

“Our success as a global company is a direct result of our diverse and talented work force. Our ability to develop new consumer insights and ideas and to execute in a superior way across the world is the best possible testimony to the power of diversity any organization could ever have.”

—John E. Pepper, Chairman & Chief Executive

“We have talked many times about how important it is that we build and leverage the diverse backgrounds, experiences and cultures of Procter & Gamble people. This is going to be much more important as we move ahead in tomorrow’s world. In fact, diversity will be even more important as we strive to accelerate innovation and stretch for bigger, more discontinuous ideas.”

—Durk I. Jager, President and Chief Operating Officer

Diversity

What is diversity?

Everyone at Procter & Gamble is united by the commonality of the Company’s values and goals. Diversity is the uniqueness each of us brings to fulfilling these values and achieving these goals. Our diversity covers a broad range of personal attributes and characteristics such as race, sex, age, cultural heritage, personal background and sexual orientation. By building on our common values and goals, we are able to create advantage from our differences.

Why is diversity important?

Developing and managing a strong, diverse organization is essential to achieving our business purpose and objectives.

- Our business opportunities are increasingly related to the entire world. And it is a diverse world. We must have the ability to deal with diverse consumers and customers in order to develop products and services of superior quality and value.
- Diversity provides for a broader, richer, more fertile environment for creative thinking and innovation.
- Because we see diversity as an asset, we will attract and fully develop talent from the full range of the world’s rich cultural base. It is from this increasingly diverse pool of talent that our future leadership will come.

We value the different perspectives that the diversity of Procter & Gamble people brings to the business. Our workplace environment encourages collaboration, which brings our different talents and experiences together to produce better ideas, superior services and products.

At Procter & Gamble, we operate on the fundamental belief that individual differences are good and such differences will produce genuine, competitive advantage.

Recent P&G Recognition:

1998-Catalyst Award “for demonstrated success at moving women into leadership positions.”

1998-National Urban League’s Donald H. McGannon Award presented to Lynwood Battle, P&G Diversity Worldwide, in recognition of high standards of corporate involvement with the League.

1998-25 Best Companies by Working Woman Magazine.

1998-100 Best Companies by Working Mother Magazine (12 years).

1998-Top 100 employers by Black Collegian Magazine.

1998-Top 100 Companies for Hispanics from Hispanic Magazine.

1998-Top 50 Companies by Latina Style Magazine for professional opportunities for Hispanic women.

1998-Premio a la Equidad (Equity Award) to P&G del Peru by the Ministry of Women’s Affairs and Human Development Promotion in Peru in recognition of P&G’s labor policy, which protects the rights of women.

1996-(First) Corporate Leadership Award by the National Council of Negro Women.

1996-NAACP Legal Defense and Education Fund-Corporate Affirmative Action Award.

1996-Merit Award to P&G Canada by the government of Canada for initiatives and achievements in employment equity.

1996-National Minority Supplier Development Council’s award for leadership in corporate minority business development.

1996-Cited by the White House in “Corporate Citizenship Initiative” for “family-friendly benefits.”

1995-Amigo of the Year Award by SER, a Hispanic non-profit employment and training organization addressing illiteracy.

1995-Distinguished Company of the Year by the National Alliance of Business for P&G’s leadership in programs to improve education and work force quality.

1995-Private Sector Leadership Award by the Leadership Conference on Civil Rights presented to retired Chairman and Chief Executive Edwin L. Artzt in recognition of the Company’s efforts in bringing together the business and civil rights communities to work for equal rights for all Americans.

1994-Opportunity 2000, the highest award presented by the U.S. Secretary of Labor for instituting comprehensive work force strategies to ensure equal employment opportunities.

Diversity

What is P&G doing to develop and support a diverse workplace?

We've made good progress, but we always want to do better. For example, the number of women and U.S. minorities at the vice president/general manager level has doubled over the past five years.

Our intent is to develop all employees to their full potential. To achieve this goal, we have human resource systems in place that support individual development, and we regularly review these systems to make sure they work well for everyone, including women and the various population groups that make up our minority work force.

