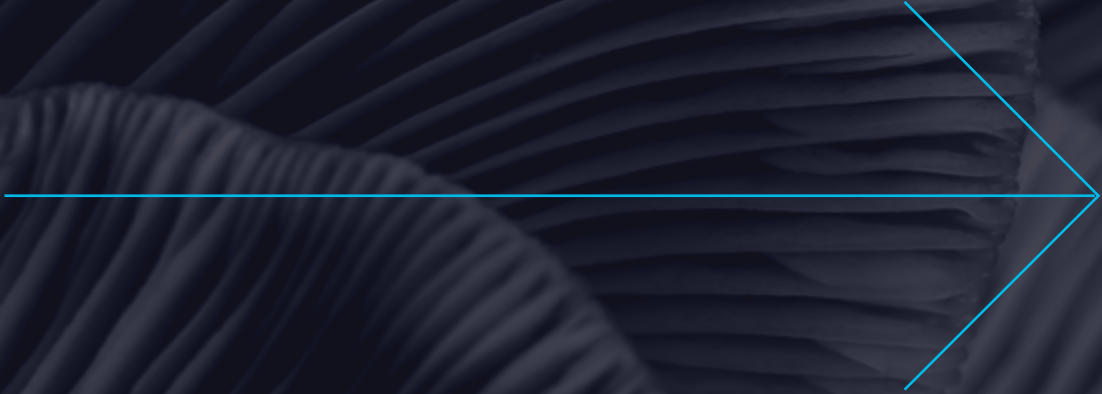


climate tech

for a Sustainable Planet

Quarterly review
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FOR TOMORROW



Executive conversations with...



VIRGINIE HELIAS
Chief Sustainability Officer

Procter & Gamble



PUSHING THE BOUNDARIES OF SUSTAINABILITY THROUGH INNOVATION



The Procter & Gamble Co (P&G) is a manufacturer and marketer of fast-moving consumer goods. It operates through the Beauty, Grooming, Health Care, Fabric & Home Care, and Baby, Feminine & Family Care segments. More than 106,000 employees work at P&G. The company was founded in 1837 and is based in Cincinnati, Ohio.

Virginie Helias is P&G's Chief Sustainability Officer. Her mission is to develop the organization's strategies and goals on sustainability and operationalize them across businesses and regions. She has been part of P&G for over 30 years, working on brands including Pantene, Ariel/Tide, and Pampers. Capgemini Research Institute spoke to Virginie about sustainable product design and using innovation to drive sustainability and customer satisfaction.

ENABLING AND INSPIRING RESPONSIBLE CONSUMPTION

You have been with P&G for over three decades. How did you come to the Sustainability function?

When I first pitched my current role to the then CEO, sustainability was only loosely connected with business. I saw an opportunity to reinforce our business methods with scientific knowledge, with the primary mission of making sustainability integral to how we build our brands and innovate.

Over the years, my role has evolved from driving change on the periphery to being central to how we do business, and now I'm responsible for enabling our business to deliver our Ambition 2030 goals and helping our brands to develop irresistibly superior innovations that are more sustainable. It is also about helping the company meet the needs of all our stakeholders – consumers, retailers, employees, shareowners, and society at large, for whom sustainability is an ever-increasing expectation.



Virginie Helias,
Chief Sustainability Officer,
Procter & Gamble

Can you explain Ambition 2030 and the progress to date?

We launched Ambition 2030 in 2018, with the goal of enabling and inspiring responsible consumption through our supply chain, brands, employees, and partnerships. The ambitions have since been expanded and refined several times with specific goals for reducing greenhouse-gas emissions on the way to reaching net zero in 2040, increasing recyclability of our packaging and reducing our use of virgin petroleum plastic, and most importantly creating the systems and the culture to embed sustainability into the organization. The initiative is built on the strength of four science-based pillars: climate, waste, water, and nature.

From 2010 to 2022, we reduced absolute Scope 1 and Scope 2 emissions across our global operations by 57% through energy efficiency and renewable-energy sourcing. As we continue to reduce emissions, we are also advancing natural climate solutions, which will balance any residual emissions from our operations that cannot be eliminated by 2030. In September 2021, we set a new ambition to achieve net zero greenhouse-gas emissions across our operations and supply chain, from raw-material to retailers. Last year we reported close to 80% of recyclability for our packaging globally with 2 times more recycled content versus two years ago.



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MAKING LONG-LASTING PRODUCTS

How far have you progressed on sustainable product design?

