Now & for Generations to Come

2010 SUSTAINABILITY OVERVIEW

P&G

About this publication

This is the twelfth year that P&G has reported on its sustainability efforts.

This publication details the progress we've made on our 2012 goals, devoting a section to each of our five strategies. It concludes with an overview of P&G's new long-term environmental sustainability vision and new 2020 sustainability goals.

To view our online report, which was prepared using the Global Reporting Initiative's (GRI) G3 Guidelines, please visit www.pg.com/sustainability.

P&G has been a member of the FTSE4Good and Dow Jones Sustainability Index (DJSI) since their inception. In 2009, P&G was added to the Global 100 list of the world's most sustainable corporations.

Contents

CEO Statement	2
Leadership Statement	3
Product Innovation	4
Operations	8
Social Responsibility	12
Employee Engagement	18
Stakeholder Engagement	22
Sustainable Innovation Products	26
Resource & Waste Summary	26
P&G at a Glance	27
New Environmental Sustainability Vision	28

Data in this report covers the period from July 1, 2009, through June 30, 2010. Financial information is given in U.S. dollars.

For P&G, sustainability is a responsibility and an opportunity to make improvements that matter, and to make life better for the greatest number of lives. Our commitment begins with our Purpose, Values and Principles, in which sustainability is the driving force.

Our Purpose is to improve lives, now and for generations to come.

Our five sustainability strategies:

Strategy 1: Products

Delight the consumer with sustainable innovations that improve the environmental profile of our products.

Strategy 2: Operations

Improve the environmental profile of P&G's own operations.

Strategy 3: Social Responsibility

Improve children's lives through P&G's social responsibility programs.

Strategy 4: Employees

Engage and equip all P&G employees to build sustainability thinking and practices into their everyday work.

Strategy 5: Stakeholders

Shape the future by working transparently with our stakeholders to enable continued freedom to innovate in a responsible way.

CEO Statement

P&G's Purpose—to touch and improve lives, now and for generations to come—inspires everything we do. It guides our strategic choices, leads to bigger and better innovation, drives brilliant execution, and compels us to make a difference in areas such as environmental and social sustainability.

This is important because our responsibility as a Company is an integral part of our Purpose as a Company. We recognize and embrace the reality that companies like ours must be a force for good in the world—but being a force for good is not limited to philanthropy and disaster relief. We are a force for good when we create products and services that improve people's lives…when we innovate and operate responsibly, ethically, and with less environmental impact…when we create new product formulations and new distribution models that make our products more affordable…when we create jobs, pay taxes, and help make our communities a better place to live and work.

In other words, we are a force for good when we integrate a responsibility for improving lives into every aspect of our business and operations. This is precisely how we approach sustainability at P&G.

Last year, for example, we updated our growth strategy to connect it explicitly to our Company's Purpose. This strategy—to touch and improve the lives of more consumers in more parts of the world, more completely—requires that we accelerate our already strong progress in sustainability, which we are doing. We recently announced a new long-term environmental sustainability vision that includes:

- Powering our plants with 100% renewable energy
- Using 100% renewable or recycled materials for all products and packaging
- Having zero consumer and manufacturing waste go to landfills
- Designing products to delight consumers while maximizing the conservation of resources

This vision is stretching and we believe it will take us decades to achieve. Yet, we are fully integrating it into our businesses and processes today. It will influence the products we develop, how they are produced and distributed, and the programs in which we make social investments.

To ensure we make steady progress toward this vision, we also recently announced goals that we are committed to reach by 2020. They include powering our operations with 30% renewable energy, and replacing 25% of our petroleum-derived raw materials with renewable materials that are sourced sustainably. Each of these 10-year goals is detailed later in this report.

Committing ourselves to a demanding vision and holding ourselves accountable with clear, stretching and measurable goals is one important way we will fulfill P&G's Purpose. It captures our imagination and passion. It focuses us on the people we serve—today and in the future. And it motivates us to leverage strengths that set us apart—innovation, consumer understanding and scale—to make a meaningful difference.

Together with a global network of external partners, we will continue to touch and improve lives, now and for generations to come. This is our Purpose. Our responsibility. And an incredibly inspiring opportunity.

Robert A. McDonald
Chairman of the Board, President and Chief Executive Officer

LONG-TERM VISION

100%
renewable energy will power our plants

100%
renewable or recycled materials will be used for all products and packaging

0
consumer and manufacturing waste will go to landfills

Leadership Statement

With a foundation of over 50 years of heritage in sustainability, in 2007 P&G declared a renewed strategy and established several five-year goals targeted at improving the environmental profile of our products and operations and advancing our social investment programs. In 2009, we increased these goals in recognition of the progress we had made.

P&G has continued to deliver strong results against these goals.

- Relative to products, we have delivered $26.5 billion in sales of sustainable innovation products against our goal of $50 billion by 2012.
- Relative to operations, we have decreased our water, energy, CO_2 emissions and solid waste by 11–50% per unit of production against our 2012 goal of 20%.
- Relative to social investments, we have provided 1.5 billion liters of clean drinking water against a 2012 goal of 4 billion and reached 210 million children in need through Live, Learn and Thrive against a goal of 300 million.

While we are proud of these accomplishments, we know we need to do more. This is why P&G recently announced a new long-term vision in sustainability and new 2020 goals.

Achieving this new vision and these goals will require us to (1) increase the depth at which sustainability is integrated into the rhythm of the business, (2) accelerate the development of external expert partnerships, and (3) continue to ensure sustainability receives the highest attention in the Company. Therefore, Bob McDonald will continue to serve as the Sustainability Executive Sponsor and, in addition, we have created the P&G Global Sustainability Board. This board will be comprised of the Global Technology, Product Supply, Brand Building and External Relations Officers, and the North America Group President. This group will be responsible for bringing to bear three of P&G's core strengths—consumer understanding, operational scale and innovation—thus better enabling us to achieve our ultimate long-term vision.

Reaching our new vision and goals will be challenging, and something we know we cannot attain alone. We will continue to partner with anyone who shares our principles and can bring new sustainability solutions to our business. And with the high caliber of 127,000 P&G employees who are inspired to make a meaningful difference in the lives of people and the world we share, I am confident we will reach our destination.

Len Sauers
Vice President, Global Sustainability

P&G Report Card

2012 Sustainability Goals

These goals, originally set in 2007, were increased in March 2009. The goal for P&G Children's Safe Drinking Water (CSDW) program was again increased in September 2009.

Strategy 1: Products

GOAL Develop and market at least $50 billion in cumulative sales of "sustainable innovation products," which are products that have an improved environmental profile.[1]

PROGRESS (in billions of U.S. dollars)	Cumulative Sales since July 2007
Cumulative sales of sustainable innovation products	**$ 26.5**

Strategy 2: Operations

GOAL Deliver an additional 20% reduction (per unit production) in CO_2 emissions, energy consumption, water consumption and disposed waste from P&G plants, leading to a total reduction over the decade of at least 50%.

PROGRESS (percent reduction per unit production)	Since July 2007	Since July 2002
Energy Usage	**-14%**	-50%
CO_2 Emissions	**-11%**	-53%
Waste Disposal	**-50%**	-55%
Water Usage	**-16%**	-55%

Strategy 3: Social Responsibility

GOAL Enable 300 million children to Live, Learn and Thrive.[2] Prevent 160 million days of disease and save 20,000 lives by delivering 4 billion liters of clean water in our P&G Children's Safe Drinking Water program.[3]

PROGRESS	Since July 2007
LIVE, LEARN AND THRIVE	
Number of Children Reached	**210 million**
CHILDREN'S SAFE DRINKING WATER	
Liters of Clean Water Delivered	**1.5 billion**
Days of Disease Prevented	**60 million**
Lives Saved	**7,450**

(1) Sustainable Innovation Products are included if they have launched in market since July 1, 2007, and have a >10% reduction in one or more of the following indicators without negatively impacting the overall sustainability profile of the product: A. Energy, B. Water, C. Transportation, D. Amount of material used in packaging or products, E. Substitution of nonrenewable energy or materials with renewable sources.

