

Procter & Gamble Company (P&G)

ACKNOWLEDGE
 PRIORITISE
 SET STRATEGY & GOALS
 TRACK

GHG EMISSIONS



Background on P&G

P&G is an American multinational consumer goods manufacturer headquartered in Cincinnati, Ohio. Founded in 1837, P&G has a portfolio of 65 global brands with reported revenues of US\$76 billion in 2015. P&G is best known for its range of cleaning agents and personal care products, employing over 110,000 people worldwide. It is a publicly traded company listed on the New York Stock Exchange.

How did P&G come to start thinking about context?

In 2011, the World Business Council for Sustainable Development collaborated with a selection of 29 leading global companies, including P&G, to create a report called Vision 2050. The report sets out the consensus view of the contributors for a series of must haves that business should help implement by 2050 to better enable a world where all inhabitants could live well and within the world's environmental limits¹. Following this collaboration and during 2012, P&G's then CEO Bob McDonald shared his belief that it was possible for business to grow while respecting planetary boundaries².

In late 2013, Martin Riant, Group President for P&G's Global Baby and Feminine & Family Care, became the new executive sponsor for sustainability at P&G³. Riant held the belief that the focus and the magnitude of P&G's sustainability goals at the time broadly reflected its material issues but he was still left considering: "Are we really working on the areas that are

¹ World Business Council for Sustainable Development (n.d.). Vision 2050. Accessed at: <http://www.wbcsd.org/Overview/About-us/Vision-2050>

² The Guardian (2012). Procter & Gamble CEO on solving the world's sustainability challenges. Accessed at: <https://www.theguardian.com/sustainable-business/procter-gamble-ceo-solving-worlds-sustainability-challenges>

³ GreenBiz (2014). Why Procter & Gamble is resetting its sustainability goals. Accessed at: <https://www.greenbiz.com/blog/2014/10/13/why-procter-gamble-resetting-its-sustainability-goals>

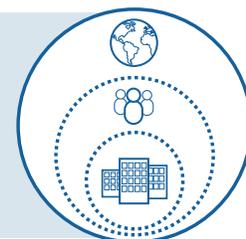
going to have the most impact?³.” Through the consideration of this question, Riant discovered areas such as water conservation and product packaging that P&G should have been acting on but that were not reflected within the current set of sustainability goals³. A year later in October 2014, P&G announced two new sustainability goals covering water conservation and product packaging. During this announcement, P&G explained that these new goals would “continue creating value with consumer-preferred brands and products while conserving resources, protecting the environment, and improving social conditions for those who need it most⁴.”

In September 2015, a few months before [COP21](#), P&G announced a new GHG emissions goal that was developed through a partnership with the World Wildlife Fund for Nature (WWF)⁵. Additionally, P&G announced that it would be joining the WWF [Climate Savers Program](#), which would create further opportunities to collaborate with other likeminded companies to accelerate efforts to address climate change. At the launch of its new GHG goal, Len Sauers, VP of Global Sustainability, commented: “We felt it was important to come forward with an ambitious, science-based goal to help do our part to address the challenges that climate change poses⁶.”

What does context look like at P&G?

1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.

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GHG emissions: P&G acknowledges, within its Climate Change Position Statement, that there is a scientific consensus linking GHG emissions with climate change⁷ and it is committed to doing its part to reduce GHG emissions. Len Sauers was quoted as saying: “Climate change is a global issue and we believe everyone – companies, governments, and individuals – all have a role to play⁶.” Included within its Climate Change Position Statement is a commitment to engage with its external stakeholders in its value chain to support its GHG emissions reductions efforts⁷.

Other thresholds: P&G acknowledges the importance of other socio-ecological issues including energy, water, waste, and land-system change but does not yet discuss their associated thresholds.

