2020 Citizenship Report

EXECUTIVE SUMMARY

Dear Stakeholders,

Last fiscal year, we stepped up our efforts to be a force for good and a force for growth by doing our part to help people and communities overcome the challenges of the COVID-19 pandemic, address longstanding issues of inequality and tackle climate change. We activated every element of our Citizenship platform—Community Impact, Equality & Inclusion and Environmental Sustainability, with a foundation of Ethics & Corporate Responsibility guiding everything we do.

As healthcare workers and first responders fought the pandemic, P&G people worked tirelessly to supply people and their families with much needed health, hygiene and cleaning products.

Our ability to continue to supply consumers during this extraordinary time was dependent on the trust in our Company that we had built with governments and other stakeholders. Our track record as a responsible company that works to do the right thing enabled us to quickly and credibly work with governments around the world to ensure we could continue to operate, with important safety protocols in place, to maximize the availability of our products for people who count on our brands and the benefits they provide.

At the same time, we ramped up our Community Impact efforts on a global scale like never before, expanding our existing disaster relief operations to donate tens of millions of dollars worth of products, cash and in-kind support, including personal protective equipment, to families and communities in need through more than 200 relief organizations worldwide.

Crises like COVID-19 often reveal the inequalities in our society, and this crisis showed just how much more there is to be done to create an equal world. We accelerated our efforts in Equality & Inclusion with deliberate, sustained action, inside and outside of P&G.

DAVID S. TAYLOR

Chairman of the Board, President and Chief Executive Officer

David Taylor visits our plant in Lima, Ohio, one of several global locations where we began producing hand sanitizer for use in our facilities to help us operate safely and to share with hospitals, health care facilities and relief organizations.

We started internally by reviewing our policies and practices to make sure they are not only inclusive but deliberately advance and enable equality and inclusion. For example, flexibility at work, intentional career planning and paid parental leave are proven accelerators of equality, and even during the pandemic we remained focused on each of these. We also made progress on our aspiration to reach 50/50 women and men at every level of our Company, including P&G's Board of Directors. We're now sharing our representation data and progress transparently on our website at pg.com/equalityandinclusion.

Externally, over the past few years, we've taken a stand and used our voice on important issues, ranging from pay equality to equal representation to racial inequality, through films and campaigns such as "The Look," "The Talk," "The Words Matter," and "We See Equal," among others. In recent months, we continued this work with films and campaigns like "Choose Equal," "The Pause," "The Choice," "Talk About Bias" and more.

To specifically address the systemic racism and inequality that have been institutionalized in our society, especially against Black Americans, we established the P&G Take On Race fund to help fuel organizations that fight for justice, advance economic opportunity, enable greater access to education and health care and make our communities more equitable.

We are committed to be part of the solution in the fight against inequality.

At the same time, we remain steadfast in our environmental sustainability commitments because the next decade represents a critical window to address climate change. This summer we announced our plan to be carbon neutral for the decade by 2030. We'll do this by increasing energy efficiency, purchasing 100% renewable electricity globally and advancing a series of natural climate solutions. Importantly, while climate change impacts everyone, all too often the people and communities most impacted are those who are most vulnerable. By accelerating our progress and investing in natural climate solutions, we can help protect ecosystems and communities around the world.

We've also accelerated our commitments to protect forests. Responsible sourcing is essential for not just our business, but more importantly, for the environment and people who depend on it. Our shareholders have asked us to issue a report assessing how we can further increase the scale, pace and rigor of our efforts on responsible forestry. We are engaging with and learning from shareholders and stakeholders who supported this resolution, and we will provide that report in mid-2021. We also publish detailed information about our forestry practices in the Environmental Sustainability section of this report.

The past year is proof that Citizenship cannot be something done on the side; it has to be built into how we do business every day. Not only does it build trust and equity with consumers and the broader set of stakeholders we serve, when done with the right intentions and with meaningful actions, it drives growth and value creation, which allows us to be a force for good and a force for growth in our world that needs us all to work together.

DAVID S. TAYLOR

Chairman of the Board,
President and Chief Executive Officer

Community Impact

Equality & Inclusion

Environmental Sustainability

Ethics & Corporate Responsibility

Stepping Up as a Force for Good in Response to COVID-19

For generations, we've united to support consumers and communities through unexpected challenges, providing the brands people count on to take care of their personal health and hygiene and to create clean and healthy homes. We're answering the call to do even more, guided by three core principles:

PROTECTING P&G PEOPLE

P&G people can work confidently knowing the Company stands with and behind them, with a **rigorous focus on health and safety.**

We're continuously evaluating and updating the robust measures already in place to **help our people stay safe at work** and enabling others to work from home.

