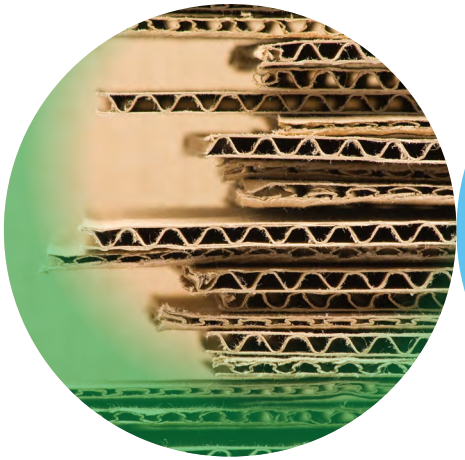
Paper Packaging

We strive to use the least amount of packaging materials while still ensuring adequate protection, delivery and safe use of our products. As part of our efforts, we are identifying source reduction opportunities that will decrease overall material usage and to use recycled paper when it is the best option.

We have the responsibility to make sure the wood fiber used in our paper-based packaging is responsibly sourced. Our goal is by 2020, to have 100% of our paper packaging contain either recycled or third-party-certified virgin content. We have been collecting data from suppliers to assess our progress. This year, we have data from more than 110 suppliers, which represents more than 95% of our global paper packaging spend. This data reveals that 98% of the volume reported by our suppliers was either recycled or third-party-certified virgin content.

Total Metric Tons Reported by Paper Packaging Suppliers Surveyed in FY 15/16: ~795,000 Metric Tons

% recycled	83%
% virgin	17%
% of virgin fiber that was third party certified	86%
% of total recycled or third-party-certified virgin	98%



2020 Goal:
100%
of our paper packaging will contain recycled or third-party-certified virgin content

Water

Water is one of our most-precious resources. As part of our ongoing commitment to Water Stewardship, we are focusing our efforts on areas where we believe we can make an immediate impact:

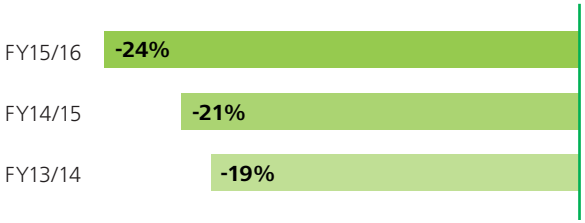
- Reduce water used in P&G manufacturing facilities by 20% per unit of production by 2020 versus 2010 (achieved) with conservation focused on water-stressed regions
- Provide one billion people with access to water-efficient products by 2020
- Provide 15 billion liters of clean drinking water to those who need it most by 2020

A Commitment to Use Less Water

For more than a decade, our global facilities have focused on the conservation of water. We achieved our 2020 goal last year, but we will not stop there. This year, we saw a reduction in water use of 24% since 2010. We continue to work to reduce our water usage across the globe and to strengthen our efforts at 40 facilities, which we have identified as being in high water-stressed areas of the world.

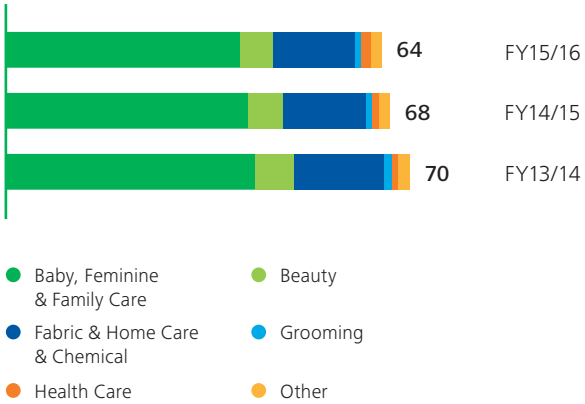
Reduction in Water Consumption

Percent reduction versus FY09/10—per unit of production



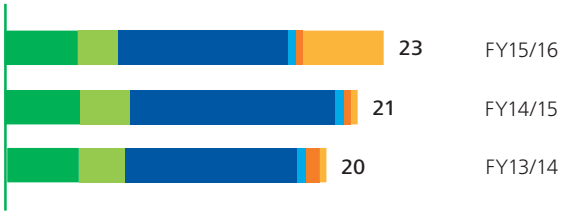
Water Consumption by GBU

Millions of cubic meters



Wastewater COD* Disposed by GBU

Thousands of metric tons



**Chemical Oxygen Demand*

Water — A Commitment to Use Less Water

A FOCUS ON WATER-STRESSED REGIONS

Last year, we found that less than 30% of our sites (40 sites) are located in areas we consider to be experiencing high water stress. We have moved these sites into Tier 2 of our assessment process. Each site will complete a detailed questionnaire to identify the actions already being taken to mitigate risk and the opportunities that still exist to reduce risk. These assessments are underway and should be completed by the end of 2017.