Ongoing support systems we have in place include:

- Career discussions, performance appraisals, assignment plans, transfer and promotion plans.
- Grass roots/informal network support groups which have existed at different sites for a number of years.
- Mentoring, to provide informal support and guidance, in addition to coaching and training provided by each employee's direct manager.

We build into our culture the values, behaviors and norms that create advantage from differences. P&G has become increasingly diverse and, as we have grown around the world, it has become even more important that we fully utilize this individuality. Our workplace environment encourages collaboration, which brings our different talents and experiences together to produce better ideas and superior services and products.

What systems does P&G have in place to measure or monitor progress?

Diversity is an inherent part of becoming a Total Quality company. We monitor our progress in a number of ways, including:

- A Company officer heads our global diversity organization.
- The Chief Executive conducts in-depth diversity reviews regularly with each organization head. A key part of these reviews is a focus on individuals' career development plans.
- Diversity goals are established by each organization and are included as one of the key measurements in achieving overall business results. Annual reviews of enrollment and development of personnel are conducted and reported directly to the Board of Directors.
- Employee performance reviews are based on a list of "what counts" factors, which include an employee's ability to respect and work effectively with diverse people. This gives individuals direct feedback concerning their personal progress. For employees who have others reporting to them, their performance reviews also include assessments of their ability to develop people, including women and minorities.
- Regular employee surveys are conducted that collect feedback about the health of our Company's culture and environment overall, as well as how we are doing company-wide in building diversity into all organizations and levels. The surveys have shown there is increasing awareness of the importance of diversity.

What kind of diversity training does P&G have for employees?

The Company has a number of diversity training programs available. Many are conducted at the corporate level, but most are conducted by local business units and manufacturing plants. A combination of in-house and external resources is used to conduct the training, with some of the programs developed by the Company and others developed by outside consultants. Diversity also is a key concept interwoven throughout many of the training courses the Company offers, including P&G College.

How diverse is P&G's work force today?

We have a diverse work force today and expect it to become even more diverse in the future. Plans are underway for continued progress in all Regions. The table below shows minority and female representation in the Company's U.S. work force:

U.S. Enrollment—July 1, 1998

	% Minorities	% Women
Officials, Managers and Professionals	17.8	32.7
Sales Workers	10.0	51.0
SUBTOTAL	15.6	38.0
Technicians	18.3	45.7
Office & Clerical Workers	11.9	80.5
Crafts	15.9	14.1
Operatives	22.7	28.2
Laborers/Service Workers	25.0	46.7
SUBTOTAL	18.6	41.1
TOTAL	17.4	39.9

U.S. Hiring—July 1, 1997-June 30, 1998

	% Minorities	% Women
Officials, Managers and Professionals	24.0	40.0
All other categories	19.1	42.2
TOTAL	21.2	41.1

What is P&G doing to support diversity outside the Company?

P&G actively supports and participates in a wide variety of programs that seek to improve educational opportunities and quality, to recruit and employ minorities and women, and to promote affirmative action goals in communities where the Company does business. The following lists some of these activities.

In the U.S.:

- The Research & Development Division provides scholarships, sponsors fellowships, and actively participates in professional organizations such as Society of Women Engineers, National Society of Black Engineers, Graduate Engineering for Minorities, and American Indian Science and Engineering Society. These programs encourage the development of women and minority engineers and other scientific degrees at both the graduate and undergraduate levels.
- As a major corporate supporter of the United Negro College Fund, P&G contributed \$1.2 million to the 1994 campaign, and has since provided \$200,000 annually. P&G President and COO Durk Jager serves on the Board of Directors of the UNCF and chairs the Capital Campaign 2000 in Greater Cincinnati. Additionally, employee contributions and Corporate matching gifts to the College Fund have totaled \$275,000 over the past three years.
- The Company is active in many other business-related programs, including Amigos de SER, Consortium for Graduate Study in Management, National Alliance of Business, College/Industry Cluster Program and Black Executive Exchange Program of the National Urban League.
- Procter & Gamble has been sponsoring/participating in three Catalyst studies looking at the issues impacting on the advancement of women in the workplace. These include Women of Color, Women in Science and a study being conducted by Catalyst for the University of Michigan on MBAs. The P&G Fund is the longest continuing corporate supporter of Catalyst, an organization whose purpose is to enable women in business and the professions to achieve maximum potential, and to help employers capitalize on the talents of their female employees.
- The P&G Fund contributed \$500,000 to the National Urban League's Youth Development Fund. The grant, which is being presented over a five-year period, is used to assist disadvantaged urban youth by providing the kind of personalized activities necessary for character development, academic achievement and wholesome lifestyles in preparation for successful futures.