(2) Live, Learn and Thrive (LLT) is P&G's global cause that focuses our social investments on efforts that improve the lives of children in need ages 0–13.

(3) Within Live, Learn and Thrive, our signature program is Children's Safe Drinking Water. Methodology for calculating diarrheal days and mortality was developed with Population Services International and Aquaya Institute. Details are provided in the 2010 Sustainability Report found at www.pg.com/sustainability.

Strategy 1

Product Innovation

Delivering Benefits Without Trade-offs

We leverage our strength of consumer understanding to deliver sustainable innovations without trade-offs in performance or value. To do this, P&G takes a scientific approach. We helped pioneer an approach called Life Cycle Assessment, which considers the environmental footprint of a product across its entire life cycle, from raw materials to manufacturing, to consumer use and disposal. By understanding the impact at each phase of the total life cycle, we can focus our sustainable innovations where they will have the most meaningful environmental improvement.

Products with Purpose

Revolutionizing Diapers

Pampers with Dry Max is the brand's biggest innovation in the last 25 years. Pampers conducted externally peer-reviewed Life Cycle Assessments (LCAs)* that evaluated key environmental indicators for products sold in North America and Europe. Both internal and external LCAs showed that the sourcing and production of raw materials is the life cycle stage contributing the most to the potential environmental impact from disposable diapers. Pampers developed the Dry Max technology, which allows for the removal of the air felt (paper pulp) from the diaper core. This innovation has resulted in a diaper that is 20% thinner than before. The latest diapers from Pampers are one step better for the environment and provide performance benefits to babies. The thinner core helps provide freedom to move and play, while being Pampers' driest diaper.

"I'm not going to be around forever, but my children are going to be here longer than I will be, I hope. So I want to do as much for the environment as I possibly can until my child is toilet trained. The new Pampers Active Fit with Dry Max is thinner—which is good for the environment, because it produces less waste. But it's also nicer for the child because it means less nappy bulk between their legs. They fit really nicely, and help keep my Lucy dry and happy. They're great!"

BECKI, UNITED KINGDOM

PROGRESS IN NUMBERS**

12-13%	8-11%	10%
less solid waste across the product life cycle	reduction in energy demand	reduction in product weight

**Pampers conducted LCAs that were compliant with ISO 14040/14044.*

***Statistics are versus fiscal 2009 data from Pampers Cruisers in North America and Pampers Active Fit in Europe. Variations are dependent on country differences (e.g., energy rates, base packaging comparisons).*

BECKI AND HER DAUGHTER LUCY, 19 MONTHS OLD

Reducing Packaging Materials

Innovative design applies to our products as well as our packaging. Whether we use modeling and simulation to make a more lightweight bottle, or find a way to ship product without corrugated cases, we have been evaluating every aspect of our packaging and shipping materials to find more sustainable solutions. Our holistic development process allows us to see the far-reaching benefits product compaction creates. And by partnering with new firms and working with existing suppliers through our Connect & Develop program, we have uncovered ways to do more with less. One innovation involves the use of alternative material feed stocks, such as renewable and sustainable sugarcane-derived plastic, which will be launched on selected brands.

312,000

metric tons of packaging material avoided since fiscal 2007

Designing Smarter Packaging

The Alldays brand in our Europe, Middle East and Africa region created a new and elegant way to update its packaging while saving ink, cardboard, pallets and shipping space. Previously, four Alldays packages would occupy a fully printed cardboard box designed with a bottom-edge perforation, so store employees could remove the top and keep the bottom tray for handling and in-store display. The new design uses far less material. Its upgraded display tray includes an easily detachable "hood" that protects the product in shipping and requires no printing.

Previous

New

ALLDAYS PROGRESS IN NUMBERS

735	368	80%
metric tons of paper saved per year	fewer truck trips	reduction in ink usage

Providing Consumer Education

In fiscal 2010, P&G launched a program in the U.S. called Future Friendly which combines the power of trusted brands like Tide, Pampers, PUR, Duracell and others to promote environmental responsibility and consumer conservation education. The aim is to show consumers how—in a very achievable way—to save water, waste and energy at home. For example, nearly 80% of the energy used in a typical load of laundry comes from heating water. But by using cold water, and a product like Tide Coldwater, consumers can reduce energy consumption and their utility bills.

To date, Future Friendly has empowered over 50 million households to conserve resources, and it is partnering with National Geographic to create educational materials focused on in-home conservation, with tools and tips to help reduce water use, energy consumption and waste.

First launched in the UK in 2007 and in Canada in 2008, Future Friendly is rolling out across Western Europe in the summer of 2010.

P&G FUTURE FRIENDLY ™

save water

reduce waste

save energy

Product Innovation for generations to come

Eliminating PVC

Commonly found in "clamshell" and "blister" packages, Polyvinyl Chloride (PVC) has been a widely used packaging material across much of the consumer goods industry for many years.

PVC has also been the source of recurring controversy regarding its disposal in household solid waste incinerators, and its compatibility with plastics recycling. As a result, P&G began to avoid the use of PVC in its packaging in the early 1990s.

It is a challenge to find technically effective and affordable alternatives to PVC for some applications. However, in partnership with our packaging suppliers, we have overcome many of these barriers. Today, PVC represents less than 1.5% of the Company's total use of plastic packaging materials.

We expect to eliminate all remaining uses of PVC in our packaging within the next few years.

Strategy 2

Operations

Taking an End-to-End Approach to Sustainability

Last year, we expanded our holistic approach to sustainability across our entire supply chain to include not only manufacturing and facility construction and operations, but also finished product logistics and supplier engagement.

In addition to continued improvements on conservation measures and eco-smart design, we initiated projects in logistics that have created significant reductions in our transportation footprint. In May 2010, we also launched the Supplier Environmental Sustainability Scorecard and rating process to measure and improve the environmental performance of our key suppliers.

Manufacturing Re-imagined.

ABOVE: SOLAR TRACKING SKYLIGHTS SIGNIFICANTLY REDUCE ENERGY USAGE

Creating the Future of Manufacturing Today

Developed in partnership with several world-renowned architectural and construction firms, P&G's 77-Point Plan for eco-smart design and operations is considered industry-leading in its breadth and scope. To date, the plan has been used on more than 20 new sites, and will help us plan an additional 19 new manufacturing plants over the next five years.

One of our largest manufacturing undertakings in 2010, the Milenio grooming facility in Guanajuato, Mexico, has more than one million square feet of manufacturing space. The Milenio project team "designed-in" sustainability elements from the ground up. The facility water is 100% recycled, with wastewater and rooftop rain water collected and treated by a state-of-the-art on-site water treatment plant prior to reuse. Other sustainable features include natural daylighting and energy-efficient systems and equipment such as water-cooled chillers, solar tracking skylights, variable frequency pump drives, low energy fluorescent light fixtures, and premium efficiency motors on major equipment.