BEING GOOD STEWARDS

Our Water Risk Assessment process and external partnerships have been a catalyst for action within our business units, and we have seen a heightened commitment to being good water stewards. The identification of sites in water-stressed areas has empowered our manufacturing plants to support each other in making a real difference at the site level leading to:

- Internal water workshops to share best practices
- Scorecards to inspire action on a business unit level
- Renewed business continuity plans that put additional focus on water stress
- Investments to understand and implement new water reuse technologies

P&G 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
- P&G Site Water Use per Year—P&G
- Access to Water—WHO/UNICEF

WORLD RESOURCES INSTITUTE

ALL SITES SCREENED

~70% of sites in lower-risk regions

2 **P&G Tailored Site Questionnaire (In-Progress)**

Prioritize sites based on outcome of responses

- The P&G questionnaire was built upon the facility questionnaire in WWF's Water Risk Filter

WWF

PRIORITY SITES FROM 1

~30% of sites have entered the Tier 2 process

3 **In-Depth Site Water Analysis (Next Phase)**

Prioritize risks for mitigation and develop a site-specific sustainable water management plan

- GEMI™ Local Water tool or equivalent

PRIORITY SITES FROM TIER 2

A Focus on Water-Stressed Regions

Focusing efforts where they are needed most.

Water — Success Stories from Sites in Water-Stressed Regions

1. **Hyderabad, India and Port Qasim, Pakistan:** The Tier 2 assessments undertaken at each of these sites mapped out water risk in detail. The findings gave the project teams in-depth knowledge about the water situation in and around their plants. As a result, the teams decided to equip new modules built in their plants with cooling technologies that do not require water.

2. **Jeddah, Saudi Arabia:** This Baby Care site is now collecting condensate water from its HVAC systems. The collected water is then reused for irrigation and topping off firewater tanks. This new process allows the site to save about 25% (or 3600m^3) of water a year.

3. **Asia:** A three-day water efficiency workshop was organized in the spring of 2016. Eleven sites in Asia (five located in high-risk river basins) shared their water experiences. They learned the latest on water efficiency approaches from our global experts. These face-to-face working sessions led to better benchmarking between sites and increased capability at the site level. Similar water efficiency workshops were held in North America and Europe this fall.

4. **Oxnard, California:** At our paper plant in Oxnard, California, we've set new site and business records for low levels of water consumption. Efforts there have included projects that recovered water in innovative ways for reuse in process, switching from freshwater to treated water for some parts of the papermaking process and developing new work process controls to manage the overuse of water.

5. **Taicang, China:** This site has achieved a technical breakthrough allowing it to drastically reduce its water footprint. So far, it has optimized and reduced the amount of water used for cleaning and sanitization by more than 50%. The site is currently treating the water from cleaning and sanitization so it can be recycled and used to feed cooling towers. In the near future, this site wants to further improve its recycling system so the water can be reused in more places throughout the manufacturing process.

6. **Hub, Pakistan:** This bar soap plant reduced its water footprint by 50% in one year, thanks to many projects allowing reuse of water multiple times before being discharged. The site achieved this significant reduction by learning more about the quality of water needed for each application at the plant, allowing them to maximize the reuse of water versus using more freshwater.

7. **Mariscala, Mexico:** Located just north of Mexico City, this plant has struggled with low-quality water coming from a well on site. To use this well water as an ingredient in our products, they needed to remove the high levels of silica inside the well water. The solution came in the form of a new water pretreatment technology, based on silica precipitation and ultra-filtration. This water purification unit is able to treat the well water more efficiently and has enabled a 20% reduction of site water use, along with an improvement in water quality.

