



Stewart Atkinson
Chief Purchasing Officer

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To Our Valued External Business Partners,

I hope this finds you well and, again, I appreciate all you are doing for P&G.

P&G's first quarter 2016 earnings report was shared in late October. We delivered strong first quarter operating profit margin and free cash flow results. Top-line sales results were soft, as expected, given significant foreign exchange impacts, our deliberate choices to exit unprofitable businesses and the early stage of the improvement plans we're implementing in our largest categories and markets. We continued to make strong progress on productivity savings, and saw growth in currency-neutral core earnings per share of 12% versus prior year, while all in core EPS was -1%, reflecting the impact of foreign exchange. You can read the earnings release at www.pg.com, here: <http://news.pg.com/press-release/pg-corporate-announcements/pg-delivers-double-digit-currency-neutral-core-earnings-s-0>

I'd like to take this opportunity to discuss Quality, and some changes we are making that may impact your company. It is critical that we maintain the Quality of our brands. P&G is committed to delivering on our Quality Promise: *"Quality our consumers, customers, regulators and employees trust, everywhere, every time."* To win with our consumers, we must deliver better products at greater value than competition, and this demands a strong quality partnership between P&G and our external business partners (EBPs).

To better deliver against these critical expectations, P&G is redesigning our current quality program to one that respects and values our EBPs that are utilizing best practices in their quality programs. When complete, I believe P&G and our EBPs will be better integrated and synchronized in our approach to Quality.

As you know, for years P&G required our EBPs to follow the P&G quality programs. Now we expect EBPs to lead. Among the changes:

1. Our Quality audits will be driven by the risk in each specific supply chain rather than having the same frequency for each business; we will audit higher risk supply chains more frequently.
2. One P&G audit will meet the needs of all businesses, eliminating redundant audits of your company.
3. EBPs are expected to have their own self-sustaining Quality Program rather than adopting P&G's.
4. Where an EBP has invested in their capability and achieved a rigorous quality certification from an accredited body (e.g., EXCiPACT™), P&G will recognize that value and may reduce or eliminate the need for a separate P&G audit entirely.

P&G is taking these steps to empower and trust our EBPs. It's another step toward total collaboration and integration. The one constant is that the standard remains high.

In today's dynamic marketplace, the Quality journey is never finished. We must continue to innovate on our approach to Quality so that we meet our consumers' expectations every time. Again, EBPs are expected to lead, own and strengthen their Quality systems and help us identify where we can get better. Standards remain high, and we are excited to be your business partner in this journey.

I encourage you to engage on this topic, discuss the Quality program in detail with your P&G relationship owner, and fully understand the intent of what we are doing together in Quality.

Sincerely,

Stewart Atkinson
The Procter & Gamble Company
Chief Purchasing Officer