- The Company supports the National Hispanic Scholarship Fund, an organization that provides scholarship moneys for graduate and undergraduate students of Hispanic-American background.
 - The P&G Fund contributes to the American Indian College Fund. It provides scholarships for students attending 26 tribal colleges in the U.S.
 - Procter & Gamble hosted a national meeting of the President's Committee on Employment of People with Disabilities. Joel Kahn, Section Manager-Logistics Technology, serves on the Employer's Subcommittee and was also recently named to its Executive Board.
 - P&G is the leading company in the North American INROADS program, a non-profit organization designed to provide support to minority college students. P&G offers summer employment to selected students throughout their college careers, and also provides counseling and information to INROADS participants. P&G's Steve David, sr. vice president, serves on the INROADS Board of Directors.
 - P&G Chairman and Chief Executive John E. Pepper has been one of the major organizers of the Cincinnati Youth Collaborative to help keep high-risk youngsters in school, helping them find meaningful work upon graduation and providing scholarship money to those wishing to continue their education. P&G leaders have been instrumental in raising more than \$11 million for scholarships, preschool and early childhood education programs.
 - In 1972, the Company initiated a program designed to locate and work with minority businesses that could become suppliers to P&G. Today, the amount of business done with minority suppliers is \$317 million. Also, the Company provides loans through the Sycamore Investment Company, a subsidiary of P&G, established to help minority-owned businesses expand their operations.
 - P&G is the national sponsor of the National Conference of Negro Women's Black Family Reunion Celebrations. Dr. Dorothy Height is Chair and President Emeriti of this organization. This idea was conceived by one of the Company's Black female managers. P&G provided this employee with a two-year paid leave to develop and deploy this very innovative concept. Since its inception 14 years ago, 15 million people have participated in these Reunions, which are conducted in five U.S. cities.
 - P&G committed \$300,000 to be the title sponsor of The Dreambuilder Celebration, which celebrates African-American achievements.
 - P&G is supporting the creation of the National Underground Railroad Freedom Center by "loaning" to the project Edwin J. Rigaud, vice president, Government Relations, P&G North America. Rigaud spends his full time directing the development of the Center in Cincinnati. The P&G Fund is also providing over \$3,000,000 in support of this project.
 - The P&G Fund contributes to the Greater Cincinnati Chinese Musical Society and Leadership Education for Asian-Pacific Americans (LEAP). The Society is an agency created to promote Chinese culture through music, arts and education. LEAP is a national organization that fills a void in leadership development for Asian-Pacific Americans.
 - P&G supports the NAACP's Afro-Academic, Cultural, Technological and Scientific Olympics (ACT-SO) Program for the Youth Council.
- In Europe*, P&G participated in the European Year Against Racism 1997, sponsored by the European Commission.
- In Mexico*, working with the state government and state boards of education and health, P&G has been funding an ongoing program to build schools to educate children in rural areas. This year, P&G completed construction of its 22nd rural school. This school is particularly important, as it will serve the special needs of disabled and brain-injured children.
- In Pakistan*, P&G worked with its joint venture partner on a long-term, comprehensive project to bring about a qualitative and quantitative improvement in local education. The project will improve curriculum, teaching methods, educational facilities and parent-teacher relationships. P&G's financial contribution will help build a classroom and provide for the education of 30 children this year.
- In China*, building on a program begun in 1996, P&G donated \$600,000 to Project Hope for the construction of 25 new rural schools.
- In Africa*, at the 1997 African-African American Summit held in Zimbabwe, Chairman and Chief Executive John Pepper was a keynote speaker and announced a \$180,000 grant to support the expansion of Junior Achievement economic education programs in sub-Saharan Africa.
- In India*, P&G is supporting CARE's Girls' Education Initiative to help CARE increase the literacy rates for thousands of primary school girls in 300 rural villages in Utter Pradesh and Rajasthan States.