We're using our R&D, engineering and manufacturing expertise to make non-medical face masks, face shields and hand sanitizer **to support our operations and to share with hospitals,** healthcare facilities and relief organizations.

SERVING CONSUMERS

We're constantly finding new ways to **deliver more of the products consumers depend on.**

We're using our marketing and communications expertise to encourage consumers to support public health measures like social distancing and mask wearing, to help slow the spread of the virus.

We're using our brands' voices to share important safety, cleaning and hygiene messages with consumers.

SUPPORTING COMMUNITIES

We donated tens of millions of dollars in cash, product and in-kind support to individuals, families and communities, helping ensure that they have access to the everyday essentials many of us take for granted.

More than **50 brands made donations**, and in partnership with more than 200 relief organizations, we reached people in more than **55 countries,** providing help to nursing homes, shelters, community groups, food banks and more.

Community Impact

Amidst a global pandemic, multiple natural disasters, a growing need for life's daily necessities and with clean drinking water unavailable for so many, P&G continues to step up through our brands, our people and our resources to make a positive impact.

Being a good corporate citizen is core to who we are as a Company. From the beginning in 1837, our founders made giving back a priority. Our brands are uniquely positioned to help and provide the comforts of home, health and hygiene during challenging times. We are committed to making each day a little bit better for people, families and communities around the globe.

Stepping Up During a Global Pandemic

P&G has a long history of supporting communities in times of need, and we quickly pivoted our disaster relief program to focus on the unprecedented global needs created by COVID-19.

Our help reached around the world. We sponsored multiple benefit events, including Global Citizen's "One World: Together At Home" concert that raised $127 million for the WHO COVID-19 Solidarity Response Fund and regional response organizations. We were honored to contribute our marketing and communications expertise to two widely-viewed multimedia campaigns—"#DistanceDance" to create awareness about social distancing and "#MasksOn," a State of Ohio campaign to encourage people to wear face coverings in public.

Employees in Italy volunteered four free hours of additional work to produce extra cases of Mr. Proper with bleach, which was then donated to local hospitals. Working with long-time partners, P&G China donated millions of dollars worth of product and financial aid to bring relief to those in need. While the pandemic remains, so does our commitment to step up and continue to help.

Bringing Clean Water to Communities Around the World

Nearly a billion people do not have access to clean water, and that is exactly the challenge of U.N. Sustainable Development Goal #6 and what our Children's Safe Drinking Water (CSDW) Program works to address. In 2004, we launched the non-profit program that uses a P&G-invented technology—P&G Purifier of Water packets—that can transform 10 liters of dirty and potentially deadly water into clean, drinkable water in only 30 minutes. Working with more than 150 public, private and non-profit partners, we have delivered more than 17 billion liters of clean water, which have helped transform communities through improved health, access to education and better economic opportunities.

We have delivered more than

17 billion liters

of clean water using our P&G Purifier of Water packets.

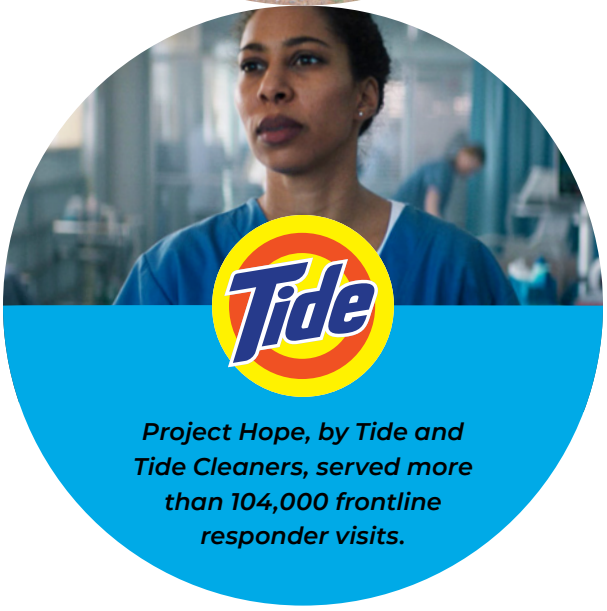
Habitat for Humanity—Building More Than Homes, Building a Future

In Thailand, P&G engaged the local community and Habitat for Humanity to create a new house made from plastic waste. Employees teamed up with local government, teachers and students to clean a local beach. The plastic waste collected was added to more than 10 tons of material to be upcycled into pellets used to build a house. The intent was to help the local community and the environment and to educate children on the importance of sustainability.

We also partnered with Habitat for Humanity to build a shelter for economically disadvantaged girls at high risk of gender-based violence in rural Kenya. The building provides a home to many girls who use the shelter as a safe place to learn and pursue their dreams. The community, including the girls and their parents, elders and government representatives, commissioned the facility last year.

