2013 Sustainability Report

Executive Summary

About This Publication

This is the 15th year that P&G has reported on its sustainability efforts. This publication provides an executive summary of the progress we've made toward our 2020 goals. Data in this report covers the period from July 1, 2012 through June 30, 2013. Financial information is given in U.S. dollars. To view our full online report, which was prepared using the Global Reporting Initiative's (GRI) G3 Guidelines, please visit www.pg.com/sustainability.

P&G SUSTAINABILITY PROGRAM

At P&G, we are focused on making every day better for people and the planet through how we innovate and how we act. This concept is embedded in the way we operate—ensuring our products are safe, paying competitive wages, complying with all laws, and treating all individuals with respect. We've also found we have an opportunity to leverage our size and scale to address the environmental and social issues that affect our business. The chart below outlines the core focus areas for our environmental and social efforts.

- Conservation of Resources
- Renewable Resources
- Worth from Waste

+

- Comforts of Home
- Health and Hygiene

CEO Statement

A.G. Lafley
Chairman of the Board, President and Chief Executive Officer

P&G is a company of brands. We earn consumers' trust with the promise each of our brands makes to improve people's lives and product usage experiences that live up to those promises. Our success depends on our ability to understand the consumer—who is our boss. It is through deep understanding of consumers that we gain insights into what they need and want. Sustainability is an area where we have learned much. People have told us that they want sustainable products with no tradeoffs. They want products that don't ask them to pay more or expect less.

We've embraced this challenge. P&G brands help people throughout the world live more sustainably by continually improving product performance and benefits through innovation and by continually increasing the levels of conservation and resource efficiency of our products. For years, Tide Coldwater and Downy Single Rinse have been products that deliver outstanding product performance while also enabling consumers to conserve energy and water.

At a company level, P&G's environmental efforts are focused on conserving resources, using renewable resources, and finding innovative ways to recycle or reuse waste from our products and operations. Our long-term sustainability vision is demanding. Reaching our vision of 100% renewable energy and zero waste going to landfill is not going to happen overnight, but we have set short-term and intermediate goals to ensure we make steady progress, which we are doing. For example, more than 50 of our manufacturing sites around the world now send zero manufacturing waste to landfill; we've done this, in large part, by partnering with suppliers to recycle material or convert waste to energy. In addition to having a positive environmental impact, these efforts have created over $1 billion in value for P&G in sales and cost savings.

At a social responsibility level, P&G's efforts focus on sharing the comforts of home and improving health and hygiene for people in need. These are areas where P&G can offer unique value with our products, our expertise, and our partnerships. P&G's Children's Safe Drinking Water program is a cornerstone of these efforts. It leverages P&G's innovative technology to make dirty, dangerous water clean enough to drink in only thirty minutes. We recently celebrated six billion liters of water shared around the world, saving an estimated 33,000 lives.

Due to the ever-increasing importance of sustainability to P&G and to the people we serve, I have named Martin Riant, Group President of Global Baby, Feminine & Family Care, as executive sponsor of sustainability. He will ensure that the Company's senior executive leadership is fully engaged in delivering P&G's sustainability vision and goals.

Sustainability will continue to be an important component of P&G's ability to improve consumers' lives and to create value for shareholders.

A.G. Lafley
Chairman of the Board, President and Chief Executive Officer

FINDING THE WORTH IN WASTE

By changing the way we see waste—from something thrown away to something with value—we have achieved zero manufacturing waste to landfill at 50 P&G sites worldwide. At these sites, all manufacturing waste is recycled, repurposed or converted into energy. Waste from our Charmin plant in Mexico is now used to make roof tiles for the local community, while scraps from a U.S. Pampers site are converted into upholstery filling. In the U.K., waste from **Gillette** shaving foam is composted and used to grow grass for commercial use. Over the past five years, our work to find worth in waste has created over $1 billion in value for the Company. For more information on how we define zero manufacturing waste to landfill, please visit www.pg.com/sustainability.