8. **Baddi and Hyderabad, India:** For the last two years, the Baddi Plant has hosted tree-planting events in an effort to reduce their impact on the surrounding environment. This year, two trees were planted for every one employee, leading to a total of 1,000 new trees taking root around the site. Our Hyderabad site has also been working to promote a "cleaner and greener" environment, while raising environmental awareness among employees. For the last four years, they have been planting thousands of trees on and around the site to encourage the recharge of local aquifers. This year, they are also partnering with the local government to restore the Mamidala Cheruvu pond just a short distance from the plant.

9. **Brazil:** Collaboration with key stakeholders is critical to our efforts. We are partnering with The Nature Conservancy in Brazil as part of the Green-Blue Water Coalition. The goal is to engage companies, people and the government so that together we can work to ensure water security in 12 Brazilian metropolitan areas.

› **Learn more about the Green-Blue Water Coalition**

Water

A Commitment to Water-Efficient Products

Provide one billion people access to water-efficient products by 2020.

For many products, the life cycle assessments have shown us the consumer "use phase" is often the most water intensive. While we cannot directly control the amount of water that people use, we can give them tools to reduce their water use without compromising performance. In light of this knowledge, P&G set a goal to provide one billion people access to water-efficient products by 2020. At the end of FY 15/16, we estimate that about 450 million consumers had access to water-efficient products.

2-in-1 Shampoo + Conditioner: When you use shampoo and conditioner in the shower, you use water. Right now, there is no easy way of getting around it. That is why our Hair Care brands are focused on helping consumers reduce their in-shower water use, while ensuring they continue to have a superior experience. 2-in-1 shampoo + conditioners allows consumers to skip a step in the shower by combining the power of P&G shampoo and conditioner into one product. This allows them to save up to 1 minute in the shower, translating to a water savings of up to 5 gallons per shower. That's more than 1000 gallons of water savings a year for the average 2-in-1 user! Over 200 million people have access to 2-in-1 shampoo + conditioner[1].

- **Learn more about reducing water use in the shower in the U.S.**
- **Learn more about reducing water use in the shower in the U.K.**

[1] Calculation includes women with access to 2-in-1 shampoos in: U.S., China, Mexico, UK, Russia, Japan, Germany and Brazil.

Swiffer Wet Pads: For decades, people have used the simple mop and bucket to keep their floors clean. In 2001, Swiffer Sweepers were released and millions of consumers were introduced to a new, more-convenient way to clean. The Swiffer Wet system offers an all-around better experience. It's easy to use and uses less water than the typical mop and bucket. Households went from using gallons of water to ounces of solution to clean their floors. Every household that uses Swiffer Wet could save more than 70 gallons of water per year vs. mop and bucket cleaners. About 50 million people in the United States currently have access to Swiffer Wet pads.

- **Learn more about how Swiffer changed the way the world cleans**

A commitment to clean drinking water

Provide 15 billion liters of clean drinking water to those who need it most by 2020.

More than a decade ago, P&G established the Children's Safe Drinking Water (CSDW) Program to help provide clean drinking water to millions of people around the world. With the help of our wide range of partners, P&G has provided more than 10 billion liters of clean drinking water through our CSDW Program. Over the next five years, we will launch more than 25 new programs to bring clean water to even more malnourished children, people living with HIV/AIDS, families living in rural areas who lack clean drinking water, and victims of natural disasters.

- **Learn more about our commitment to clean drinking water**

Waste

All material has value, even materials that we consider waste.
Our vision is that one day there will be no waste going into a landfill.

Manufacturing Waste

ZERO MANUFACTURING WASTE TO LANDFILL (ZMWTL)

We are committed to reducing waste from our manufacturing sites and currently more than 55% of our manufacturing sites are ZMWTL. This is up from 10% just four years ago. Eighteen countries where we have manufacturing sites are completely ZMWTL. While we still have more work to do, we have plans in place to make sure we deliver.

› **Learn more about what makes a site ZMWTL**

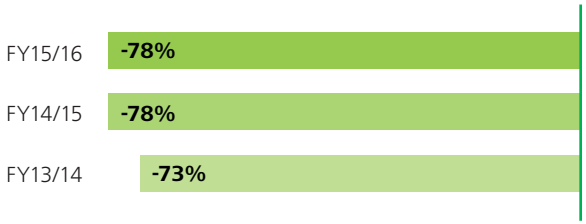
TECHNICAL AND OFFICE BUILDINGS

While 95% of our waste comes from our manufacturing plants, we also work to make a difference at our technical and office buildings. The San Jose Center in Costa Rica is proof of this. It became the first administrative office in Latin America and the largest (in terms of employees) globally to voluntarily meet the same zero waste to landfill qualification process as our manufacturing sites. Their success is in large part due to strong employee engagement, leadership support and coordination with partners and suppliers.