⁴ Proctor & Gamble (2014). Press Release: P&G Expands Sustainability Goals to Conserve Resources, Protect Environment. Accessed at: <http://news.pg.com/press-release/pg-corporate-announcements/pg-expands-sustainability-goals- conserve-resources-protect->

⁵ Proctor & Gamble (2015). Press Release: P&G Announce New Goal to Reduce Greenhouse Gas Emissions by 30%. Accessed at: <http://news.pg.com/press-release/pg-corporate-announcements/pg-announces-new-goal-reduce-greenhouse-gas-emissions-30>

⁶ Business Wire (2015). P&G Announce New Goal to Reduce Greenhouse Gas Emissions by 30%. Accessed at: <http://www.businesswire.com/news/home/20150916005934/en/PG-Announces-Goal-Reduce-Greenhouse-Gas-Emissions>

⁷ Proctor & Gamble (2015). Climate Change Position Statement. Accessed at: <http://us.pg.com/sustainability/environmental-sustainability/policies-practices/climate-change>

2 Transparently understand and **PRIORITISE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

GHG EMISSIONS

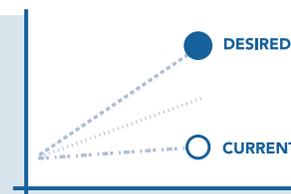


P&G appears to use what we call a ‘classic’ materiality approach whereby the company aims to align its sustainability priorities with the expectations of its external and internal stakeholders.

GHG emissions: The P&G Climate and Change Position statement acknowledges that, as a global business, it will experience the impacts of climate changes⁷. The statement also outlines the three sources of GHG emissions that the company believes are most relevant to its business, namely: its operations, its customers’ use of its products, and its value chain⁷.

3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.

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GHG emissions: The goal set by P&G is to reduce its absolute GHG emissions (Scope 1 and 2) by 30% by 2020 from a 2010 base level. In December 2015, the [Science-Based Targets](#) initiative announced that P&G’s new GHG emissions goal met its criteria to be considered contextual⁸. In describing how its goal was developed, P&G notes that it was “based on the best available science” and constructed in partnership with the WWF, but P&G has not publicly provided any further details on the assumptions that were used during its development⁵. P&G has committed to work with its value chain on the development of replacements for petroleum-derived raw materials and on sustainable sourcing practises that reduce deforestation⁷.

Other thresholds: P&G has not yet set contextual goals in relation to any other thresholds.

⁸ Science-Based Targets (2015). Companies Commit to Set Ambitious Science-Based Emissions Reduction Targets, Surpassing Goal. Accessed at: <http://sciencebasedtargets.org/2015/12/08/114-companies-commit-to-set-ambitious-science-based-emissions-reduction-targets-surpassing-goal/>

4 Transparently TRACK performance against realistic trajectory targets.

GHG EMISSIONS



GHG emissions: While P&G has a contextual GHG emissions goal, it appears not to have set trajectory targets for this goal. In its 2015 Sustainability Report, it provides data that outlines the annual GHG emissions reductions for the previous three years⁹. P&G has not commented or disclosed in the report if these reductions from the previous three years are in line with what is needed to achieve its final GHG emissions reduction goal.

P&G does appear to apply the concept of trajectories to some of its other sustainability goals. As an example, with respect to energy conservation, in its 2015 Sustainability Report P&G comments that it has “achieved a 15% reduction in energy use per unit of production and is well ahead of schedule to achieve our 2020 goal to reduce energy intensity by 20% versus 2010⁹.”

Other thresholds: P&G reports its performance against other socio-ecological issues including energy, water, waste and land-system change but does not yet report its progress in conjunction with their associated thresholds.

What is the road ahead for context at P&G?

P&G has publicly committed to report its progress against its contextual GHG emissions goal through its annual sustainability reports⁷. Next steps for P&G include greater transparency around its goal setting and starting to think about other issues from a contextual perspective⁹.

⁹ Proctor & Gamble (2015). Sustainability Report 2015. Accessed at: http://us.pg.com/-/media/PGCOMUS/Documents/PDF/Sustainability_PDF/sustainability_reports/PG2015SustainabilityReport.pdf?la=en-US