EXEMPLIFYING OUR VISION

This year, P&G opened our most sustainable site to date—the **Taicang Plant and Distribution Center** in Jiangsu, China. Taicang is the first P&G plant in the world to achieve LEED Gold certifications for administration buildings and Silver for manufacturing sites. Taicang was designed as a "factory inspired by a garden," so the plant models many aspects of our long-term environmental vision. The site runs on 100% renewable wind electricity, sends zero manufacturing waste to landfill, and is designed to use significantly less water than similar P&G Hair Care production lines in the region. Sustainability was not only part of the design, but has become part of the plant's overall operating culture.

Len Sauers

Vice President, Global Sustainability

Leadership Statement

When we announced our long-term environmental vision three years ago, we set goals for 2020 to ensure we were making measurable progress. Our results to date can be found on the following page. While we are proud of the progress we have achieved, we know there is still much work to be done.

Some of the highlights from the past year include:

- Our Huangpu, China plant partnered with a local utility supplier to install solar panels on the plant's rooftop. This installation will eliminate 600 metric tons of CO_2 emissions annually from the local community.
- We've continued the global expansion of Tide PODS, which is one of the most concentrated detergents in the market and reduces plastic use by 50% per consumer.
- Over 50 of our sites around the world now send zero manufacturing waste to landfill, including every single one of our sites in Germany.
- We have helped increase the number of washing machine loads washed in cold water from 38% to 50% since FY10/11.
- Our Gillette Venus packaging was redesigned for Venus & Olay to be recyclable and is manufactured using 26% less plastic.
- At our Oxnard, California site, we reduced water use by nearly 25%, resulting in a cost savings of over $900,000 on an annualized basis.
- Through our social programs, we have reached our goal of improving the lives of over 50 million people this year.

Many of the challenges that we face in advancing sustainability are impossible to achieve on our own. Much of this work will require us to partner with companies, governments, consumers, NGOs, and academia on common issues and work toward integrated solutions. We know that long-term, quality partnerships are critical—specifically in areas where it will take cross-industry effort to advance goals like 100% renewable energy and zero net deforestation.

Fortunately, many of the partnerships we've forged are already proving powerful. For example, earlier this year, we declared a commitment to work with our suppliers to convert 20% of our for-hire North American truck loads to natural gas, delivering cost savings and reducing greenhouse gas emissions by nearly 5,000 metric tons a year—equivalent to 1,000 passenger vehicles. In the area of renewable resources, we've partnered with industry leaders Coke, Ford, Nike and H.J. Heinz Company to make plastic polymers and fibers from plants.

Partnerships are also a critical part of our work to make everyday life better for people around the world. Knowing that the frequency and intensity of natural disasters is increasing, we have

WELLA PROFESSIONALS SUPPORTS unicef

PARTNERSHIPS FOR EMPOWERMENT

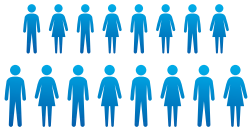
P&G hair care brands are partnering with charitable organizations to improve the everyday lives of people around the world. **WELLA Professionals** and **UNICEF** created Making Waves, which teaches life skills and hairdressing to vulnerable young people in emerging countries. Since 2010, more than 7,000 young people in Brazil and Romania have benefited from the program.

Pantene Beautiful Lengths is a program that uses hair donations to produce real hair wigs for women with cancer. Since 2006, the campaign has received more than 480,000 hair donations and partnered with the American Cancer Society to deliver more than 28,000 free wigs. In 2012, the program was expanded to Australia and New Zealand.

THE PACKAGE THAT HAS IT ALL

We've redesigned the Gillette Venus razor packaging for **Venus & Olay** to be both cost-effective and better for the environment. Made from plastic (PET), recycled plastic (rPET), and paperboard, it is recyclable and uses 26% less plastic in the manufacturing process. Packages are now packed more densely in distribution, generating significant cost savings and decreasing carbon emissions from transportation. This new package meets consumer needs, while cutting costs and helping us make progress toward our sustainability goals.