SUSTAINABILITY MEASURES IN PLACE AT THE MILENIO FACILITY

100%
of facility wastewater is treated on-site

100%
of rooftop rainwater is collected and reused

Optimizing Our Logistics

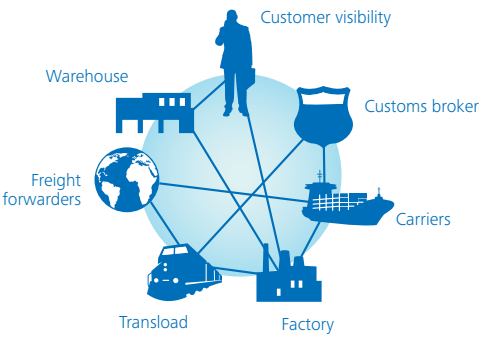
Finding New Ways to Move Materials and Products

We have optimized our efficiency in the logistics stage of the supply chain by making changes to the rate, route, mode and method of transportation. We have also focused on eliminating inefficiencies such as loading and unloading delays, rush transport up-charges, dead legs (empty trucks) and P&G production line stops. Control Tower, our logistics optimization program, is a holistic approach to more seamlessly manage the movement of our raw and pack materials, as well as finished product, through the supply chain. More efficient transportation means an improved environmental profile. The lead logistics provider centrally controls and optimizes the product flows, delivering maximum truck fill for every kilometer travelled in the fastest possible time, in an ecologically friendly manner.

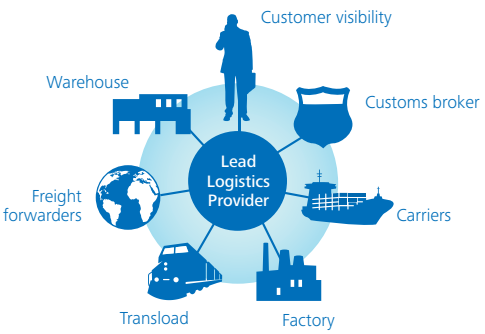
Central and Eastern Europe, Middle East and Africa Control Tower

Turkey and Egypt were the first countries in our CEEMEA region to adopt the Control Tower logistics optimization effort. Results included a 58% reliability improvement on inbound operations in Egypt, and a 68% improvement in our finished product inbound operation in Turkey. This meant fewer kilometers and reduced CO_2 emissions. A greater focus on using rail transport vs. trucks saved on energy costs and reduced CO_2 emissions by 67,000 metric tons. We are currently expanding our Control Tower program to our East Africa, Saudi, Eastern Europe, and South Africa operations.

TRADITIONAL NETWORK



CONTROL TOWER NETWORK



Collaborating with Suppliers

Implementing a New Supplier Scorecard

P&G's Supplier Environmental Sustainability Scorecard will assess P&G suppliers' environmental footprint and encourage continued improvement by measuring energy use, water use, waste disposal and greenhouse gas emissions on a year-to-year basis. The new scorecard is a result of 18 months of work and close collaboration with P&G's Supplier Sustainability Board, which includes more than 20 leading supplier representatives from our global supply chain. The scorecard relies on accepted worldwide measurement standards and sound science, including protocols from the World Resources Institute, the World Business Council for Sustainable Development and the Carbon Disclosure Project. P&G's goal in deploying the scorecard is to improve supply chain collaboration around environmental issues, and encourage the sharing of ideas and capabilities to deliver more sustainable products and services for our consumers.

The scorecard is specifically designed to focus on, and encourage, year-on-year improvement—regardless of a supplier's total size or the current stage of its sustainability program. To date, it has been rolled out to P&G's key suppliers. We will determine further expansion once we have evaluated findings from the first phase of deployment. Suppliers will have a full year to report their data before the rating can adversely impact their standing with P&G. In the future, P&G will use the scorecard to determine each supplier's sustainability rating as part of P&G's annual supplier performance measurement process.

As part of our effort to create an initiative that can have far reaching cross-industry impact, P&G suppliers are also encouraged to use the scorecard within their own supply chains. We hope this endeavor will inspire a new industry standard. The scorecard will be "open code" for use by any organization to help promote a working discussion and determine common supply chain evaluation processes across all industries.

SUPPLIER SCORECARD

- ENERGY
- WATER
- WASTE
- GHG EMISSIONS
- INNOVATION

To view the scorecard, visit: www.pgsupplier.com/environmental-sustainability-scorecard.html.

Operations for generations to come

Shedding New Light on Energy Solutions

Beyond our efforts to conserve energy, we use a portfolio approach to determine the best energy solutions for our operations. Both renewable and alternative energy are important parts of P&G's Sustainability program. This flexibility enables us to maximize efficiency and continue to decrease our dependency on conventional petroleum-based energy sources.

Solar: We use solar energy at facilities in Germany, Italy, and the U.S., and are evaluating additional opportunities globally.

Wind: We are installing a wind turbine at a facility in the Netherlands.

Biomass: We operate a wood biomass boiler in the U.S.

Geothermal: We are evaluating geothermal electrical generation in the U.S.

Co-Generation: We are operating six co-generation plants that produce electricity and heat efficiently, maximizing our use of existing energy resources. Multiple co-generation plants are located in the U.S., Mexico, and Italy, with an additional plant under construction in Italy.