Sustainability is an integral design principle in P&G today – it is built-in, not bolted on. Previously, sustainability and innovation were treated as separate entities, but we have integrated them into one cohesive strategy, known as 'irresistibly superior and sustainable innovation.' Our goal is to have 100% of our innovations be irresistibly superior for consumers and represent an improvement on sustainability on any of the four dimensions (climate, waste, water, and nature). I would say today we are

halfway there. I am particularly proud of some of our recent 'irresistibly superior and more sustainable innovation.'

Gillette and Venus undertook a sustainable packaging upgrade to transition premium refillable razor packs to a plastic-free, recyclable cardboard box made with recycled materials and FSC certified paper. This is available in every P&G region globally and it delights consumers with its ease of opening and full recyclability. We estimate this packaging change saves the plastic equivalent of more than 85 million water bottles per year. The Ariel performance improvement in cold water

is another example. By addressing the biggest carbon footprint driver – the temperature of the washing cycle – Ariel is helping consumers reduce their own footprint while getting a superior clean in cold water. This is a win-win-win for people, as washing in cold helps clothes stay looking like new longer, for the planet and for our business.



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How do you find a trade-off between recyclability and biodegradability in packaging?

At P&G our goal is to design all of our packaging to be reusable or recyclable because we believe that packaging materials, such as plastic, have lasting value. Our efforts are focused on circular solutions so that our packaging materials can be used again and again. I often get asked whether to prioritize recyclability or biodegradability in packaging. This is complicated because, under some conditions, biodegradability can be counterproductive to recycling. It can become a contaminant in the recycling streams, and it can be a pollutant if the packaging ends up in landfill with no oxygen. There are certain regions of the world that lack waste management infrastructure and biodegradability may be relevant in these regions until good waste management infrastructure is in place. We are currently testing marine biodegradable packaging for shampoo for the Philippines market.

How does P&G as a corporation balance its responsibility for driving growth and increasing consumption with promoting sustainability?

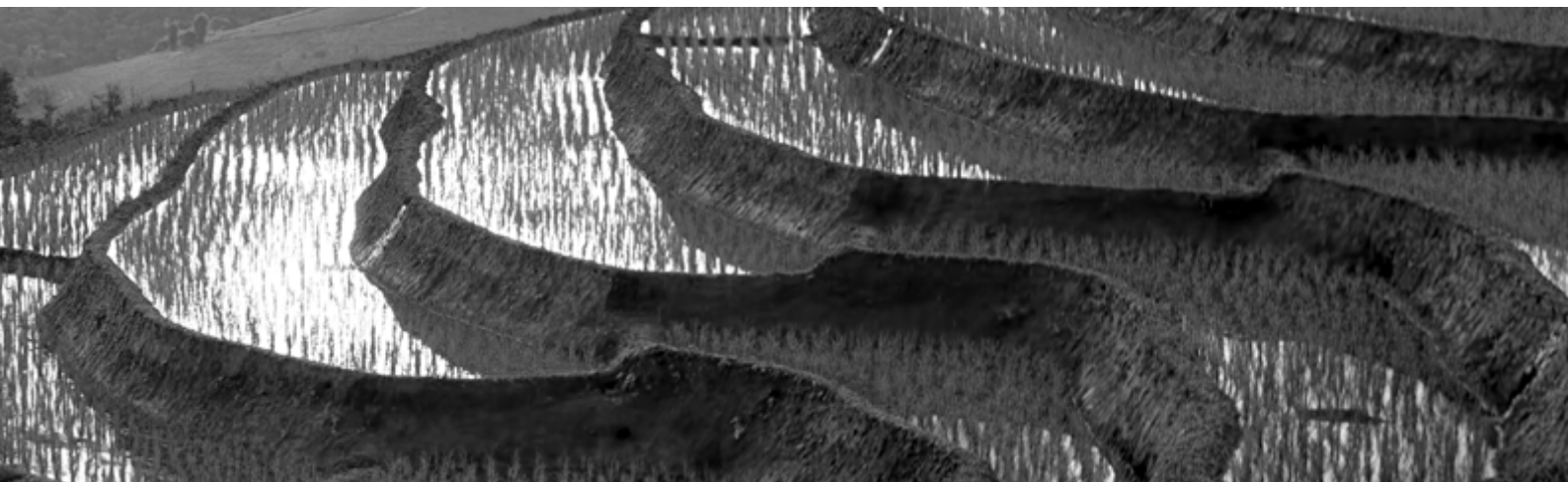
Let's look at our grooming products business. One of our key strategies here is to make products long-lasting. We are aiming to produce razors that are superior and more durable. On our new Gillette Labs Razors for instance, we are offering a lifetime warranty. Furthermore, we are engaging in reverse logistics to recover some of the components in used products. We are working with third parties to collect the handles and the blades for recycling. We have several programs globally to accelerate circularity and durability of our materials. It's completely central to our sustainability strategy.