We are taking what we learned from the San Jose Center, and we are applying it across our other offices. We have already certified five offices/tech centers as meeting P&G's zero waste requirements.

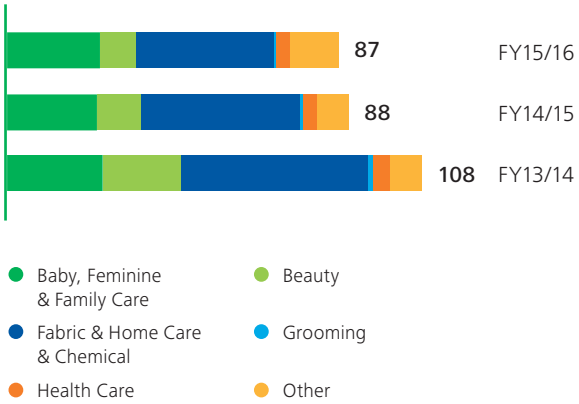
Waste Disposed

Percent reduction versus FY09/10—per unit of production



Disposed Waste by GBU

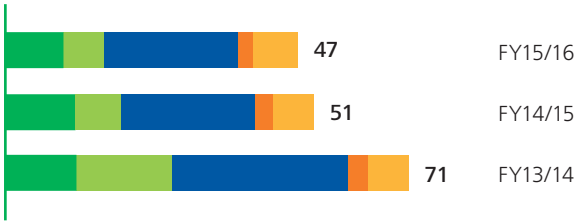
Thousands of metric tons



Waste — Manufacturing Waste

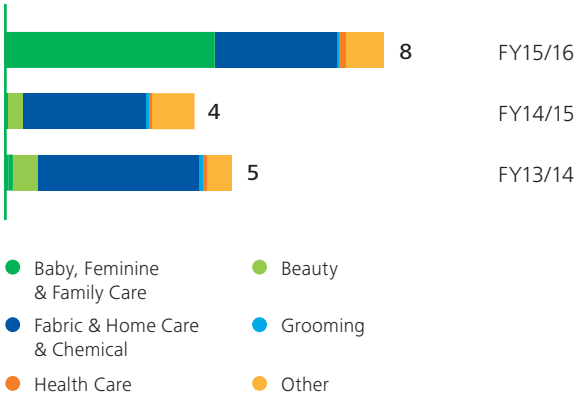
Solid Waste Non-Hazardous by GBU

Thousands of metric tons



Solid Waste Hazardous by GBU

Thousands of metric tons



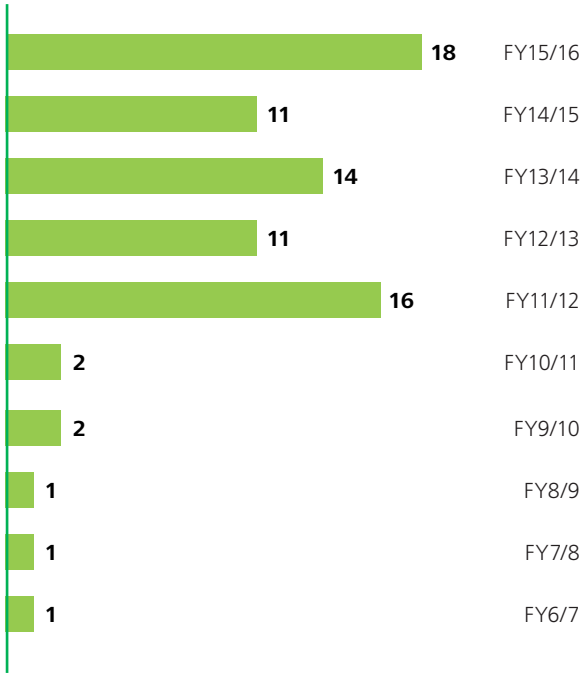
GLOBAL ASSET RECOVERY PURCHASES (GARP)