Tide Cleaners Provides Loads of Hope for Frontline Responders

Tide and Tide Cleaners franchisees created a program in the midst of COVID-19 to provide free dry-cleaning and laundry services to frontline workers and their immediate family members affected by the extreme working conditions of the pandemic. The effort began in late March and within weeks, Project Hope was operating in more than 26 cities. By the end of June, Project Hope served more than 104,000 frontline responder visits, cleaning more than 1.8 million garments—all for free and giving our frontline responders some of the hope they give us every day.



Project Hope, by Tide and Tide Cleaners, served more than 104,000 frontline responder visits.

Helping Out Down Under

From September 2019 to March 2020, Australia experienced its worst bushfire crisis in decades. It is estimated that the fires destroyed more than 12 million hectares, taking human lives, damaging homes and killing many native animals. Many people suffered from a heavy smoke haze, which lasted for months.

To assist the community and recovery efforts, P&G with our partner Foodbank donated more than 100,000 products, including Oral-B toothbrushes and toothpaste, Head & Shoulders shampoo, Fairy detergent and Gillette razors. Our teams in both Sydney and Melbourne volunteered in the Foodbank warehouses to help distribute the much-needed supplies. We also donated money from our global disaster relief fund to Habitat for Humanity to assist in critical rebuild and recovery projects. The Aussie hair care brand donated more than $100,000 to WWF-Australia and WIRES WildLife Rescue, and Vicks Australia partnered with Direct Relief to donate more than $20,000 to help distribute N-95 masks to assist those exposed to poor air quality and smoke haze.

WHERE ARE WE TO GO?

**HOW ARE WE
TO RESPOND
WHEN WE
ARE SHOWN**

OVER AND OVER AND OVER

**THAT OUR LIVES
DO NOT
MATTER?**

OUR LIVES MATTER.

Our campaign "The Choice" invites the often-silent majority to become allies, advocates and activists to end racial inequality.

Equality & Inclusion

At P&G, we know that an equal world is a better world—for everyone. Our success is grounded in the success of our employees, consumers and communities. All of them. We aspire to create a company and a world where equality and inclusion is achievable for all; where respect and inclusion are the cornerstones of our culture; where equal access and opportunity to learn, grow, succeed and thrive are available to everyone. Our E&I strategy is holistic and integrated so that we make meaningful impact in four key areas: for our employees, with our brands, through our partners, and in our communities.

We are committed to honoring the individuality and unique contributions of our people, and by being united in our values and goals, our people flourish, business thrives and our communities prosper.

Stepping Up Our Ongoing Efforts to Advance Racial Equality for All

For years, we have used our voice as a leading advertiser to shine a light on inequality, highlight bias and spark dialogue that leads to understanding and action with award-winning short films like "The Talk" and "The Look." We've also brought companies together for collective action under the "Take On Race" coalition.

Recognizing a new moment of urgency in our society, P&G and our brands stepped up our ongoing efforts to advance equality for all people and especially at this moment for Black and Brown Americans. We highlighted the disproportionate impact of COVID-19 on Black and Hispanic communities in America with the films "Circumstances" and "Estamos Unidos" and have sponsored fundraising and relief efforts to help those disproportionately affected by the pandemic. We established the P&G Take On Race fund to help fuel organizations that fight for justice, advance economic opportunity, enable greater access to education and health care and make our communities more equitable. The P&G Take On Race fund supports larger, established organizations in North America like the NAACP Legal Defense and Education Fund, YWCA "Stand Against Racism" and the United Negro College Fund. It also includes smaller organizations that mobilize and advocate, such as Courageous Conversation and groups that hold our elected officials more accountable.

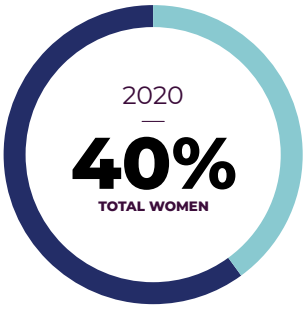
We continued our series of thought-provoking films on bias and racism with "The Choice," which invites the often-silent majority to become allies, advocates and activists to end racial inequality. The film is accompanied by an extensive web-based resource at pg.com/takeonrace that gives people a place to start the journey of transforming equality from a dream to a reality. Together, we can make real lasting change when we actively work to prevent, address and rectify inequality—individually and collectively.

Increasing Diversity in Our Workforce

We've declared two representation aspirations: globally to achieve gender-equal representation at every level, and in the U.S. to achieve 40% representation of multicultural employees at every management level of the Company. We are publishing progress on increasing diversity in our workforce at pg.com/equalityandinclusion.

