Now & for Generations to Come

2010 SUSTAINABILITY REPORT

P&G

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NOTE TO PDF USER

This PDF utilizes interactive elements.

Click on contents and hyperlinks for easy navigation.

About this publication

This is the twelfth Sustainability Report for P&G's worldwide operations. Data in this report covers the period from July 1, 2009, through June 30, 2010. Financial information is given in U.S. dollars.

This report was prepared using the Global Reporting Initiative's (GRI) G3 Reporting Guidelines. The mission of the GRI is to promote international harmonization in the reporting of relevant and credible corporate economic, environmental and social performance information to enhance responsible decision making. The GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein.

For further information about the GRI, please visit www.globalreporting.org.

For the latest P&G news, in-depth information on P&G's brands, and for shareholder and career information, please visit www.pg.com

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

To learn more about our new sustainability vision and goals, please see page 73 of this report

P&G Report Card
2012 Sustainability Goals

These goals, originally set in 2007, were increased in March 2009. The goal for the 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 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. More details can be found on page 49 of this report.

P&G Profile

Touching & Improving Lives

P&G's Purpose—to touch and improve lives, now and for generations to come—is inspiring and pervasive. Our purpose is tightly and deliberately linked to our business and financial goals. P&G's Purpose inspires our strategic choices; it leads us to bigger and better innovation; it drives brilliant execution; and it compels us to make a difference in areas such as sustainability and social responsibility.

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P&G's world headquarters is located in Cincinnati, Ohio, U.S.A. Four billion times a day, P&G brands touch the lives of people around the world. The Company has one of the strongest portfolios of trusted, quality, leadership brands, including Pampers®, Tide®, Ariel®, Always®, Whisper®, Pantene®, Mach3®, Bounty®, Dawn®, