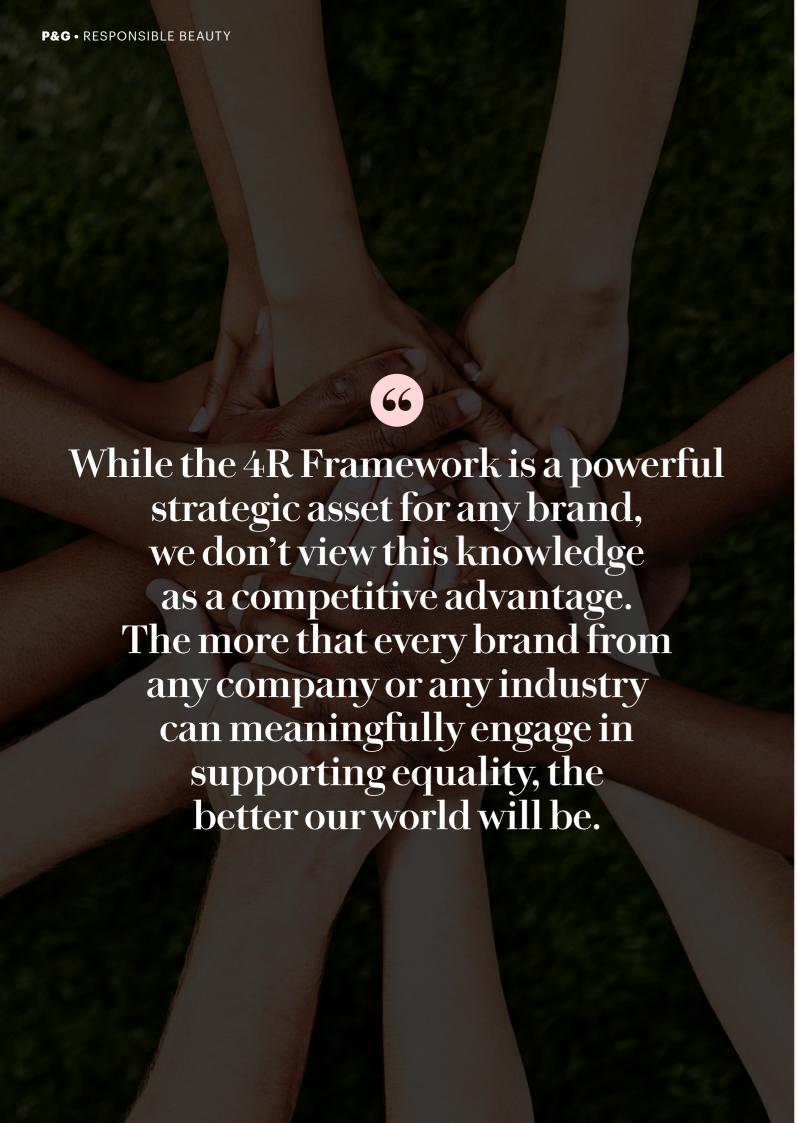


DIVERSITY BEYOND NUMBERS



A guide to authentically connecting with diverse consumer groups



FOREWORD

A YEAR AGO, WE INTRODUCED RESPONSIBLE BEAUTY,

a systems-based approach that recognizes the interdependency of Quality & Performance, Safety, Sustainability, Transparency, and Equality & Inclusion (E&I) as a means to being a positive force for beauty in the world. This means that anything our brands do in each of the areas must encompass all the other values.

This approach has fundamentally changed our thinking about how and what we innovate: challenging our brands to be more integrative, deliberate and inclusive of the values we know today's consumers care most about. While these values have been foundational to P&G Beauty's approaches for decades, the shift to systemically linking them has been a game changer. And the choice a year ago to make equality and inclusion one of those core values was never more important.

Because in the year since then, the call for social justice has been raised across the US and around the world, asking businesses and brands alike to take more meaningful steps in support of racial equality. No matter how small or large a brand is, that brand offers a platform that can be used to influence meaningful change.

This is a responsibility P&G and its brands have taken to heart. We stand with the Black, Brown and Asian communities in opposition of racism. We recognize the power of inclusive workplaces, which help us best serve all consumers around the world. Today in our US Beauty organization, 13% of our employees are Black, which has helped us take important steps through the lens of our brands. For example, in 2018, My Black is Beautiful, a brand platform for promoting a more positive representation of Blackness, launched #RedefineBlack, a campaign that successfully partnered with Merriam-Webster to change the definition of 'black' in the dictionary by removing words like 'dirty', 'wicked' and 'evil'.

Even with these positive signs of progress, the events of the past year served as a timely reminder that there is much more we must to do, and that we weren't where we wanted to be. Equality and inclusion must be systemically embedded into everything P&G Beauty brands do, bringing our Responsible Beauty approach full circle.

Yet as more of our brands worked to step forward with supportive messaging and specific actions, we recognized that some brands hadn't earned the right to do so. Others had never outreached so deliberately before, and thus lacked the credibility to do so now.

This didn't mean that some brands were excluded from overtly supporting racial equality. What we realized instead was that every brand needed to take a learning journey to assess where they stood when it came to connecting with consumers of color, and specifically what they needed to do to address opportunities to do more in ways that were both authentic to diverse consumers and credible for that brand.

Using our Responsible Beauty systems-thinking approach, we developed an assessment tool called the 4R Framework, guiding brands on how to achieve Reach, Representation, Relevance and Resonance with diverse consumers. This Framework helps brands impartially evaluate where they stand and determine what role they can play – today and tomorrow – to support equality and inclusivity. This work spans every aspect of a brand's operations: from a brand's purpose or ambition, to products and innovation, advertising and communication, and importantly, staffing and employee representation.

Every brand in P&G Beauty's portfolio has now gone through the 4R Framework. We've seen this tool help our teams and our brands in countless ways. It's an educational tool. It's a positive way to surface what can otherwise be difficult truths or challenging conversations. And most importantly, it creates a tangible, credible roadmap for any brand to step up and do more in support of equality and inclusion.

While the 4R Framework is a powerful strategic asset for any brand, we don't view this knowledge as a competitive advantage. The more that every brand – from any company or any industry – can meaningfully engage in supporting equality, the better our world will be. That's why we're sharing the 4R Framework and our related learnings here, for anyone to use. Our hope is that doing so will manifest even more positive change the world – and especially in the Beauty industry – than we can accomplish alone. For us, that's what being a positive force for beauty in the world is all about.

—Alex Keith, CEO, P&G Beauty

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SEEING BEAUTIFUL

A DIVERSITY APPROACH

Now, More than ever, people want to see themselves in the products that they buy. People are seeking out brands with clear values who are prepared to act on these values. This consumer desire, having grown steadily for many years, was fast-tracked by the pandemic. What was considered 'standard' shifted – almost overnight – for the entire world, showing that huge changes to a system can happen rapidly and that real, positive change is possible. Brands, large and small, are uniquely positioned to lean in and lead this change, both for good and for growth.

Brands have an unparalleled ability to create and drive perceptions. How advertising portrays people has a ripple effect across society: how brands speak to people – from marketing and advertising to social media – affects how people see the world, themselves, and each other. Brands have the power to empower: to step up, to promote equality and inclusion and to help eliminate bias. But the question is, do brands have the tools they need to step up without incurring skepticism from consumers?

There is still much to be done to make individuals and communities truly feel included, understood, accepted, and supported. For example, Gen Z is the fastest-growing demographic worldwide, yet only 15% of this generation feels represented in advertising. Gen Z already impacts today's trends, and they are forming powerful, lasting opinions on brands, even on brands that aren't yet marketing to them.