Our Global Asset Recovery Purchases (GARP) program finds innovative ways to reduce waste and disposal costs. Since 2007, it has diverted millions of tons of trash from landfills, finding alternative uses for this would-be waste. It has also saved more than $1.6 billion. Here are some of the innovative solutions GARP and our manufacturing plants have implemented this year:

- Our Amiens plant diverted 1,565 tons of waste (full pouches, soiled PVA, bottled scrap HDL, scrap reblend bulk) from incineration to alternative usage. Aside from being an environmental win, we saved about $830,000 as a result.
- We finalized the utilization method approved by our supplier MonoSol for PVA trim and PVA end-of rolls. This diverted 850 tons of landfill to recycling, saving approximately $260,000. This effort also enabled the site to achieve ZMWTL status.
- Our Brazil site is using wastewater sludge and turning it into usable and affordable bricks.
- Our Iowa City site is becoming a master composter. The major volume of landfill is now turned into fertilizer.
- In Lima, instead of burning waste, it is being used to produce methane, a useful bio fuel. These efforts have diverted 16,000 tons of waste from landfill across both sites and saved more than $250,000.
- We qualified 18 sites ZMWTL status. This is more than any other year since the program began.
- We now have 18 countries where all of the manufacturing sites have qualified as ZMWTL — Germany, U.K., Poland, Japan, Belgium, Egypt, Ireland, Vietnam, Hungary, Indonesia, Czech Republic, Romania, Singapore, Korea, Thailand, Turkey, Mexico and Spain.

Zero Manufacturing Waste to Landfill

Sites qualifications by FY



Current site totals may differ due to closure and divestiture of sites that had achieved ZMWTL status

Waste — Consumer Waste

Consumer Waste

We are initiating a number of waste-reduction pilots in both developed and developing regions:

WASTE TO WORTH

Waste to Worth is an effort to develop an integrated, profitable and replicable waste-management business model that finds value from waste. One key pilot is currently underway in the Philippines. The goal of the pilot is to convert more than 1,000 tons per day of solid waste to value. Working with the Asian Development Bank, we have already completed feasibility studies and formed the basis for two proposed pilot projects—one in Angeles City, the other in Cabuyao. We have also procured legal constructs and obtained third-party financing.

In June 2016, our Cabuyao plant hosted the signing of the Laguna Lake Joint Venture agreement that paves the way for construction of a Waste to Worth facility in the city of Cabuyao. Many important leaders attended the signing, including the Mayor of Cabuyao, government officials from the Philippines, and representatives from the U.S. Embassy.

The pilots are currently entering the execution phase. Groundbreaking for both sites is slated for FY 16/17.

CLOSED LOOP FUND

P&G continues to partner with the Closed Loop Fund (CLF). This is a social impact investment fund providing U.S. cities access to capital to expand and provide comprehensive recycling programs. By 2020, CLF aims to invest $100 million with the goal to create economic value for U.S. cities by increasing recycling rates. To date, CLF has made investments close to $30 million in capital, which in turn unlocked an additional $58 million from other public and private co-investors. CLF has helped improve recycling in Iowa, Tennessee, Colorado, Minnesota, and Florida. In January 2016, CLF was also recognized by Davos at the World Economic Forum as first runner-up in the Alliance Trust Award for Circular Economy Investor category.

› **Learn more about the Closed Loop Fund**

TRASH FREE SEAS ALLIANCE® (TFSA)

Last year, we joined Trash Free Seas Alliance (TFSA), a multi-stakeholder coalition that brings together thought leaders from industry, conservation and academia to create a forum for pragmatic, real-world collaboration focused on the measurable reduction of ocean trash. The goal is to reduce the amount of land waste entering the ocean.

During FY 15/16, the TFSA completed a comprehensive evaluation of the barriers and enablers to investment in integrated trash solutions for the developing nations of the Asia Pacific rim. The Waste to Worth effort in the Philippines helped inform this evaluation. TFSA will continue efforts into FY 16/17 to define specific recommendations to help overcome barriers to investment and enable development of effective waste management systems.