GLOBAL WORKFORCE REPRESENTATION BY GENDER

On our way to our aspiration of 50-50 women and men at every level.



U.S. WORKFORCE REPRESENTATION BY RACE AND ETHNICITY

On our way to our aspiration of 40% multicultural employees at every management level.

TOTAL MULTICULTURAL	
Overall	25%
Management	28%
Mgmt Recruiting	40%

HISPANIC/LATINX	
Overall	7%
Management	9%
Mgmt Recruiting	9%

AFRICAN ANCESTRY	
Overall	10%
Management	8%
Mgmt Recruiting	12%

WHITE	
Overall	74%
Management	70%
Mgmt Recruiting	58%

ASIAN PACIFIC	
Overall	5%
Management	10%
Mgmt Recruiting	15%

#WeSeeEqual Forum at Cincinnati HQ Celebrates Multicultural Women's Impact

In honor of International Women's Day, we hosted our fourth annual #WeSeeEqual Forum at our Cincinnati headquarters. As we reinforced P&G's aspiration to have 50/50 representation of women and men at every level in the Company, we announced a new aspiration to achieve 40% multicultural representation at every management level in the U.S.

To celebrate and acknowledge the amazing impact of multicultural women within the Company and beyond, this year's #WeSeeEqual Forum featured a variety of panel discussions with P&G leaders and like-minded influencers, including comedian, actress and writer Mindy Kaling, spoken word poet and performing artist Amena Brown and leadership development expert, Tara Jaye Frank. During the forum, multicultural women from across the Company shared their perspective on expectations and aspirations for P&G—along with the meaningful work they are leading across brand campaigns, supplier diversity and community impact.

#WeSeeEqual Forum at Geneva HQ Asks "Check Your Blind Spots"

Geneva headquarter's first #WeSeeEqual Forum took place under the theme of "Will you Check your Blind Spots?" The forum sessions offered insightful conversations around advancing gender equality both at home and at work for our employees and communities through our brands and partnerships. Eve Rodsky, the *New York Times* bestselling author of *Fair Play*, introduced employees to a game-changing solution that teaches partners how to create a system for rebalancing domestic responsibilities fairly, which in turn allows each of us to step into our jobs, our parenting and caregiving roles, and the world more fully.

- *Data as of June 30, 2020 based on employees' most recent self-identification.*
- *Multicultural includes: Black or African American, Hispanic or Latino, Asian, American Indian/Alaska Native, two or more races, Native Hawaiian or other Pacific Islander.*
- *Numbers may not add to 100% due to rounding and because a small percentage of employees have chosen not to disclose their race/ethnicity or chose other.*

SK-II and Olympic Athletes Challenge Us to End Toxic Competition in Beauty

Competition brings out the best in us. It pushes us further, drives us harder and makes us stronger. We celebrate it and revel in it. But there is one place where it does not bring out our best—beauty. It is the one competition that no one signed up for, but still many feel the pressure of competing beauty standards, rules and limitations. These toxic competitions dictate how we should look, feel and act, which can hold us back in our daily lives.

P&G's SK-II brand partnered with top Olympic athletes including Simone Biles, the world's most decorated gymnast, Liu Xiang, world-record holder swimmer, Kasumi Ishikawa, table tennis player and two-time Olympic medalist, Ayaka Takahashi and Misaki Matsutomo, badminton duo and Olympic gold medalists, Mahina Maeda, surfer and Hinotori Nippon, member of the Japan volleyball team, to call out toxic competition in beauty and share their personal experiences on their social channels. They sent a powerful message: "We won't compete anymore. Beauty is #NOCOMPETITION." Since its launch at the 2020 MAKERS Conference, "Beauty is #NOCOMPETITION" has sparked a global conversation and become a rallying cry for women to call out these toxic competitions and define what beauty means to them.

100 WOMEN OF THE YEAR

TIME and P&G Reveal 100 Women of the Year

In line with our aspiration to build a world free from gender bias and in honor of International Women's Day, we partnered with *TIME* and award-winning filmmaker Alma Har'el on the groundbreaking 100 Women of the Year project, spotlighting influential women from 1920 to present day who made tremendous contributions to humanity but were often unrecognized and overshadowed throughout history.

To recognize these women, *TIME* editors embarked on a historic project and selected a woman to represent each year from 1920 to 2020, and then created a *TIME* cover to shine a light on these extraordinary women who deserve their place in history.