6 billion liters
of clean drinking water provided to keep children and their families healthy



3,000 employees
will volunteer this year to build homes in 12 countries

5,000 metric tons
of greenhouse gas will be avoided each year by converting for-hire trucks to natural gas

50 sites
around the world at zero manufacturing waste to landfill

partnered to improve the lives of millions of people through our disaster relief efforts. When a disaster strikes our communities, our employees and our brands are committed to meeting the needs of those affected by providing the products we know people have

Partnerships are a critical part of our work to make everyday life better for people around the world.

come to count on in the everyday moments of their lives. Whether it's sharing power for a flashlight and the comfort of clean clothes after a tornado or sharing life-saving clean drinking water after a typhoon, our brands help ensure families can focus on each other and on rebuilding their lives. Our partnership with the Red Cross enables us to respond quickly in areas where the need is greatest.

As part of our commitment to provide the comforts of home, we announced a partnership with Habitat for Humanity to fund the building, repair, and cleaning of homes for families around the world. We know that 100 million people around the world are homeless and 1.6 million more live in substandard housing, so P&G employees and brands are aiming to make a small but meaningful impact in the lives of some of these families in Singapore, the United States, Malaysia, South Africa, Poland, Costa Rica, and in many other countries. In fact, nearly 3,000 employees will volunteer their time to benefit families in 12 countries around the world this year.

All of these efforts mark significant progress through partnerships toward helping people live every day better—and more sustainably. We look forward to deepening our existing partnerships and forging new ones as we work toward our goals and the future of 7 billion people.

Len Sauers
Vice President, Global Sustainability

COMING TOGETHER IN TIMES OF DISASTER

Natural disasters are occurring more frequently and having a greater impact on our people, operations, and consumers, as well as the surrounding environment. When disaster strikes, P&G brands and employees join together to provide the everyday products people count on. Our brands help ensure that families can focus on rebuilding their lives with dignity.

Here are some of the events we responded to this year:

- **October 2012:** Hurricane Sandy was the most destructive hurricane of the 2012 Atlantic season, hitting the Northeastern United States. P&G responded with one of our longest deployments to date, sending the Duracell Rapid Responder, **Tide Loads of Hope**, and donating more than 20 truck loads of products like Charmin, Bounty, Mr. Clean, Dawn and Pampers.
- **October 2012:** To respond to the Assam floods in India, P&G donated products such as Whisper, Tide, Pantene, Head & Shoulders and Vicks through our partner Save the Children.
- **November 2012:** A 7.4 magnitude earthquake shook Guatemala, causing major damage in several communities. P&G donated $180,000 in feminine, baby and family care products.
- **December 2012:** A typhoon hit the southern Philippines, affecting over 6.2 million people. Partnering with World Vision, P&G distributed 140,000 sachets of P&G Purifier of Water to make floodwaters clean enough to drink.

2020 Goals Progress

In 2010 we set ten year goals within our Environmental and Social programs.
This chart reflects our progress toward those goals.