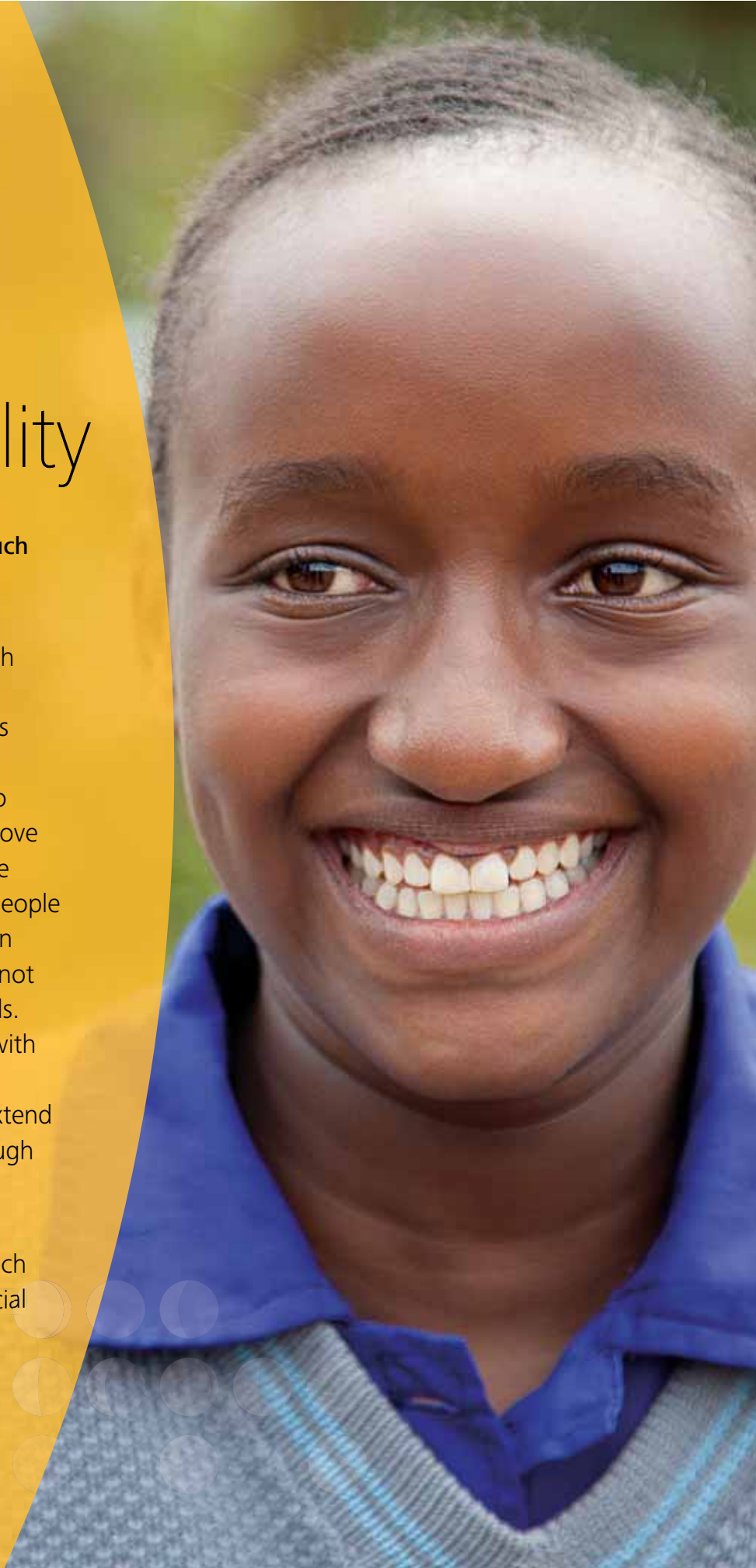
Strategy 3

Social Responsibility

Initiating the First Moment of Touch

Social responsibility is a natural expression of our Purpose to touch and improve lives. We see it as an investment in the future that helps both children and communities thrive, now and for generations to come. In addition to helping improve lives in the communities where we operate, we are reaching out to people and communities across Asia, Latin America and Africa where we do not have operations or sell P&G brands. These remote parts of the world with profound social needs have often become opportunities for us to extend our "first moment of touch" through our social investments.

Here are just a handful of the investments P&G is making to touch and improve lives through our social responsibility commitments.



Touching Lives in Times of Crisis

Our global disaster response plan allows us to act quickly and effectively. Our first concern is for the safety and welfare of our employees. Within hours, we are also in contact with our humanitarian partners to understand the scope and impact of the crisis, and how best to respond. This year found the world facing a large number of natural disasters, including:

Haiti Earthquake, January 2010

P&G immediately started working with many disaster relief partners to move 6 million PUR packets into Haiti. Dr. Greg Allgood, Director of our P&G Children's Safe Drinking Water program, traveled to Haiti to help teach field personnel how to use and deploy PUR. P&G employees and retirees around the world gave generous cash contributions, which were matched by the P&G Fund. Since many of our brands help make every day better for people, we also donated product from brands like Pampers, Duracell, Always, Crest, Oral B and Pantene. These products came from North America, Latin America, and Western Europe with shipments coordinated between P&G hubs and our humanitarian partners by our Disaster Response Team.

RIGHT: A HAITIAN VOLUNTEER WITH ADRA HELPS UNPACK P&G PRODUCT DONATIONS.

Chile Earthquake, February 2010

To help the people of Chile, P&G employees began distributing PUR packets, products and initiating monetary contributions. Many worked to quickly repair and restore our facilities and operations so employees, suppliers and customers were able to get back into the rhythm of everyday life.

In addition, P&G employees participated in many volunteer activities, including a trip made by 56 employees to Villa Prat, a town located three hours from Santiago. While there, some of our employees distributed building materials, while others played football, danced and painted with the local children to give them and their parents a break from the stress of living in temporary housing.

RIGHT: THE EARTHQUAKE LEFT LISSETTE, AGE 5, AND HER FAMILY WITHOUT SAFE DRINKING WATER.

LEFT: JANE, A 13-YEAR-OLD STUDENT WHO PARTICIPATED IN OUR ALWAYS PUBERTY EDUCATION PROGRAM IN KENYA. CONDUCTED IN PARTNERSHIP WITH LOCAL PUBLIC EDUCATION AND HEALTH ORGANIZATIONS, THE PROGRAM REACHES 3 MILLION AFRICAN GIRLS AND WOMEN EACH YEAR WITH INFORMATION ABOUT PUBERTY, THE BASICS OF FEMININE HYGIENE AND SANITARY PROTECTION.

Living Our Purpose Every Day

P&G's global cause — Live, Learn and Thrive — is improving life for children in need. Every second of every day, the cause helps two children get off to a healthy start, gain access to education, and build skills for life as they grow and develop.

Giving Underprivileged Children New Hope

Eighty percent of Chinese citizens live in rural areas, and like all parents, they want their children to get a high quality education to better their future. Through P&G Hope Schools, we are dedicated to making this a reality.

Partnering with China Youth Development Foundation, P&G has pledged to complete 200 Hope Schools. More than 100,000 children in over 1,000 villages already benefit from the program.

In 2010, P&G completed three new initiatives to further enhance and elevate P&G Hope Schools to better meet the needs of the children we serve:

- The "Happy Music Campaign" supports music facilities, music teachers' training and a music festival across the P&G Hope Schools.
- The "Happy Sports Campaign" helped establish sports yards in a number of P&G Hope Schools.
- The "Hope Stars Campaign" mobilized 20 students and 10 teachers to inspire students and teachers from all P&G Hope Schools.

Pampers and UNICEF

Since 2006, Pampers has partnered with UNICEF to help eliminate maternal & neonatal tetanus (MNT).

Maternal & neonatal tetanus is a deadly disease that claims the life of one newborn baby every 9 minutes.* Even though it can be prevented through vaccinations given to women of childbearing age to protect both a mother-to-be and her unborn child, there are still 170 million women and their babies at risk in 40 countries, many of whom live in the hardest to reach areas of the world's poorest countries and do not have access to quality healthcare.

Since 2006, Pampers has been committed to help UNICEF eliminate maternal & neonatal tetanus. To date, The Pampers-UNICEF "1 Pack = 1 Vaccine" campaign is helping to protect 100 million women and their babies from MNT in 21 countries across two continents. Of these countries, 14 are expected to complete their MNT vaccination programs in 2010. The Pampers-UNICEF campaign continues to help protect women and their babies from this deadly but preventable disease.

**Based on CHERG/ WHO estimates for annual MNT deaths, 2008, as published in* Lancet *on 12.05.10.*

Helping Children See a Whole New World

There is a tremendous need for eye care—particularly among children—throughout the developing world. Eyeglasses and eye care are not only costly but, more often than not, are simply unobtainable. So P&G partnered with vision care leader Luxxotica to help children at our Hope School in Anhui Province in China. Spearheaded by P&G employee Brian Sasson, Luxottica helped create the community's first vision clinic. Hundreds of students and community members underwent comprehensive vision screenings and, when needed, were outfitted with free eyeglasses. Many are seeing their friends and family clearly for the very first time. P&G intends to continue its partnership with organizations like Luxottica to bring additional services to children and community members in our Hope School Villages.

"After I got home from a trip to China and was greeted at the door by my daughter in her eyeglasses, I realized I didn't see any children with glasses at the P&G Hope School I visited. I knew this could be an important intervention for the school and the surrounding community, so I reached out to Luxottica to invite them to join in our efforts."

P&G EMPLOYEE BRIAN SASSON WITH A STUDENT WHO RECEIVED NEW GLASSES AT P&G'S HOPE SCHOOL CELEBRATION WITH LUXOTTICA—JINZHAI COUNTY, ANHUI PROVINCE, CHINA.

Safeguarding Children's Health Through Hand Washing

Sometimes, the simplest things can have a profound impact on quality of life. Each year, 3.5 million children under the age of five die from diarrheal disease and upper respiratory infections.

Health experts around the world agree that the simple act of hand washing with soap can help save millions of lives.

P&G is bringing hand washing education to millions of children and helping build hand washing facilities in schools. P&G's Safeguard bar soap is sold in countries where some of these issues are most profound, and it's helping to make a positive impact.

Here are some examples of what Safeguard is doing around the globe:

- Philippines: Safeguard educated one million children on the importance of hand washing, and will be reaching another million this year.
- Pakistan: more than six million children have received hand washing education in the last six years, with a goal of reaching 15 million by 2015.
- China: Safeguard is helping to build a "Great Wall of Health" through hand washing education and hygiene infrastructure in schools. We are on our way to educating 100 million children by 2015.
- Safeguard helped create "Global Hand Washing Day," a worldwide program with hand washing education activities in more than 80 countries, in 2009.