› **Learn more about TFSA**

Waste — Consumer Waste

THE RECYCLING PARTNERSHIP

P&G is a member of The Recycling Partnership, an industry collaboration helping to transform recycling programs in towns across the U.S. The Partnership continues to expand its impact and reached an important milestone of supporting its first 100 cities. Through technical support, educational programming, tools for communities, and its new "More, Better" quality platform, The Partnership is making a difference. They have helped multiple cities—such as Greenville, South Carolina and East Lansing, Michigan—switch to recycling carts. They have started new statewide partnerships with Massachusetts and Michigan. And they enabled communities from across the U.S. to have professionally designed tools and educational materials. Through this partnership, P&G has helped divert material from landfills and driven acceptance of new recyclable packaging such as polypropylene. Since 2014, The Partnership has completed or is working on projects that are the catalyst for more than $20 million of new recycling infrastructure, provided education materials that has reached two million households, and is finishing placement of 300,000 recycling carts.

"P&G's active and thoughtful support has helped us reach more U.S. households with long-term solutions for strong recycling. Their goal of 90% recyclable packaging fits perfectly with our mission to improve recycling not just at the local level, but across the entire system. No company or organization can realize system-wide success alone and our partnership with P&G proves that we're stronger together."

— Keefe Harrison, Executive Director of The Recycling Partnership

MATERIALS RECOVERY FOR THE FUTURE

P&G is committed to finding recovery solutions for film and flexible plastic packaging. With other leading members of the flexible plastic packaging value chain and recovery community, we developed the Materials Recovery for the Future (MRFF) program. In the first year of the program, we completed three major tests in target material recovery facilities (MRFs). The tests showed that optical sorters are capable of extracting a stream of flexible plastic packaging from other recyclables. Building on these findings, MRFF continues research to optimize airflow and optical sorters in recovery facilities, to make necessary equipment modifications, and to ultimately establish a demonstration project. We want to ensure that flexible plastic packaging is recycled, and the recovery community captures value from it.

The Recycling Partnership has been the catalyst for more than

$20 million

in new recycling infrastructure

Waste — Consumer Waste

PETCYCLE

PET bottles have the highest recycling rates of all post-consumer plastic waste in Europe. However, new innovations in packaging design are requiring enhanced recycling technologies. PETCycle, a three-year project funded the European Union, is addressing this issue. Started in 2016, PETCycle has two important objectives. One is to demonstrate that tracer-based sorting technologies can increase the sorting efficiency of difficult-to-recycle PET bottles. The other is to show that sorted fractions can be successfully introduced into non-woven applications. Achieving these two objectives will contribute to improving resource efficiency and stimulate new business models within the Circular Economy.

> **Learn more about PETCycle**

PETCORE EUROPE

P&G is a member of Petcore Europe, the Brussels-based association representing the PET value chain in Europe. Petcore Europe works to ensure that the PET industry and its associations are aligned to deliver increased value and sustainable growth of the PET value chain — from PET resin producers to packaging manufacturers, recyclers and other value chain members. These types of partnerships enable more sustainable packaging innovations entering the marketplace. The group is addressing a number of important issues in the PET industry, such as improved sorting efficiencies after collection. They are also tackling other recycling initiatives, such as recycling of thermoformed packs. P&G is chairing a new working group that will focus on opaque and difficult-to-recycle PET packaging containers.

"Petcore Europe already has close working relationship with leading brand owners and their respective associations. Having now a global brand leader such as P&G as a direct member is definitely a great asset and a stimulating opportunity for Petcore Europe."

— Patrick Peuch, Executive Director of Petcore Europe

HOW2RECYCLE

How2Recycle is a standardized labeling system that clearly communicates recycling instructions to consumers. It is a project of Green-Blue and The Sustainable Packaging Coalition. P&G is a member of the Sustainable Packaging Coalition and is actively working to inspire consumers to recycle.

Brand Sustainability Stories

For each of our brands, we are committed to offering outstanding performance, while making a smaller footprint.

PAMPERS BABY DRY

Pampers Baby Dry has 16% less raw materials compared to the previous diaper due its new absorbent core technology. This will have a big positive impact: For instance, by moving to this new technology, manufacturing size 4 diapers in Europe saves 180,000 tons of material—the weight of about 120,000 mid-size cars. It will also save 11% energy, equating to the electric use in 5,000 homes for a year. And in Europe, it reduces the number of pallets we use by about 85,000. That means we save about 2,600 trucks on the road in Europe alone—all while delivering the outstanding performance of Pampers.