	Goal	Progress
ENVIRONMENTAL	Conservation of Resources	
	• Reduce energy use at P&G facilities and total CO_2 (Scope 1 and Scope 2) by 20% per unit of production by 2020.*	• Since 2010, we have reduced our energy usage by 8% and our total CO_2 emissions (Scope 1 + 2) by 11% per unit of production.
	• 70% of all washing machine loads are washed in cold water.	• Since FY10/11, the percentage of global washing machine loads washed in cold water increased from 38% to 50%.
	• Reduce truck transportation kilometers by 20% per unit of production.*	• Since 2010, we have reduced truck transportation kilometers by approximately 12% per unit of production.
	• Reduce packaging by 20% per consumer use.*	• Since 2010, we have reduced packaging by ~4.5% per consumer use.
	Renewable Resources	
	• Plants are powered by 30% renewable energy.	• Our use of renewable energy is ~7.5%. We continue to evaluate and expand our portfolio of energy sources.
	• Replace 25% of petroleum-based materials with sustainably sourced renewable materials.*	• We have successfully commercialized bioplastic in some shampoo bottles and are moving toward pilot scale operations for some other key material classes.
	• Confirm that all palm oil purchases have originated from responsible and sustainable sources by 2015.	• 13% of our total FY12/13 annual consumption of palm oil, palm kernel oil, and derivatives was RSPO certified via a combination of Mass Balance and Book and Claim methodology.
	• Have 100% of the virgin wood fiber used in our tissue/towel and absorbent hygiene products be third-party certified by 2015.	• Approximately 97% of our virgin wood fiber was third-party certified.
	• Have 40% of the virgin wood fiber used in our tissue/towel products be FSC certified by 2015.	• Approximately 9% of our virgin wood fiber was FSC certified.
	• Have 100% of our paper packaging contain either recycled or third-party certified virgin content by 2020.	• We have trained our organization on our new policy expectations and started outreach with key suppliers. We will be refining data collection protocols for suppliers over the next year.
	Worth From Waste	
	• Conduct pilot studies in both the developed and developing world to understand how to eliminate landfilled/dumped solid waste.	• Several locations are being evaluated to be the pilot site of the Waste-2-Worth project in the Philippines.
	• Reduce manufacturing waste to landfill to less than 0.5% of input materials.	• Since 2010, we have reduced manufacturing waste to 0.65% of input materials.
SOCIAL	Social Program Goals	
	• Improve the lives of 50 million people each year.	• P&G exceeded this goal for FY12/13, with a focus on providing the comforts of home and improving health and hygiene for people in need.
	• Save one life every hour by 2020.	• P&G Children's Safe Drinking Water program delivered over 1.2 billion liters of clean water this year, and is on track to meet our goal of "Saving One Life Every Hour" by 2020.

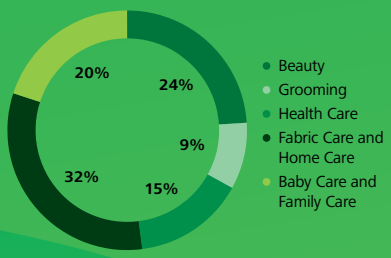
*vs. 2010 baseline

ABOUT P&G

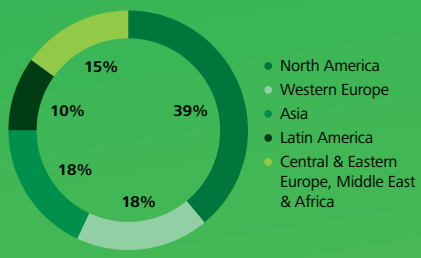
P&G serves approximately 4.8 billion people around the world with its brands. The Company has one of the strongest portfolios of trusted, quality, leadership brands, including Ace,® Always,® Ambi Pur,® Ariel,® Bounty,® Charmin,® Crest,® Dawn,® Downy,® Duracell,® Fairy,® Febreze,® Fusion,® Gain,® Gillette,® Head & Shoulders,® Iams,® Lenor,® Mach3,® Olay,® Oral-B,® Pampers,® Pantene,® Prestobarba,® SK-II,® Tide,® Vicks,® Wella® and Whisper.® The P&G community includes operations in approximately 70 countries worldwide, and the Company's products are sold in more than 180 countries and territories. P&G is a publicly traded company. Its stock is listed and traded on the New York Stock Exchange and NYSE Euronext-Paris under the symbol PG.