Workplace Equality Begins at Home

Caring for home and family has no gender. Our new global parental leave policy will provide a minimum standard of eight weeks fully paid leave for all parents: biological parents, domestic partners, adoptive parents and parents in same-sex couples, with an additional six weeks physical recovery leave for birth mothers. The goal is to implement this new policy globally by 2022. More than a policy change, it is a step toward shifting cultural norms by making child caregiving gender unbiased. We believe equality at home will help to advance equality in the workplace.

Can't Cancel Pride Raises Visibility and Funds

Pride Month gives millions of traditionally marginalized people the opportunity to come together every year in an unabashed celebration of who they are. Pride celebrations give voice and visibility to those who have often been overlooked and oppressed, and who, despite great strides, still struggle for equality.

COVID-19 not only led to the disruption of Pride events, which serve as a lifeline to millions of LGBTQ+ people, but also had a damaging effect on fundraising efforts LGBTQ+ organizations rely on to survive. P&G and our brands created "Can't Cancel Pride: COVID-19 Relief Benefit for the LGBTQ+ Community" as a virtual relief effort to help raise visibility and funds for LGBTQ+ communities most impacted by COVID-19. Four million people tuned in to the event, which featured today's biggest names in culture and entertainment, including Adam Lambert, Big Freedia, Billy Porter, Katy Perry, Kim Petras, Melissa Etheridge, Sia, Ricky Martin, Kermit the Frog, Matt Bomer and Neil Patrick Harris.

More than $4 million was raised to benefit six LGBTQ+ charities: The Trevor Project, GLAAD, Outright International, CenterLink, Sage and the National Black Justice Coalition.

P&G Employees Volunteer to Be Their Eyes

As P&G steps up to support communities around the world, we want to be as inclusive as possible. This is why, together with our charity and broadcast partners for the special COVID-19 relief events Global Citizen's "One World: Together At Home" and BET "Saving Our Selves," we joined forces with Be My Eyes—a unique platform that connects sighted volunteers with the blind and low-vision community to help navigate everyday life.

Thanks to passionate P&G colleagues who volunteered to provide personalized live audio description, people with low and no vision were able to follow and enjoy these entertaining programs using the Be My Eyes app. P&G volunteers were on call, ready to describe anything users wanted to know about the event. They read the lineup, helped access streams and content and answered questions about what was going on in the broadcast.

This partnership is one example of how our employees are stepping up as a force for good. We believe there is always a better, more innovative way to create a more inclusive environment for everyone. That's why we're focused on creating superior experiences with our brands, products and communications that are accessible by everyone.

"This experience provided a lot of insight on the daily lives of people who are blind or low-vision. It helped me realize that I still have so much to learn as an ally of people with disabilities."

—Be My Eyes Volunteer

Environmental Sustainability

2020 GOALS

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

CLIMATE

Ensure 70% of machine loads are low-energy cycles

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

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

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

Reduce truck transportation kilometers by 20% per unit of production

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

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

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

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

52% reduction.

Ensure plants are powered by 30% renewable energy

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

Implement palm oil commitments

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

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

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

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

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

WATER

Provide one billion people with access to water-efficient products

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

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

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

WASTE

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

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

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

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

Reduce packaging by 20% per consumer use

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

Double use of recycled resin in plastic packaging

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

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

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

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

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

With 10 years of progress and

14 of 16 goals achieved,

there's still more work to do.

AMBITION 2030

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

BRANDS

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

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

SOCIETY

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

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

SUPPLY CHAIN

Reduce our footprint and strive for circular solutions

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

EMPLOYEES

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

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

"This next decade will determine the future of our planet and the communities we call home."

DAVID S. TAYLOR
Chairman of the Board, President and Chief Executive Officer

IT'S OUR HOME

Reducing Our Carbon Footprint

In July, we announced our latest set of climate actions—a new commitment to advance a series of natural climate solutions over the next 10 years that will put us on track to be carbon neutral for the decade. This commitment represents an acceleration of P&G's existing climate commitment to cut greenhouse gas emissions by 50% across our operations by 2030 and is an important step forward in helping people and the planet to thrive. These come on top of our existing Ambition 2030 commitments and environmental sustainability goals.

Here are the key actions we will be taking:

- Our primary effort will be to **reduce our absolute greenhouse gas emissions**. We will halve Scope 1 and 2 emissions—which are all direct emissions generated from activities across our organization and indirect emissions generated from electricity purchased and used—by increasing energy efficiency and purchasing 100% renewable electricity globally.
- Today, 70% of our global operating sites are purchasing 100% renewable electricity, and we are pursuing **additional wind, solar and geothermal** projects to further accelerate the transition to renewables.
- We will also address the greenhouse gas emissions we cannot eliminate, partnering with Conservation International, WWF and other leading NGOs to fund **natural climate solutions. This includes projects that protect, improve and restore critical ecosystems** where carbon is stored, while supporting local communities and economic stability.
- As a start, we will fund three natural climate solutions projects in **Brazil, the Philippines and California**—these initiatives are designed to protect, improve and restore forests and wetlands that capture and store massive amounts of carbon.