TIDE PURCLEAN

Tide purclean™ is the first bio-based laundry detergent with the cleaning power of Tide. For many years now, Tide has been on a journey of sustainability, and this is the latest step to deliver a more sustainable product that does not compromise on cleaning performance. It is not just another eco-friendly detergent; it is the first 65% USDA certified bio-based detergent with the cleaning power of Tide.

FAIRY HAND DISH DETERGENT

Fairy, present with different brand names in most parts of the world, is one of the most concentrated dish washing liquids on the market. One bottle of Fairy cleans up to 12,000 dishes and lasts up to twice as long as other brands. By using Fairy, consumers save 515 million bottles of dish liquid every year. That means there are 23,000 fewer delivery trucks on the road, which translates into 15 million fewer kilometers traveled every year. This also eliminates 74,000 metric tons of carbon dioxide, equal to the exhaust from more than 15,000 cars.

NO MORE PHOSPHATES

In May, we announced that we are eliminating phosphates from all Fairy dishwasher tablets and all professional brands globally by 2017. The result will be the removal of 14,000 tons of phosphate annually — enough to cover 270,000 soccer fields. We have already removed phosphates from our Fabric Care business.

› **See a quick overview of our Nil-P efforts**

Pampers Baby Dry has
16%
less material compared to the previous diaper

Working Together

Our suppliers are critical partners in improving the environmental sustainability of our end-to-end supply chain. Since 2011, our External Business Partner Sustainability Scorecard has driven transparency and collaboration in our supply chain. We are working with our strategic and most-innovative partners and agencies to improve our products, supply chains and operations in a sustainable way. This includes developing improved solutions for bio-alternative materials, sustainable packaging, renewable energy, and logistics setups.

The ReNEWW House, on the Purdue University campus, has been retrofitted to include forward-thinking energy and water saving features.

We work hand-in-hand with our partners to deliver sustainability improvements. Here are some of the ways we are working together for the better:

- P&G and DuPont are collaborating on using cellulosic ethanol, made from by-products of corn, in our laundry detergents, which will result in fewer greenhouse gas emissions.
- P&G took part in a cooperative learning experience through the ReNEWW House. (Retrofitted Net-Zero Energy, Water and Waste) This is a house at Purdue University built in 1929 and retrofitted to include forward-thinking energy- and water-saving features, as well as solar panels that produce both electricity and hot water. Systems in the home harvest waste heat from appliances and "gray water" from showers and sinks. The project was launched as part of the Sustainable Lifestyle Cluster of the World Business Council for Sustainable Development, which is co-chaired by P&G and our partner Firmenich. Key leaders from P&G and Firmenich lived in the house to inspire innovative thinking.

Watch the video detailing our ReNEWW House experience

- P&G partnered with DOW Chemical to change the supply of a key raw material for Downy Unstopables. It's now supplied mainly by rail instead of road freight. This significantly reduces greenhouse gas emissions and is the equivalent of taking almost 300 passenger vehicles off the road.
- P&G asked our suppliers in India to come up with ideas that reduce plastic usage with the same performance characteristics. Our suppliers explored alternate resin materials and technologies. As a result, they developed new ideas to innovate our Hair Care sachets and Fabric Care packaging, resulting in a 16% reduction in plastic usage and material transportation over a two-year period. We are running national recycling platforms with Air Care in Canada, U.S., U.K., France and the Netherlands working with TerraCycle. In these models, consumers can send us any Air Care package at no cost, from anywhere in the country.
- TerraCycle and P&G partnered to recycle air and home care waste through national recycling programs. Air and Home Care Recycling programs are currently live in five markets – the U.K., Canada, U.S. and France (under the Febreze banner) and the Netherlands (under the Ambi Pur banner). To date, there are 3,321 participating collection locations with consumers having sent in more than 250,000 pieces of air and home care waste for recycling.
- TerraCycle and P&G (specifically Head & Shoulders in Europe) have been working to produce a shampoo bottle using discarded plastic found on beaches. Together, we have developed a supply chain whereby NGOs and other organizations can send in the material they've collected during their coastal cleanups. TerraCycle has custom-formulated an HDPE pellet that can be molded to make new Head & Shoulders bottles.