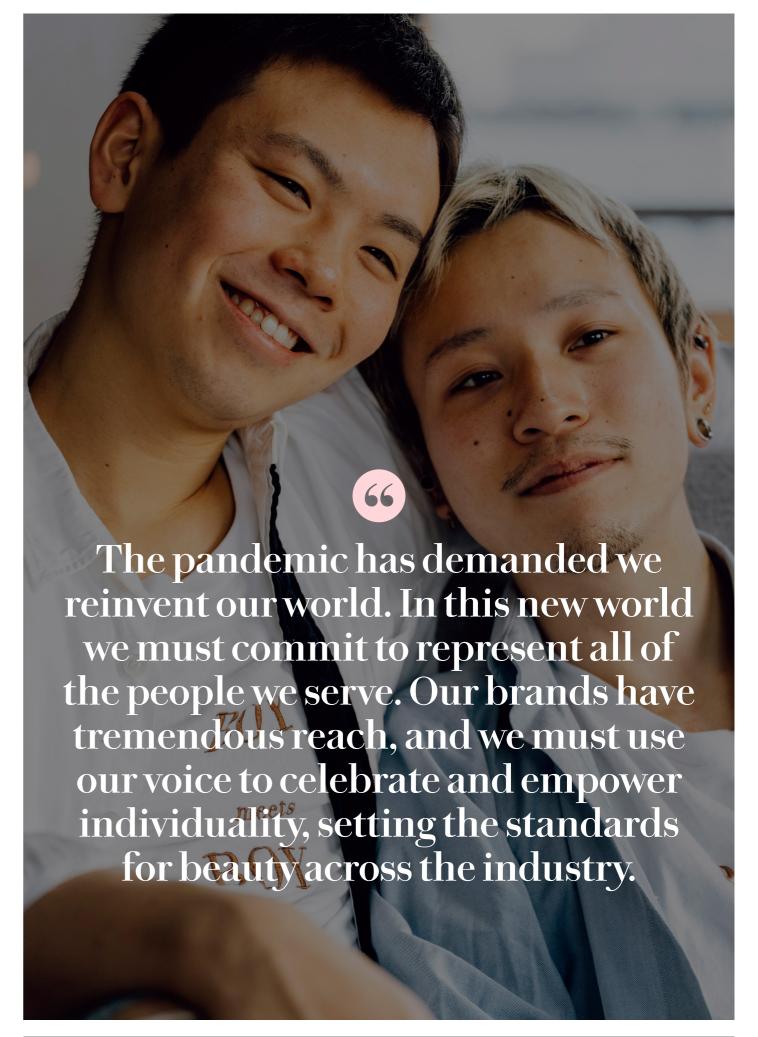
In the US, studies have consistently found that non-white people feel less represented – and feel more often misrepresented – in advertising than their white counterparts.

Representation can be infinitely empowering. To guarantee that all individuals, communities, and cultures come together in strength and mutual support, true individuality – portrayed with nuance and care – must be celebrated.

This is not a journey completed overnight, and, to be honest, may never be completed; learning is never complete, and consumers are ever-changing. Trust must be earned at every step, and earning trust takes time and real action.

Communities are looking for authenticity, for action, for real and sustained impact and commitment. They want to feel seen and understood. It's not about marketing to people: it's about mattering to people, and, even more importantly, showing people that they matter to you.





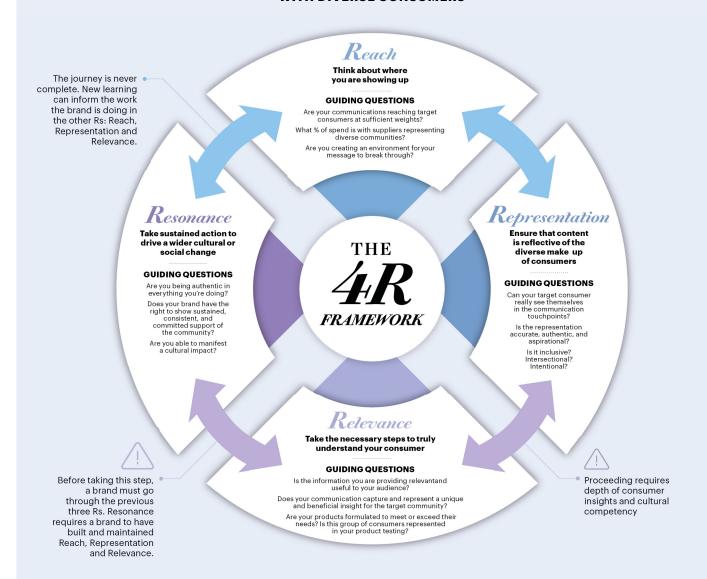
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THE 4R FRAMEWORK

Reach, Representation, Relevance & Resonance

TO FOSTER POSITIVE, MEANINGFUL CHANGE we at P&G Beauty found it helpful to have a simple, comprehensive framework, one that allows a company of any size to not only assess where it is on its E&I journey, but also map out the path that it will need to take. We call this the 4R Framework.

A SYSTEMS APPROACH TO AUTHENTICALLY CONNECTING WITH DIVERSE CONSUMERS







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NEXT COMES RELEVANCE

Proceeding **requires** depth of consumer insights and a deeper level of cultural understanding



Relevance

Relevance is about deeply understanding the unique wants and needs, desires, and aspirations of the consumer target, and bringing insights that are specific and relevant to that community.

This deeper consumer understanding enables brands to design products and communications that meet or exceed the needs of the people it serves. It is about identifying the benefits for a diverse target group and communicating these benefits in a way that is genuine and shows understanding.

Getting this depth of knowledge requires learning and committing to ensuring that everyone in the brand ecosystem–from internal employees to agencies – all know the consumer. Consumer learning is never complete, because the consumer is always changing, and diverse consumers are not monolithic. New learning can inform the work the brand is doing on the other Rs: Reach, Representation, Resonance, making it a continuous cycle bringing the brand to higher levels of authenticity.

GUIDING QUESTIONS

• Is the information you are providing relevant and useful for the target audience?

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- Does your communication capture and represent a unique and beneficial insight for the target community?
- How does the consumer view your brand?
- Are you tapping into 'hyper focused' insights that will deeply connect with this consumer?
- Do you understand this consumer's beliefs, cultural touchpoints, and ambitions?
- Are your products intentionally designed for, or do they provide a benefit to the target consumer?
- Is this group represented in product testing?





NEXT COMES RESONANCE

Proceeding **requires** a brand to have built and maintained Reach, Representation and Relevance



Resonance

Resonance is a strategic choice of the brand and requires long-term commitment to make a meaningful difference in the lives of consumers and will lead to earned trust over time.

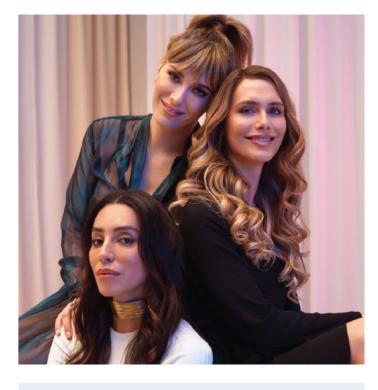
Resonance is where a brand aspires to drive a wider cultural or social change. It is about the visible action a brand is taking. It is the step that will have an impact on the target community and create sustained action. It is about bringing together the brand's purpose, its benefi for people, identifying a human insight and then communicating it all through the lens of the community the brand wants to connect with.

Before diving into Resonance, a brand must first ask itself whether it has a solid track record in Reach, Representation, and Relevance.

Critical to note: Resonance is also a choice that, once made, a brand should not reverse. It takes a conscious decision and a continued effort to thrive.

When it comes to Resonance, actions speak louder than words. A brand shouldn't talk if it isn't going to act. Speaking up at a time when it's fashionable, without any sort of sustained action plan, erodes trust and drives skepticism that can be hard to reverse.

The purest Resonance is when a brand doesn't talk, it acts. This requires constantly learning about the consumer, understanding their needs, and illustrating this through product development, marketing, advertising, and brand values.



GUIDING QUESTIONS

- · Are you being authentic in everything you're doing?
- Are you putting people at the center of your message?
- Does your brand have the right to show sustained, consistent, and committed support of the community?
- Are you bringing your efforts to life across multiple touchpoints? Is there longevity in your concept?
- Are you able to manifest a cultural impact?
 And drive a social change?

