P&G 2016 Citizenship Report

EXECUTIVE SUMMARY

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

Ethics & Corporate Responsibility

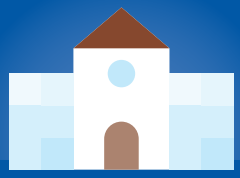
At P&G, we serve nearly 5 billion people around the world with our brands. We have operations in nearly 70 countries and have one of the strongest portfolios of trusted, quality and leadership brands. In order for us to continue to serve the world's consumers, we believe, and have publicly committed to doing what's right and being a good corporate citizen. We define this as improving transparency, building collaborative partnerships, respecting human and labor rights, doing the right thing, and sourcing responsibly. This influences all we do, and we take this responsibility seriously. This reputation of trust and integrity, built over time and rebuilt every day, is what sets us apart.

Our Purpose, Values and Principles are the foundation of who we are. Our Purpose unifies us in a common cause and growth strategy of improving more consumers' lives in small but meaningful ways each day. It inspires P&G people to make a positive contribution every day; our Values reflect the behaviors that shape how we work with each other and with our partners; and our Principles articulate P&G's unique approach to conducting work every day.

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.

Ethics and Corporate Responsibility is the foundation of our Citizenship efforts:

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

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, benefiting 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.

Diversity & Inclusion

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.

This year, there were more than **200** D&I award nominees

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, Productivity, 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.

BUILDING AN INCLUSIVE CULTURE

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. On International Women's Day 2016 we took an important step in raising our own bar for women. We committed to achieving gender balance at all levels of the Company. Also, Intentionally Inclusive Leadership and Catalyst's MARC™ (Men Advocating Real Change) are two signature programs we are leveraging to build inclusive leadership skills throughout our Company.

STEPPING UP INSIDE AND OUTSIDE OUR WALLS

We continue to celebrate the successes of our African Ancestry (AA) employees in North America while addressing opportunities that are unique to this community. We have chartered an Advisory Board to seek expert perspective to help us increase our success rate of hiring, retaining and developing AA talent to the executive level. Our commitment continues through our brands. Our decade-old My Black is Beautiful program and new Pantene Gold Series embrace the diverse and collective beauty of black women.

COMMITTING TO DIVERSE PARTNERSHIPS

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. For more than 40 years, this network has strengthened thousands of minority, women, military veteran and LGBT-owned businesses, and strengthened our ability to innovate.

LEADING THE FIGHT FOR WORKPLACE FAIRNESS

Our Company and brands can play a powerful leading role in addressing biases that limit people's ability to be themselves at work. The Human Rights Campaign's Business Coalition for Global Workplace Fairness is committed to advancing equality for all, including lesbian, gay, bisexual and transgender employees. P&G is proud to be an inaugural member.

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

My Black is Beautiful

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

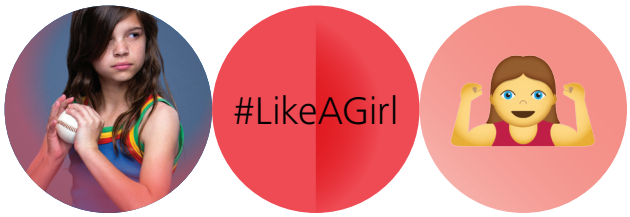
The staff at our CSDW plant in Singapore is
55% female

Gender Equality

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

Half of all girls experience a huge drop in confidence at the onset of their first period. Demeaning phrases such as "like a girl" have contributed to this outrageous fact. As a brand grounded in confidence, Always set out to make "like a girl" mean amazing things. Three years and 550 million views later, 76% of consumers view "like a girl" as a positive expression. This year, Always tackled the unnoticed gender bias found in smartphones, which had only a few, stereotypical emojis of girls. The campaign is creating conversations, changing emojis, and changing attitudes.

OPENING DOORS FOR UNDERPRIVILEGED GIRLS

Shiksha means "education" in Hindi, and perfectly describes our efforts to create education opportunities for underprivileged children—especially girls—in India. We work with local organizations, school management, teachers and parents to remove gender-biased barriers that may be keeping these doors closed.

REMOVING BARRIERS TO GIRLS' EDUCATION

Girls around the world face many obstacles to a quality education. In many countries, girls are dropping out of school simply because they reach puberty. With little understanding of their bodies—and limited access to sanitary pads—they often stay home, which has lifelong impact. Over the last 10 years, the Always "Keeping Girls in School" program has supplied 3.5 million pads and supported more than 100,000 girls with puberty and hygiene education.