2013 NET SALES: $84.2 BILLION

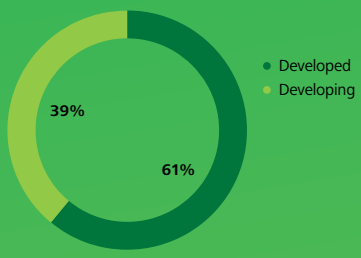
BY BUSINESS SEGMENT[1]



BY GEOGRAPHIC REGION



BY MARKET MATURITY



(1) These results exclude net sales in Corporate.

RESOURCE AND WASTE SUMMARY

The table below reports environmental statistics for Manufacturing Operations in the Global Business Units, Technical Centers and Distribution Centers.

	Totals (absolute units x 1,000)			2013 Global Business Unit Detail[1] (absolute units x 1,000)						
	2013	2012	2011	Baby Care and Family Care	Beauty	Distribution Centers	Fabric and Home Care	Grooming	Health Care	Technical Centers
Production (metric tons)										
Product Shipped[2]	**26,570**	25,618	26,021	4,145	2,120	0	18,762	777	766	0
Raw Materials from Recycled Sources[3]	**592**	*618*	*594*							
Waste (metric tons)										
Generated Waste	**949**	*981*	*1,013*	289	144	28	344	30	98	16
Percent Recycled/Reused Waste	**81%**	*78%*	69%	91%	35%	7%	90%	10%	31%	3%
Disposed Waste (metric tons)										
Waste Disposed	**180**	*215*	*309*	28	43	7	85	1	10	7
Solid Waste—Non-Hazardous	**133**	*158*	*247*	18	39	6	57	1	7	5
Solid Waste—Hazardous	**19**	*21*	*24*	0	0	1	14	0	2	2
Effluents (excluding water)[4]	**16**	*23*	*24*	2	3	0	9	0	1	1
Air Emissions[5]	**12**	13	15	7	1	0	4	0	0	0
Other										
Energy Consumption (gigajoules)	**72,307**	*72,790*	*74,385*	42,249	4,183	607	17,340	2,475	2,878	2,575
Direct Greenhouse Gas Emissions (metric tons)[6]	**2,767**	*2,817*	*3,080*	1,915	123	18	534	63	44	71
Total Greenhouse Gas Emissions (metric tons)[7]	**5,738**	*5,808*	*6,188*	3,124	436	56	1,401	232	252	237
Water Consumption (cubic meters)	**74,320**	*78,741*	*80,190*	43,145	7,232	0	16,892	839	1,798	4,413
SARA Releases (thousand metric tons)[8]	**2.49**	*2.23*	2.57	0.003	0.032	0.000	2.453	0.000	0.002	0.000

Numbers listed in italics have been updated since the 2012 report was issued. Updates were generally minor corrections based on updated totals. For reference, the data that was originally reported in 2012 can be accessed via our 2012 sustainability report which is available at www.pg.com/sustainability.

1 metric ton = 1,000 kg = 2,205 lbs.

(1) Beauty includes Hair Care and Personal Beauty Care. Grooming includes Blades and Razors, and Devices. Health Care includes Personal Health Care, Feminine Care and Oral Care. Fabric Care and Home Care includes Fabric Care, Home Care, Batteries, and Pet Care. Baby Care and Family Care includes Baby Care and Family Care. Technical Centers includes each of the technical and research centers that support the business units. Distribution Centers includes facilities that distribute finished product. Numbers do not include production from contract manufacturing operations.

(2) Estimated from shipment figures

(3) Data is tracked at a corporate level

(4) Wastewater chemical oxygen demand (COD)

(5) Air emissions include particulates, SO_2, NO_x, CO, and VOC.

(6) Greenhouse gas emissions resulting from fuel combustion sources.

(7) Greenhouse gases resulting from fuel combustion sources and purchased energy.

(8) Releases defined in the U.S. Superfund Amendments and Reauthorization Act (SARA) by the U.S. Environmental Protection Agency.

FSC www.fsc.org RECYCLED Paper made from recycled material FSC® C041270

Touching lives, improving life. P&G™

©2013 Procter & Gamble