How to measure progress: becoming a force for good and a force for growth

Ultimately, by going through the 4R Framework, brands will create a natural, ever-evolving structure to promote conversations, influence attitudes, change behaviors and drive a positive impact on society. When a brand does this in an authentic way with diverse consumers, it can lead to:

- Increased support for diverse-owned and led businesses, media, agencies, and content creators.
- Inspiring inclusive actions that move our communities and society forward, driving economic equality and empowerment.
- Growth in brand equity, trust, and affinity.
- Growth in users by meeting their unique needs.

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ADDITIONAL RESOURCES COLLECTION OF LEARNING, INSIGHTS AND ACTS OF P&G BRANDS APPLYING THE 4R FRAMEWORK The 4R Framework was developed and applied first with the Black consumer in mind and is systematically being rolled out across all P&G Beauty brands.

GOLD SERIES BY PANTENE BECOMING A TRUSTED PARTNER TO BLACK WOMEN



Black consumers were not historically a consumer target for Pantene. With the introduction of Gold Series, it was clear that the brand needed to do some work to meaningfully connect with them.

The Pantene team started with *Relevance* because they realized that Pantene's existing products were designed primarily for white hair and weren't serving the needs of the consumers with textured hair. So, Pantene brought together a group of Black scientists who understood the needs of textured hair to develop a lineup of uniquely designed products.

The next challenge for the brand was to tell Black women about Gold Series. *Representation* was crucial. They developed a campaign – Strong is Beautiful – expressing the brand's celebration of Black women and their hair as unique, strong, and beautiful. Campaign communications featured women with all types of textured hair, as well as content that showcased the team of Black scientists who formulated the products, so that women knew the products had been designed by people who had knowledge about their hair.

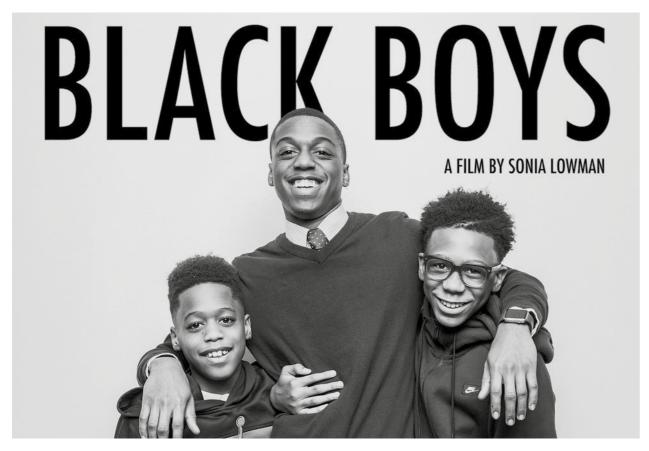
For *Reach*, the brand needed to put the message where women would interact with it in relevant contexts. Pantene did grassroots activations at cultural festivals like Essence, used local radio DJs and terrestrial radio, and worked with many textured-hair influencers. The brand also prioritized spend with Black-owned and Black-targeted suppliers to deliver the messages.

But for Gold Series, the most important "R" has been *Resonance*. Because Pantene had not been a brand that had shown up consistently in support of Black women or the community, it was important to address this and work to build trust and equity, or risk being seen as opportunistic. The brand has consistently taken action in support of the community over the years. Examples include a focus on STEM programs to drive more young Black women into technical careers, a partnership with CVS and UNCF to give STEM scholarships to HBCU and other schools. And during COVID, the brand launched a salon giveback grant program to support stylists who were financially impacted by the COVID-19 pandemic to help them to remain viable.

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OLD SPICE

FROM REPRESENTATION TO RESONANCE



While Old Spice had sufficient *Reach* with Black men and had *Representation* of Black men in their ads, many Black men still weren't buying their products. Why? Old Spice has traditionally used tongue-in-cheek humor as a tool to connect with consumers, but they discovered that this approach wasn't connecting with Black men. The brand had to do work to better understand their consumer. Coming out of that work, Old Spice was better able to navigate the 4Rs and re-start the 4R journey.