Packages that Use Less, Recycle or Refill More

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

Working toward

100%

of our packaging being recyclable or reusable by 2030.

What is PCR?

Post-consumer resin—PCR—is recycled plastic that has been collected after consumer use and is used to create new products and packaging. Pledging to increase the amount of PCR in our packages is good, and innovating with partners to recycle and reuse plastic in laundry and shampoo bottles is great. By developing and fostering end-markets, we help ensure there is demand for recycled materials that would otherwise be destined for landfill. This helps unleash the circular economy.

We've been buying PCR since the early 1990s, and it's continuously being made into new detergent bottles—more than 15,750 tons per year in North America.

Project HolyGrail Pioneers Intelligent Packaging

P&G led a coalition of companies under Ellen MacArthur Foundation's New Plastics Economy Pioneer Projects to solve one of the largest obstacles facing recycling: ineffective sorting at material recovery facilities.

- HolyGrail tested the use of digital watermark technology to turn packages into intelligent objects and accomplish sorting benefits deemed impossible for the recycling industry to achieve.
- Faster, more accurate sorting means more plastics go back into the circular economy at a much higher reuse quality.

Widespread adoption of harmonized digital technology also enables end-to-end 'smart package' advantages including quality inspection and inventory management systems at production plants, faster checkout at retail, scannable content for consumers and tracking materials recovery at recyclers.

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

Refill and Reuse More Bottles

As of 2021, Head & Shoulders, Pantene, Herbal Essences and Aussie will enable 200 million European households to recycle, reduce and reuse. The leading beauty brands will launch a refill system for their shampoo, thanks to a new reusable 100% aluminum bottle and recyclable[1] refill pouch, made using 60% less plastic (per mL versus standard brand bottle). P&G Beauty is on track to reduce virgin plastic usage by 50% in shampoos and conditioners bottles by the end of 2021[2], where through collective efforts to reduce, reuse and recycle, it will result in 300 million fewer virgin plastic bottles being produced yearly.

[1] Where collected. Not recyclable in Belgium, Ireland, Switzerland due to lack of local recycling facilities
[2] OND'21 vs 2016

Promoting Responsible Forestry

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

For every tree we use, at least one is regrown. P&G requires that 100% of the wood pulp we source is certified by a leading third-party certification system ensuring forests are responsibly managed. Additional details about P&G's forestry efforts are available on our website, and we'll publish a new report in mid-2021 assessing how we can increase our progress.

100%

of the wood pulp we source is certified by a leading third-party certification system ensuring forests are responsibly managed.

Saving Water

For P&G, water is essential for both the use and production of our products. Over the last ten years, our water stewardship program has evolved alongside our growing understanding of the complex challenges facing our world's water resources and where we can have the greatest impact. We are focusing on three areas to advance our program: driving water efficiency in our manufacturing, innovating to create products and campaigns that reduce in-home water use and building partnerships to advance our conservation efforts.

Using Less Water at Home

We know that 96% of our water footprint is associated with the use of our products—like doing dishes, laundry or showering. Brands like Cascade are stepping up to create campaigns that educate consumers on how to conserve water. Cascade's "Do It Every Night" campaign informs consumers they can save up to 100 gallons of water a week if they run their dishwasher every night versus washing by hand.

Fast Forward: the 50L Home

The average home in the developed world is highly inefficient, using up to 500 liters of water per person each day. Showering, laundry, cooking and washing dishes uses 10% of the global water supply. We are spearheading the 50 Liter Home Coalition to bring together partners across the domestic water value chain to leverage technologies and innovations that enable a person to live on 50 liters of water per day that feels like 500 liters.

50L HOME
Re-Invent Our Water Future

P&G and our partners are building a vision for a sustainable water future with the 50L Home.

Brand 2030

Consumers today want to know what brands—and the people behind them—believe in, and they expect brands to play a meaningful role in solving some of the most complex challenges facing our world.

Community Impact

Equality & Inclusion

Environmental Sustainability

Ethics & Corporate Responsibility

Serving five billion people gives our brands the unique opportunity to delight consumers through superior product performance and spark conversations, influence attitudes, change behaviors and drive positive impact on society and the environment.

This is why, in addition to and in line with our ongoing Citizenship efforts, our brands are reinventing brand-building to become a force for good and a force for growth. To meet our Brand 2030 criteria, each brand will implement seven ambitious Fundamentals across product, packaging and supply chain, and each will define a brand-specific North Star commitment to help solve a societal challenge in which the brand is uniquely and meaningfully able to contribute.