Clean Water: Saving Lives and Raising Awareness

The P&G Children's Safe Drinking Water program provides clean water to people in some of the most impoverished places in the world. Through our global network of partners, and leveraging the PUR Purifier of Water technology, CSDW has provided 2.2 billion liters of safe drinking water since the program began in 2004 (of this total, 1.5 billion liters are included in our results reported against our 2007–2012 goal).

This year was especially rewarding, as we helped bring greater attention to this life-and-death issue. In January 2010, we exceeded our goal to heighten awareness of the global clean water crisis through Summit on the Summit: Kilimanjaro. A group of celebrities including Kenna, Jessica Biel and Isabella Lucas climbed Mount Kilimanjaro with Dr. Greg Allgood, Director of P&G's Children's Safe Drinking Water program. Reaching 300 million people with more than 2 billion media impressions, the effort inspired people around the world to donate more than 50 million liters of clean water.

2.2 billion

liters of clean water that P&G Children's Safe Drinking Water program has provided since it began in 2004

P&G Children's Safe Drinking Water

RIGHT: SUMMIT ON THE SUMMIT TEAM POSES FOR A PHOTO FROM THE TOP OF MT. KILIMANJARO AFTER THEIR 19,340-FT. CLIMB TO FIGHT THE GLOBAL CLEAN WATER CRISIS.

Social Responsibility for generations to come

Saving a Life Every Hour

P&G is making a new commitment to "save a life every hour" in the developing world by providing more than 2 billion liters of clean drinking water each year by the year 2020*. This bold commitment will challenge us to accomplish each year what we accomplished in total our first six years of Children's Safe Drnking Water. We are confident that we can accomplish this through a number of opportunities.

Several P&G brands are launching their own programs to raise awareness about the global water crisis. Programs such as Cover Girl's Make-Up for Clean Water, SKII's Clear for Life and Pantene's Healthy Hair for Healthy Water will continue to drive the needed awareness of the world clean water crisis. A new plant under construction in Singapore, set for completion in 2012, will have the capacity to produce the PUR Packets needed to fulfill this new annual commitment. Plans are in place to scale up our number of partners in more countries to help us reach more people who need clean water in some of the most remote parts of the world.

**Details on how "saving a life" totals are calculated are provided in the full 2010 Sustainability Report found at www.pg.com/sustainability.*

2 billion liters

of clean drinking water will be provided each year by the year 2020*

Strategy 4

Employee Engagement

Empowering Employees to Lead the Way

P&G employees are critical enablers of the Company's sustainability efforts. We have programs around the world designed to embed a sustainability mindset into everyday work, and we foster and encourage passionate employees to create "Green Teams" and integrate sustainability into their work and their workplace.

120

global sites participating in Earth Day

Passionate Employees

A Global Celebration of Earth Day

On Earth Day every year, employees across the world participate in sustainability activities. The 2010 theme was "Put Green To Work." Messages highlighted how employees could integrate sustainability into P&G products and operations. Events included sustainability fairs, bike-to-work events, community service days, print "strikes," external speakers and more. Additionally, employees were asked to make a personal pledge of how they would "put green to work" in the upcoming year.

Teams with a Green Spirit

An important component of integrating sustainability into our businesses is to foster and encourage the work of passionate employees. Many of our sustainability teams, or "Green Teams," across the globe were started by employees who want to make changes in their workplace. Russ Speiller, for example, is one of many employees who initiated a sustainability project around holistic sustainable thinking, which is having an important impact on product innovation.

"P&G has enabled me to leverage my passion for sustainability and integrate it into my daily work. This past year I've spearheaded the creation of an R&D course that teaches employees how to integrate holistic sustainable thinking into product innovation. I'm also currently working on a project that explores how to create worth from waste."

RUSS SPEILLER, SENIOR ENGINEER, HOUSEHOLD CARE NEW BUSINESS CREATION

LEFT: P&G HOME CARE EMPLOYEE PAT SOLL WATERS THE RAISED-BED VEGETABLE GARDEN AT FABRIC AND HOME CARE INNOVATION CENTER IN CINCINNATI, OHIO.
RIGHT: RUSS SPEILLER TEACHES COLLEAGUES ABOUT SUSTAINABLE PRODUCT INNOVATION.

Creating Partnerships with Purpose

We partner with suppliers who bring expertise and innovative solutions to improve the environmental profile of our facilities, enabling employees to work in an environmentally conscious workplace.

Managing Printing with Xerox

Over the past year, P&G's Global Business Services has been working with Xerox to simplify our global printing structure, bringing a network of more reliable, better serviced and more capable printers into the workplace. Now we have the ability to print anywhere in the P&G print world, scan to e-mail, print two-sided, eliminate the banner pages, and use smart color.

11 million

fewer pages printed using Managed Print Services in fiscal 2010

Making Facilities More Efficient with Jones Lang LaSalle

Jones Lang LaSalle, P&G's property management partner at offices and technical centers, has teams at each location responsible for energy, water and waste reductions. Through this partnership, we have implemented ongoing efforts aimed at educating employees and influencing more sustainable workplace behaviors. In addition, sustainability criteria are part of any future space assessment to ensure new locations meet strict environmental standards.

PROGRESS IN NUMBERS*

8%

reduction in energy use

28%

reduction in water use

*Results are versus fiscal 2007.

Jones Lang LaSalle innovates and reapplies ways to conserve resources at P&G facilities. Here are a few examples of programs:

- Water consumption has been reduced through improved cleaning processes and the use of steam in place of water, upgrades to specialty water systems, and improved controls on building process equipment.
- During the lunch hour at twelve sites across Asia, the lights turn off to conserve energy.
- In the U.S. and UK, where nighttime cleaning had previously been normal business, work hours for cleaning staff now begin earlier in order to reduce the number of cleaning hours requiring lighting.
- At many sites around the world, reusable acrylic tumblers have replaced disposable cups for fountain beverages.
- In Cincinnati, Ohio, reusable plastic containers have replaced cardboard moving boxes.

RIGHT: ONE WAY MARIA ISABELA GRUESO, P&G COLOMBIA, HAS ADOPTED SUSTAINABLE WORKPLACE HABITS IS BY USING THE READILY-ACCESSIBLE RECYCLE BINS AT P&G SITES AROUND THE WORLD.

Employee Engagement for generations to come

Introducing the New Global Sustainability Board

Achieving P&G's new long-term vision and 2020 goals will require a more seamless integration of innovation, brand building, external relations and product supply. To better enable this integration, the Global Sustainability Board is being formed and will be sponsored by Bob McDonald, P&G Chairman of the Board, President and Chief Executive Officer. He is joined by Len Sauers, Vice President, Global Sustainability, Keith Harrison, Global Product Supply Officer, Chris Hassall, Global External Relations Officer, Marc Pritchard, Global Brand Building Officer, Bruce Brown, Chief Technology Officer and Melanie Healey, Group President, North America. The group will function as the primary enabler of our program, responsible for ensuring we infuse deeper and deliberate coordination of sustainability thinking into our business processes and practices as well as serving as role models and sources of inspiration for our employees. Len Sauers will run the board and be accountable to Mr. McDonald.

Strategy 5

Stakeholder Engagement

Fostering Partnerships that Accelerate Progress

While we are proud of the progress we have made, we know that we could not have come this far without the help of many external partners. We recognize that continued partnership will be key to future success.