Old Spice expanded *Reach* by identifying media and touchpoints relevant to this audience's values, such as partnering with BET to provide relief to communities of color disproportionately impacted by the COVID-19 pandemic.

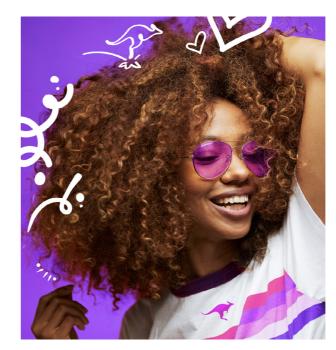
Their extensive consumer research found that authentic *Representation* in advertising is an important factor when communicating with the Black male audience.

While Old Spice didn't do away with their trademark humor completely, they elevated it to a more sophisticated level.

Consumer research also emphasized the importance of product efficacy: Black men are specifically looking for hydrating benefits. To ensure Relevance, Old Spice highlighted their use of intensely moisturizing shea butter, an ingredient already popular with Black men.

By aligning their messaging more closely with the audience's values, Old Spice could actively tap into deeper issues - such as male insecurity around topics like grooming and personal care to achieve sustained *Resonance*. This can be seen in initiatives such as the partnership between Old Spice and Never Whisper Justice, the film company who produced "Black Boys." This decade-long program will, from now through 2030, increase high-school graduation rates in underserved communities, as well as promote racial, educational, and social justice in schools.

AUSSIE CURL POWER



Aussie saw a spike in popularity with a young, diverse female audience, yet, interestingly, this wasn't an audience that Aussie had spoken to or represented in any of their previous "beach-babe" marketing.

Aussie expanded *Reach* to connect with this diverse Gen Z audience through touch points - key influencers sharing personal stories and savvy social media messages - unique to this consumer, as well as supporting the issues this consumer cares about: education and opportunity.

To increase *Representation*, Aussie asked consumers what they felt would be an accurate and appropriate expression of their hair types. Their answer: brands need to show all of the beautiful diversity that exists. Curls haven't always been viewed as beautiful.

To change this perception and establish Relevance, Aussie coined the expression "Curl power" and supported this program across Gen Z touchpoints.

For *Resonance*, Aussie partnered with Her Campus to ensure that, even during Covid lockdowns, students could celebrate their graduations, and started a business-challenge fund to provide grants and mentorship to graduates.

OLAY **ULTRA RICH**



In the past, Olay hadn't focused on the brand's Reach to Black women, and this was something they wanted to change.

To increase *Reach* and *Representation*, Olay ensured Black women could see themselves represented consistently and comprehensively - far beyond token imagery - in creative across television and social. Olay also tapped a line-up of carefully selected influencers to discuss issues top of mind to Black women, as well as show that this diverse line-up of women are all women of Olay. Olay Ultra Rich contains shea butter as a key ingredient for hydration, a benefit needed and desired by Black women, yet previous marketing around the product had focused on the formula's anti-aging benefi s, something that didn't resonate with this community.

To address *Relevance*, Olay pivoted their messaging to celebrate Ultra Rich's hydrating power, bringing it to life through influencer-led communications as well as the imagery placed front and center on the Olay float in Macy's Thanksgiving Day Parade. The parade float, an example of *Resonance*, communicated Olay's commitment to double the number of women in STEM and triple the number of black women in STEM by 2030.

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AN INTERVIEW WITH

LELA COFFEY

Vice President of Brands, North America Hair Portfolio, P&G Beauty



Lela Coffey
VP of Brands | P&G Beauty

In the following interview, Lela Coffey shares some of the insights that inspired the 4R Framework, and learning from P&G Beauty brands to meaningfully connect and engage with diverse consumers, in the hope of helping other brands who are also on this journey.