REVEALING GENDER BIAS IN THE HOME

Throughout India, Ariel is proving that simple household products have the power to spark conversations about gender roles in society. Among men in India, household chores like laundry are largely seen as women's work, and this belief is passed to children in the next generation. Ariel's popular "Share the Load" campaign is shifting perceptions about the role of men and women in the home.

PROMOTING FEMALE EMPLOYMENT AND OPPORTUNITIES

Women and men working side-by-side is a rarity in some parts of the world due to gender bias. P&G works with local policymakers to help remove barriers to women's employment, including at our own plant facilities. In India, our Hyderabad facility has over 30% female employees on the plant floor, which serves as a national benchmark for gender representation. Our Singapore plant that produces the technology used in our Children's Safe Drinking Water Program opened with a primarily male staff. Since clean water is a gender equality issue affecting women and girls around the world, we're very proud that our manufacturing team is now 55% female.

Environmental Sustainability

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.

65%
plant-based
and renewable
ingredients

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.

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 Resource and Waste Summary

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

	Totals (absolute units x 1000)			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).

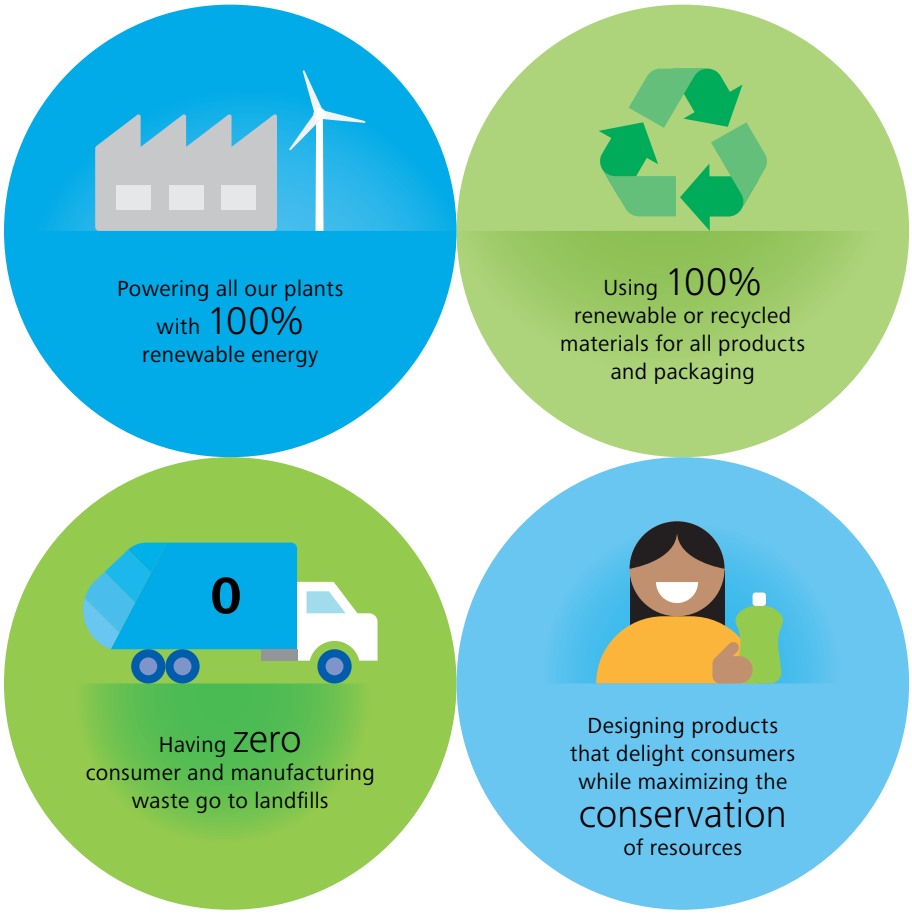
(5) Air emissions include particulates, SO_x, NO_x, CO and VOC.

(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.

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.

2020 Environmental Goals Progress

As of June 30, 2016

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

CLIMATE

Reduce absolute GHG emissions by 30% by 2020

Reduced 10% since 2010

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

Usage is 9.6%

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

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

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. baseline

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

ABOUT OUR FIRST ANNUAL CITIZENSHIP REPORT

This summary shares a few examples of the work being done across the Company. Our full report, with more stories and data, was prepared using the Global Reporting Initiative's (GRI) G3.1 guidelines and can be found online at www.pg.com/sustainability. The information in this report covers the time period from July 1, 2015 through June 30, 2016.

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