A Global Approach to Sustainable Packaging

The Global Packaging Project (GPP), spearheaded by the newly founded Consumer Goods Forum (CGF), brings together global manufacturers and retailers to improve collaboration across the consumer goods industry. By developing a common language and sustainability metrics, the project will improve communication about the sustainability attributes of packaging, both between companies and with consumers. P&G has been actively involved in this project, testing its metrics through pilots with our customers, including Kroger. The project report, entitled *A Global Language for Packaging and Sustainability,* was launched in June 2010 at a Summit in London.

"Like P&G, Kroger is committed to improving the sustainability of its products and packaging. The Global Packaging Project provides the whole industry with a common language on sustainability that will help us all drive innovation and sustainability improvements."

ROGER TEMPLETON, DIRECTOR OF CORPORATE BRANDS, KROGER

For more details of the Consumer Goods Forum and the Global Packaging Project, see www.ciesnet.com.

IMPROVING COMMUNICATION

Partnership to Save Energy

Improving the energy efficiency of our manufacturing operations has been an ongoing focus area for P&G. This is why we have joined the U.S. Department of Energy's *Save Energy Now* LEADER Program. *Save Energy Now* is a national initiative to drive a 25% reduction in industrial energy intensity in 10 years. By pledging to reduce our energy to this degree, P&G will have access to resources and expertise within the Department of Energy and their allied partners to help us advance our energy efficiency efforts. *Save Energy Now* also represents an opportunity to network with and learn from over 50 other leading companies that have also signed the *Save Energy Now* Pledge.

To learn more about the *Save Energy Now* LEADER Program, visit: http://www1.eere.energy.gov/industry/saveenergynow/leader.html.

"I commend P&G on becoming a *Save Energy Now* LEADER. By taking this bold pledge to reduce its industrial energy intensity by 25% over ten years, P&G has established itself among the vanguard of forward-thinking American companies as a leader in industrial energy efficiency."

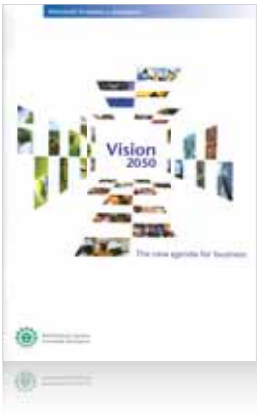
LETTER FROM DR. STEVEN CHU, U.S. SECRETARY OF ENERGY, WELCOMING PROCTER & GAMBLE TO THE SAVE ENERGY NOW *LEADER PROGRAM*

A Vision for a New World in 2050

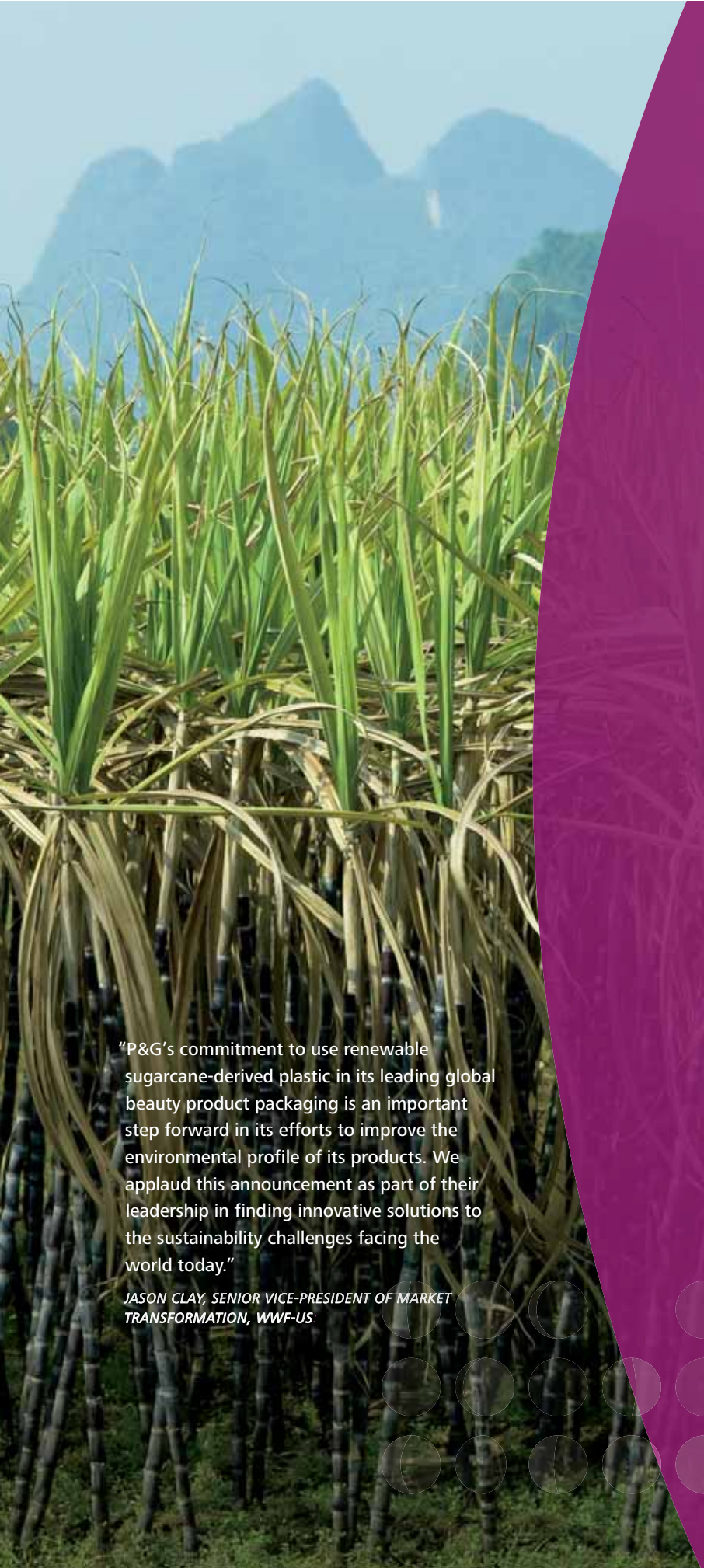
To gain broader insights of future trends and opportunities, P&G was one of 29 global companies that took part in the Vision 2050 project of the World Business Council for Sustainable Development (WBCSD). A future vision of a sustainable world and a pathway of how to get there was created. Conceptually, the 2050 Vision is intended to ensure that we create a world where 9 billion people are living well—with enough food, clean water, sanitation, shelter, mobility, education and health—all within the limits of the planet. The pathway to get there offers many opportunities to do more with less, to create value, and to advance the human condition. This requires companies to work in partnership with other businesses, governments, academia and nongovernmental organizations to realize this ambitious goal.

"Companies like P&G need to look forward to understand the opportunities, limitations and sustainability challenges that lie ahead. Having a clear vision of where they want to go in terms of sustainability will be a valuable asset and a competitive advantage."

PER SANDBERG, PROJECT DIRECTOR, WBCSD



For details of the 2050 Vision project and report, see www.wbcsd.org.



"P&G's commitment to use renewable sugarcane-derived plastic in its leading global beauty product packaging is an important step forward in its efforts to improve the environmental profile of its products. We applaud this announcement as part of their leadership in finding innovative solutions to the sustainability challenges facing the world today."

JASON CLAY, SENIOR VICE-PRESIDENT OF MARKET TRANSFORMATION, WWF-US

Stakeholder Engagement for generations to come

Working with WWF to Renew Our Renewables

WWF and P&G recently announced a Global Partnership aimed at encouraging sustainable production and consumption. This partnership brings together the world's largest global environmental NGO and the world's largest consumer goods company, both committed to improving sustainability. The three-year partnership will focus initially on sustainable production, including energy and water conservation in P&G plants, and on sustainable sourcing of materials for P&G products, including renewable forest products and palm oil. As we move to using more renewable materials, particularly materials such as pulp and palm oil, we need to ensure that production does not lead to loss of natural ecosystems, with associated loss of biodiversity. Our sustainable forestry policy already requires us to source pulp only from certified sustainable operations. P&G's Family Care business has been a member of WWF's Global Forest & Trade Network—North America for over a year, and we plan to extend and broaden our joint work in this area. In addition, we are working to ensure that we source palm oil and derivatives only from confirmed responsible and sustainable sources by 2015. This partnership is helping us accelerate progress in innovation as well, as evidenced by the plan to introduce sugarcane-derived plastic into some of our Beauty packaging.