Learn more about the External Partner Sustainability scorecard

TERRACYCLE

The Power of P&G People

EARTH WEEK

Every April, the P&G community celebrates Earth Week. Our sites come together to recognize the progress we have made and to encourage employees to reduce their environmental footprints — at work and at home. This year's theme was "You Can Make a World of Difference." Special activities at sites across the world focused on communicating the good that the Company was doing and how we are leading positive change.

EXTERNAL RECOGNITIONS

For our efforts, we have been recognized externally including:

- Being named on the North America Dow Jones Sustainability Index
- FTSE4Good Index
- Stoxx Global ESG Leaders
- *Corporate Responsibility* Magazine Top 100 Best Corporate Citizens

INNOVATING FROM THE INSIDE OUT

We conducted a manufacturing sustainability hackathon to reduce our environmental footprint in the London surfactant plant. Fabric and Home Care Engineering organized the first manufacturing sustainability hackathon in Brussels in February. The event gathered more than 70 volunteers. P&G shared one year of manufacturing process data, along with available electricity data, and posed the challenge to use advanced analytics to reduce the London Chemical plant's energy consumption. The results were eye-opening, as we uncovered 10% energy savings potential with no equipment investment.

Global Measurement & 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 our some of our 2020 Goal Measurement Systems to help ensure clarity and transparency on the data we are reporting:

GREENHOUSE GAS EMISSIONS

For purposes of monitoring progress against our goal and listing emissions levels in charts and graphs, we utilize market-based Scope 2 GHG emissions. For more information on the WRI/WBCSD GHG Accounting protocol or for additional perspective on market- versus location-based GHG emissions, please visit: www.ghgprotocol.org.

LOW ENERGY CYCLE MACHINE WASHING LOADS

Low energy cycles are considered to use less than 0.4KWh per wash cycle. In Europe, this would include front load 30° C loads. In NA, this would include traditional and HE Cold Cycles, as well as Normal and Quick HE warm cycles.

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, PCC, Shave Prep, Hair Care and Hair Color). While a subset of overall data, we believe it is representative of overall corporate data and focuses resources on the biggest SKUs and categories that have the biggest impact on packaging.

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, 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 where a package may be sold 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 P&G as well as contract manufacturers and covered over 95% 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
- Net water via purchased steam
- Ground water from site wells
- Surface water—non-brackish rivers, lakes, creeks, etc., at any quality they deliver

BASELINE RESTATEMENT

This year, P&G 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/divestitures as well as other minor modifications and corrections to historic data. Our original baseline was 5,488,224 metric tons. Our revised baseline, which we will use for calculating progress versus GHG emissions reduction goals, is now 5,467,933 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 67,030,244 gigajoules. Original water baseline was 77,049,114 cubic meters. It is now 76,567,826 cubic meters. Original waste was 354,563 metric tons. It is now 351,533 metric tons. The baseline year remains the same—P&G's FY 09/10.

Global Measurement & Additional Operational Data

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 P&G's 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 FY 15/16. Note, some fines are still under review but are included in the total numbers.

	Number	Fines
2016	29	$46,250
2015	27	$444,708
2014	34	$95,460

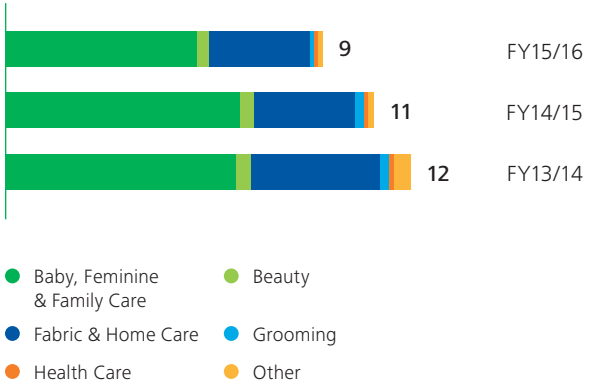
	Number of NOVs	Fines
Water-Based	7	$17,485
Air-Based	3	$1,500
Solid-Waste-Based	7	$8,372
Paperwork	2	$20
Transportation-Based	4	$10,370
Other	3	$1,503
Worker Safety	3	$7,000
Total	29	$46,250

AIR EMISSIONS

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

Air Emissions by GBU

Thousands of metric tons



Tide