PROMOTING HEALTHY FORESTS

Charmin

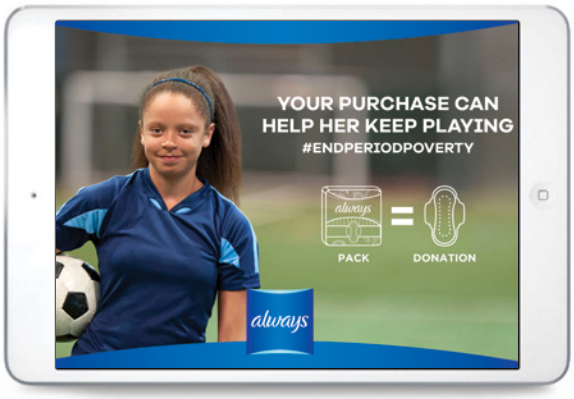
Charmin is committed to promoting healthy forests for generations to come. We drive this forestry commitment by helping to protect, restore, and grow forests. To protect forests and ensure our paper is sourced from responsibly managed forests, Charmin is Forest Stewardship Council™ (FSC) certified. To restore forests, we have been partnering with the Arbor Day Foundation since 2017, planting trees, especially in areas devastated by wildfires. And in Brazil's Atlantic Forest, we've teamed up with one of our suppliers to do landscape restoration planning. We work with the Nature Conservancy and the American Forest Foundation to help family forest owners in the U.S. better manage their forests. We have continued our partnership with the Rainforest Alliance[3] by supporting their efforts to develop and launch the Forest Allies Community of Practice, and we are proud to be founding members. Finally, Charmin is committed to driving tree growth. Within our supply chain, for every tree we use, at least one is regrown. However, our efforts do not stop with forestry. Charmin continues to use recycled fibers where it makes sense, with 100% of our toilet tissue inner cores made from recycled fiber. Additionally, we have reduced the consumption necessary to complete the task via improved strength and absorbency, thus allowing consumers to use less toilet tissue.[4]

[3] The Rainforest Alliance is an international non-profit organization working to create a better future for people and nature.
[4] vs. leading bargain brand

ENABLING GIRLS' CONFIDENCE

Always

Always is on a mission to ensure that no girl loses confidence at puberty because of their gender or their period. Our brand's #LikeAGirl campaign has been successful in tackling gender stereotypes around the world, with 94% agreeing that it helps girls feel more confident.[5] Our global Puberty & Confidence Education program reaches more than 18 million children, parents and teachers each year; and our global product donation programs, including the award-winning #EndPeriodPoverty campaign, help ensure that young people have access to the period products they need to keep learning and stay confident.



Always is also working to make meaningful progress to reduce our environmental footprint. We are committed to increasing the use of sustainable materials in our products to 50% and are working to have our packaging incorporate 50% renewable or recycled materials by 2025. We work to incorporate better materials so less is needed, as seen in the United States, Europe and India, where we have reduced the material in Always Ultra pads by 10–20% in the last seven years. Our manufacturing sites send zero manufacturing waste to landfill globally and are on track to use 100% renewable purchased electricity across all facilities by the end of the decade.

SETTING NEW STANDARDS FOR SUSTAINABLE LAUNDRY

Ariel

Ariel is using our science expertise to have a positive impact on the planet. After reaching the P&G Global Fabric Care goal of having 70% of global washing machine loads be low-energy loads, we recognized the opportunity to help reverse climate change by setting new standards for sustainable laundry to inspire half a billion people in Europe and beyond to turn down their washing temperatures because every degree makes a difference. As part of this goal, Ariel will initiate a cross value chain partnership to make washing in cold water the new standard and engage in partnerships to support scientifically grounded pro-climate actions, such as carbon capturing.

Furthermore, Ariel has ambitious goals to reduce our environmental impact across its full value chain. Across Europe, we increased the amount of post-consumer recycled material in Ariel bottles up to 50% in 2020. Ariel packaging will be designed for full recyclability in Europe by 2022 and globally by 2025. Last year, Ariel replaced its round PODs tubs with lightweight bags across European markets, saving 75% of plastic per unit. And our Fabric & Home Care manufacturing sites in North America and the E.U. use 100% renewable purchased electricity and send zero manufacturing waste to landfill.

[5] *Among young women who are aware of the #LikeAGirl Campaign, Research Now, U.S. 2017*

Ethics & Corporate Responsibility

As we serve nearly five billion of the world's consumers with our brands, we believe in and have publicly committed to doing what's right and being a good corporate citizen.