Sustainable Innovation Products 2009–2010

Products that have a significantly reduced (>10%) environmental footprint versus previous or alternative products without negatively impacting the overall sustainability profile of the product.

PRODUCT	REGION	INNOVATION
Pampers with Dry Max	North America, Western Europe	Reduction in material usage
Duracell	Global	Reduction in material usage
Nice 'n Easy Perfect 10	North America, Western Europe	Packaging reduction
Cascade ActionPacs	North America	Packaging reduction
Crest Pro-Health Rinse	North America	Packaging reduction
Oral-B Professional Care (power toothbrush)	North America, Western Europe	Packaging reduction
Alldays	Europe, Middle East, and Africa	Packaging reduction
Scope Outlast	North America	Dose compaction, packaging reduction

Resource & Waste Summary

The table below reports environmental statistics for Manufacturing Operations in the Global Business Units, Technical Centers, and Distribution Centers. It reflects divestiture of Western European Tissue/Towel, Coffee and Pharmaceutical Businesses; and the addition of Distribution Centers.

	Totals (absolute units x 1,000)			2010 Global Business Unit Detail[1] (absolute units x 1,000)				
	2010	2009	2008	BEAUTY AND GROOMING	HEALTH AND WELL-BEING	HOUSEHOLD CARE	TECHNICAL CENTERS	DISTRIBUTION CENTERS
Production (metric tons)								
Product Shipped	24,213	22,936	23,187	2,667	1,770	19,777	0	0
Raw Materials from Recycled Sources	784	1,080	697	86	57	640	0	0
Waste (metric tons)								
Generated Waste	1,048	911	935	151	121	740	11	25
Percent Recycled / Reused Waste	63%	63%	59%	60%	73%	62%	42%	76%
Disposed Waste (metric tons)								
Solid Waste—Non-Hazardous	287	270	311	50	26	207	5	4
Solid Waste—Hazardous	45	27	30	3	5	34	1	2
Effluents (excluding water)	34	24	23	6	1	27	1	0
Air Emissions[2]	15	19	16	1	1	13	0	0
Other								
Energy Consumption (gigajoules)	71,842	70,646	75,901	6,254	5,872	56,984	2,238	494
Greenhouse Gas Emissions (metric tons)[3]	2,795	2,625	2,782	173	161	2,388	59	14
Water Consumption (cubic meters)	80,914	78,556	86,972	7,525	3,698	61,975	7,716	0
SARA Releases (metric tons)[4]	1.83	1.91	1.90	0.02	0.25	1.56	0.00	0.00

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

(1) Health and Well-Being includes the segments Health Care, Feminine Care, Pet Care and Snacks. Household Care includes the segments Fabric Care, Home Care, Duracell, Baby Care, and Family Care. Technical Centers includes each of the research centers that support the business units. Distribution Centers includes facilities that distribute finished product. 2010 numbers come from P&G manufacturing sites only; they do not include production from contract manufacturing operations.

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

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

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

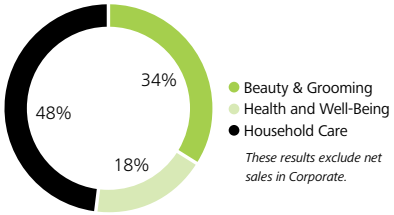
P&G at a Glance

Today, P&G serves about four billion people around the world. And P&G people work to make sure our brands live up to their promise to make everyday life just a little bit better, now and for generations to come.

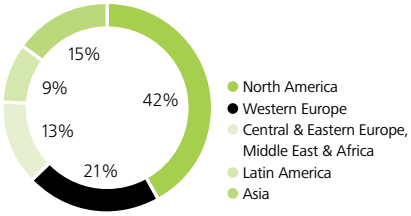
P&G is recognized as a leading global company, including a #6 ranking on *Fortune's* "Global Most Admired Companies," the #2 ranking on *Fortune's* "Top Companies for Leaders" survey, the #3 ranking on *Barron's* "World's Most Respected Companies List," a #12 ranking on *Bloomberg Businessweek's* list of "World's Most Innovative Companies," a ranking among *Bloomberg Businessweek/Hay Group's* Twenty Best Companies for Leadership, a #2 ranking on the *AMR Research Supply Chain Top 25* and the only company to have been in the Top 5 for six consecutive years, inclusion in the Dow Jones Sustainability Index since its inception in 1999, a #13 ranking on the list of the Global 100 Most Sustainable Corporations in the World, and a consistent #1 ranking within our industry on *Fortune's* Most Admired list for 25 of 26 total years and for 13 years in a row. P&G was recognized during the year by SymphonyIRI Group as the most innovative manufacturer in the consumer packaged goods industry for the last decade—presenting the Company with its "Outstanding Achievement in Innovation" award.

2010 Net Sales

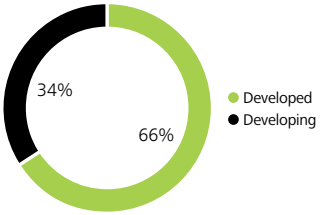
▸ By business segment
(% of total business segments)



▸ By geographic region



▸ By market maturity



GBU	Reportable Segment	% of Net Sales*	% of Net Earnings*	Categories	Billion Dollar Brands
BEAUTY AND GROOMING	Beauty	24%	23%	Cosmetics, Female Antiperspirant and Deodorant, Female Personal Cleansing, Female Shave Care, Hair Care, Hair Color, Hair Styling, Pharmacy Channel, Prestige Products, Salon Professional, Skin Care	Head & Shoulders, Olay, Pantene, Wella
	Grooming	10%	13%	Beauty Electronics, Home Small Appliances, Male Blades and Razors, Male Personal Care	Braun, Fusion, Gillette, Mach3
HEALTH AND WELL-BEING	Health Care	14%	16%	Feminine Care, Gastrointestinal, Incontinence, Rapid Diagnostics, Respiratory, Toothbrush, Toothpaste, Water Filtration, Other Oral Care	Always, Crest, Oral-B
	Snacks and Pet Care	4%	3%	Pet Care, Snacks	Iams, Pringles
HOUSEHOLD CARE	Fabric Care and Home Care	30%	28%	Additives, Air Care, Batteries, Dish Care, Fabric Enhancers, Laundry, Surface Care	Ace, Ariel, Dawn, Downy, Duracell, Gain, Tide
	Baby Care and Family Care	18%	17%	Baby Wipes, Diapers, Paper Towels, Tissues, Toilet Paper	Bounty, Charmin, Pampers

* Percent of net sales and net earnings from continuing operations for the year ended June 30, 2010 (excluding results held in Corporate).

New Environmental Sustainability Vision

Recently, P&G announced a new long-term environmental sustainability vision. We developed this vision over the course of a year, partnering with external experts and soliciting input from hundreds of P&G employees at all levels and functions. As part of P&G's strategy to grow responsibly, we will work towards a long-term environmental sustainability vision that includes:

Long-term Product End-Points

Using 100% renewable or recycled materials for all products and packaging. A renewable resource is simply defined as one that is produced by natural processes at a rate comparable to its rate of consumption. P&G already uses significant amounts of renewable materials in our products and packaging. However, we still use many nonrenewable materials, such as those derived from petroleum and other fossil fuels. Our vision is to use materials that are renewably sourced. Materials will come from traditional sources such as biomass and agricultural products, and research is also ongoing to understand how raw materials can be derived from biological processes such as fermentation. In addition to being renewably sourced, these materials will also be sustainable, meaning their production will not result in the destruction of critical ecosystems, loss of habitat for endangered species, or other detrimental impacts on the environment or human communities.