MOST CONSUMERS WANT A PRODUCT THAT IS SUSTAINABLE BUT WITHOUT ANY TRADE-OFF.

Are consumers willing to pay a premium for sustainable products?

Only a small portion (10–15%) of consumers are currently willing to pay for sustainable products that do not offer performance or experience benefits. Most consumers want a product that is sustainable but without any trade-off. You will see in many surveys that a significant percentage of consumers globally are claiming they are willing to pay a premium for more sustainable products. But we are also seeing an intention-to-action gap between what people claim and their actual purchase behavior. In real purchase situations, sustainability is rarely the main driver (although it can be a tie breaker all things being equal). Therefore, the focus has to be on developing innovation that provides more delight and is more sustainable.



COMMUNICATING ENVIRONMENTAL INNOVATIONS TO CONSUMERS

How do you manage communication around sustainable innovation?

As I said before, the focus is on being irresistibly superior and sustainable. Therefore, we communicate how superiority enables sustainability or includes sustainability. For instance, when it comes to Ariel, 60% of its environmental footprint comes from the temperature of the washing cycle. We are developing products that have superior performance in cold water. This is what we communicate – with Ariel you can be confident your clothes will be clean when you wash in cold because “every degree makes a difference,” which is the name of the campaign. That means saving on your electricity bills and reducing your footprint at the same time. With that campaign, we have seen the average claimed wash temperature in Europe go down by 2 degrees, even more among Ariel users.



"When it comes to Ariel, 60% of its environmental footprint comes from the temperature of the washing cycle. We are developing products that have superior performance in cold water."

Another example is our Cascade brand. Dishwasher usage in the U.S. is low due to the erroneous belief that it wastes water and energy compared to manual washing. We have developed a product that works so well that you don't need to pre-rinse your dishes before putting the dishes in the dishwasher, a habit done by 75% of people in the U.S. We launched a campaign called "Do It Every Night," where we encouraged people to skip pre-rinsing dishes and run the dishwasher every night instead of doing it by hand. While this could mean running the dishwasher before it is full, it avoids people handwashing in between dishwasher loads, which turns out to be much less water efficient. A person can save up to 100 gallons of water a week if they run their dishwasher every night instead of washing those dishes by hand. This initiative has the potential to save 25 billion gallons of water in the U.S. The key to our successful sustainability communication is a combination of superior performance and sustainability innovation.

How do you at P&G manage your responsibilities around deforestation and biodiversity?

We take specific steps to ensure no deforestation in our palm, wood pulp, and paper packaging supply chains. We focus on understanding our business's dependency and impact on nature and where in the supply chain



Biodiversity is an exciting emerging field, with lots of possibilities."

that impact is greatest, and then concentrate our efforts there. We have committed to protecting 1.5 million acres of land and we follow closely the emerging standards for the Taskforce on Nature-related Financial Disclosures (TNFD). We have a Nature and Biodiversity leader in place to lead our holistic

program, including investing in natural climate solutions. This is an exciting emerging field, with lots of possibilities.

How can technology help us transition to a sustainable world?

I'm fascinated with the overlap between information technology and sustainability. We use satellite technology to monitor our palm-oil supply chain, for instance. The real-life data helps us with compliance and making immediate interventions, when required. Data can also help consumers understand their own impact on the environment. In the UK, for example,

I AM AMAZED BY THE POWER OF DIGITAL DATA TO CHANGE CONSUMER HABITS.

water-consumption levels dropped immediately when people had meters installed. They could see their consumption in real time, it made the invisible visible for them. I am amazed by the power of digital data to change consumer habits.

THE BEST EXPERTS FROM EVERY DISCIPLINE TO DRIVE SUSTAINABILITY

How has sustainability impacted skill development at P&G?

We are focusing on reskilling and upskilling at every level, from the top down. Last year, we conducted a massive sustainability upskilling program for 300 top executives, where we took them through our strategies and goals. I have also started a monthly Q&A session with all employees. And we just launched our new Sustainability Academy capability platform that is open to all employees globally. It includes a curated list of topics with on-demand training videos and resources; fundamental and advanced trainings are available to everyone in the company.

What suggestion would you give to young talent who want to follow in your footsteps?

Work toward sustainability in your current role; make it part of your job, not a separate topic. There are very few dedicated positions for sustainability experts – we can spark large-scale change when we all use our individual roles to drive sustainability. Champion sustainability where you are. We need the best marketers, best finance experts, and the best lawyers to make sustainability an integral part of the organization. When the best people in every discipline drive sustainability, this is how society will thrive.



Virginie Helias,
Chief Sustainability Officer,
Procter & Gamble

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