Growing up as one of nine children on a farm in Iowa and raised by adoptive parents who were white, Lela Coffey experienced firsthand how identity and ideas of beauty are shaped by what people see around themselves, the media they consume, and what happens when these views lack diversity. Her mission is to acknowledge, empower, and celebrate all that is beautiful about inclusivity by providing products and programs that celebrate it.

1. What is the inspiration behind P&G Beauty's 4Rs approach?

The 4Rs grew from watching brands struggle to reach diverse consumers or not work hard enough to connect with these groups. Some were making efforts but not seeing those efforts pay off in business results. In other cases, brand teams were saying, 'Okay, I've got Reach. They're seeing my message, so why isn't that enough? Isn't my job done?' It made me realize that brands needed a bit of guidance on how to do this work and that it had to be simple and pragmatic to drive acceptance and ease of implementation. In the end, it became clear that there are four things that really matter in brand building for diverse consumers: Reach, Representation, Relevance and Resonance. From there, the simple framework was developed and has been implemented across our brands.

2. Why do you think brands have struggled in the past to communicate with diverse consumers authentically and meaningfully?

Many people assume that this work must always be an 'and' to their current work or plans. They have the mindset that it will require an additional budget or a separate activity stream. This may be true in some cases, but often it isn't. Often, an insight or product that hyper-resonates with a target consumer is quite likely to resonate with everybody in some way. It takes discipline to seek out those insights, and it takes time to step back and think about if it can work more broadly.

I think brands have struggled because they don't know the target consumer as well as they should and need to. What benefits do they need? Do we have products that meet their needs? What consumer problem are they looking for a brand to solve? Consumer understanding is paramount. Many times, a brand will discover that they have a product, need, or insight that is very relevant to a diverse target, but also still appeals to a broader target. This means appealing to that diverse target doesn't have to be "bolted on", it can be baked into core marketing plans and programs. While this is not always the case, many times it is.

3. What has been the catalyst for increasing focus on evolving brands to be more inclusive?

We are seeing consumers, and especially younger and more diverse consumers, increasingly holding brands accountable for being inclusive. They want to know what a brand stands for and what its beliefs are. They want to not only know what they are buying, but what they are buying into. So, not only is it the right thing to do, it is becoming an imperative for business and commercial success.



4. What advice do you have that you think is most important for brands in approaching E&I?

Hands down, it's understanding the consumer. Delve deep to discover who they are, what's important to them, what influences their decisions, what cultural touchpoints drive their beliefs and, ultimately, how to win their trust. In addition to spending time with consumers, there's a wealth of resources that can help teams gather these insights, the simplest of which is to sit down and have conversations with people who understand what resonates.

The diversity of teams, both internal and external, is critically important. This is especially true for the beauty industry, which is not as inclusive as it should be. For the industry to truly resonate with diverse consumers, we need to fundamentally diversify who is doing the work, designing the products, designing the content and advertising, and designing the marketing plans. We need to have inclusivity in the ecosystem. But I want to be very clear, you don't need to be diverse to do this work well, you just need to know the right questions to ask and then have the courage to ask them.





5. What does success in terms of E&I look like for you?

We won't make progress until people understand that there is a difference between diversity and E&I. You can hire diversity, you can bring in diverse individuals to companies but if there is not true E&I in that company, the diversity will not stay. We in the beauty industry need to work to change the cultures at our companies so that diverse people are comfortable bringing their whole selves to work every single day. And, if we can change the makeup of the teams that are working on and for these businesses internally and externally - we can better ensure the products that we create serve the needs of diverse consumers; we can change how we market to them, and we can build brands that truly resonate. Ultimately, we can enable a world where everyone feels valued, included, and beautiful.

"Pick a place to start, take an action, be authentic about it, and then learn. Even small actions, over time, can create big effects."

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P&G Responsible Beauty is our commitment to be a positive force for beauty in the world.

It is a systems-thinking approach to beauty that recognizes the connections and interdependence of five essential principles: Quality & Performance, Safety, Sustainability, Transparency and Equality & Inclusion.

For more information visit https://us.pg.com/responsible-beauty/