Having zero consumer waste go to landfills. In the developed world, waste can be disposed of in four ways: recycling, composting, waste-to-energy, and landfills. The first three give value to the waste, whereas waste that ends up in landfills has no value. In the developing world, waste is primarily disposed in uncontrolled dumps, where it also has no value. Our vision is to have all waste end up in a valued waste stream (e.g., recycling, composting, waste-to-energy without toxic emissions).

Designing products to delight consumers while maximizing the conservation of resources. Life Cycle Assessment (LCA) has shown that for some major P&G products, the largest environmental impact occurs when consumers use our products. As the world's largest consumer packaged goods company, this represents a significant and unique opportunity for P&G to have a meaningful impact in sustainability. We will continue to enable consumers to reduce their environmental footprint by designing products that meet their needs relative to value and performance and, in addition, allow them to conserve resources. Our cold water laundry detergents (Tide Coldwater, Ariel) are examples. In those instances where consumer habit changes are required to deliver the environmental benefit, consumer education will be part of the solution.

Long-term Operational End-Points

Powering our plants with 100% renewable energy. Renewable energy sources include those based on sunlight, wind, biomass, tides, and geothermal heat rather than fossil fuels. Our vision is that all energy powering our plants will be sourced from on-site renewable sources, or power from the grid that is generated by renewable sources.

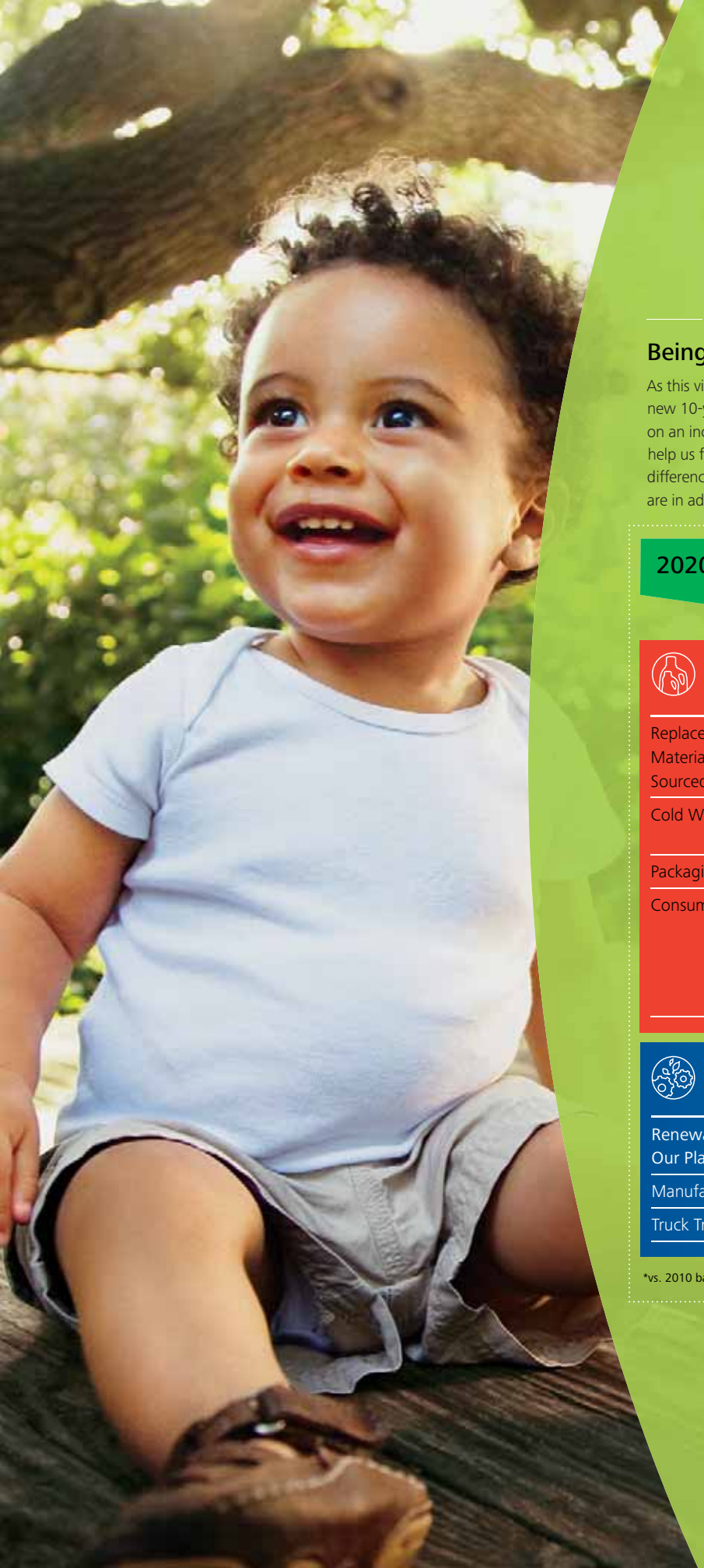
Emitting no fossil-based CO_2 or toxic emissions. P&G is not an energy intensive company, so our CO_2 emissions today are relatively small. However, by moving to 100% renewable energy to power our plants, we will drive this number even lower by eliminating petroleum-based CO_2. In the future end state, what little CO_2 emissions we will have can be expected to come only from renewable biomass. In addition, we envision an end state where all other reportable emissions are driven to zero.

Delivering effluent water quality that is as good as or better than influent water quality with no contribution to water scarcity. P&G continually improves our operations to preserve the quality of water in the communities in which we operate. We will also ensure sustainable water management by both our operations and consumer use of our products. This commitment includes water reduction goals, use of new technologies, product innovation using a Life Cycle Assessment, and siting decisions using a watershed approach, which looks holistically at water supply where a plant could be built.

Having zero manufacturing waste go to landfills. Our manufacturing waste can be disposed of in four ways: recycling, repurposing, waste-to-energy, and landfills. The first three give value to the waste, whereas waste that ends up in landfills has no value. Our vision is to have all manufacturing waste end up in a valued waste stream (e.g., recycling, repurposing, waste-to-energy without toxic emissions).

Why Now?

P&G is the largest consumer packaged goods company in the world today. This very fact, coupled with our Purpose-inspired Growth Strategy—improving the lives of more consumers, in more parts of the world, more completely—requires us to continue to grow responsibly. And it also requires us to accelerate our commitment to helping solve some of the world's sustainability challenges.



Being Accountable

As this vision will take decades to achieve, we have also announced new 10-year goals, which we will reach by 2020, that will set us on an incremental path toward our long-term vision. These goals will help us focus on efforts where we can make the most meaningful difference in environmental sustainability. The 2020 sustainability goals are in addition to our existing 2012 goals.

2020 Environmental Sustainability Goals

Products	
Replace Petroleum-Based Materials with Sustainably Sourced Renewable Materials	25%*
Cold Water Washing	70% of total washing machine loads
Packaging Reduction	20% (per consumer use)*
Consumer Solid Waste	Pilot studies in both developed and developing markets to understand how to eliminate landfilled/dumped consumer solid waste

Operations	
Renewable Energy Powering Our Plants	30%
Manufacturing Waste	<0.5% (disposed)
Truck Transportation Reduction	20% (km/unit of volume)*

*vs. 2010 baseline

Touching lives, improving life. P&G™

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