Our Purpose, Values and Principles

Our Purpose, Values and Principles (PVP) are the foundation of who we are at P&G. Our Purpose is to improve consumers' lives in small but meaningful ways, and it inspires our people to make positive contributions every day. Our Values of Integrity, Leadership, Ownership, Passion for Winning and Trust shape how we work with each other and with our partners. And our Principles articulate our deliberate approach to conducting work every day. We know that our employees believe in the personal and business value of this PVP foundation. In our annual survey, employees consistently cite our PVPs as the number one aspect of P&G culture they would not change. Our philosophy is that a reputation of trust and integrity is built over time, earned every day and provides lasting value for our stakeholders.

Earning Trust through Transparency

We earn consumer trust by being open about our products and business practices and by operating in a way that is responsible, respectful and transparent. Nothing is more important than ensuring our products are safe for consumers and the environment. We provide information beyond the label about our product safety standards and the ingredients we use in our products and fragrances, and we are exploring new ways of sharing ingredient information to ensure it is clear, reliable and accessible. We are committed to responsible sourcing and leading change with our suppliers to ensure ethical, high-quality supply chains. We are also open about the consumer data we collect and how it is used, ensuring we obtain our consumers' consent, and we respect and safeguard this information in accordance with our Global Consumer Privacy Policy. We work closely with our external business partners to ensure they understand our expectations and share our standards for safety, transparency, responsibility and privacy.

Good Governance

We operate within the spirit and letter of the law, maintaining high ethical standards wherever we conduct business. In addition, we believe that strong governance principles, policies and practices contribute to better results for shareholders. The Board of Directors has adopted the Corporate Governance Guidelines, which describe our commitment to and guiding principles for strong governance.

Respecting Human Rights

Respect for human rights is fundamental to the way we conduct our business. Our Human Rights Policy Statement communicates our support for the U.N. Guiding Principles for Business and Human Rights, which respect and honor the principles of internationally recognized human rights. We embrace this commitment and responsibility of ensuring that human rights are upheld all along our end-to-end value chain, which in turn encompasses all our stakeholders, particularly our employees, our consumers, the communities where we do business and our business partners.

We embrace our commitment to respecting human rights all along our end-to-end value chain.

Respecting Our Environment

We recognize that we must be responsible for environmental stewardship and use resources wisely. Our commitments to environmental sustainability are addressed in our Environmental Policy Statements. Our commitments extend to our business partners, whom we expect to share these commitments and maximize the value and quality of their products by using resources responsibly, preserving the environment and reducing the environmental footprint of their operations.

We, along with our partners, are dedicated to using resources responsibly.

Speaking Up

Our employees hold themselves and one another accountable for operating with trust and integrity, for stepping up as leaders and owners of the business, and for balancing stewardship with a passion to win. We are committed to creating a work environment that fosters open communication and supports employees in reporting potential violations. Employees and individuals in our operations or extended supply chain can report potential violations. We are committed to reviewing all allegations of wrongdoing. We do not tolerate retaliation of any kind.

Stakeholder Engagement

We acknowledge that in order to continue to improve, we must collaborate and engage with our many stakeholders. This journey of partnership ultimately furthers our commitment to be a good corporate neighbor and to improve lives in the communities where we live and work.

Recognitions and Awards

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

Community Impact

3BL MEDIA 100 BEST CORPORATE CITIZENS 2020

U.S. CHAMBER OF COMMERCE FOUNDATION

Social Responsibility in Action

ACTIVATE THE GLOBAL CITIZEN MOVEMENT

Among Fast Company's 2020 World Changing Ideas in Creativity

Equality & Inclusion

BEST PLACES TO WORK CORPORATE EQUALITY INDEX | 2020

Forbes 2020 THE BEST EMPLOYERS for DIVERSITY POWERED BY STATISTA

2020 Bloomberg Gender-Equality Index

Environmental Sustainability

MEMBER OF Dow Jones Sustainability Indices In collaboration with SAM

5 years in a row

FTSE4Good

Since 2001

TOP 100 BARRON'S Most Sustainable Companies 2020

Ethics & Corporate Responsibility

AMERICA'S MOST JUST COMPANIES Forbes 2021

Ranked in Top 20

Forbes 2019 WORLD'S MOST REPUTABLE COMPANIES REPUTATION INSTITUTE RepTrak

FORTUNE WORLD'S MOST ADMIRED COMPANIES 2020

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P&G

ABOUT OUR CITIZENSHIP REPORT

This summary shares a few examples of the work being led across the Company. Our full report, with more statistics and stories, is available online at www.pg.com/citizenship2020. The information in this report covers the time period from July 1, 2019, through June 30, 2020.

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The paper utilized in the printing of this report is certified to the FSC® Standards, which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

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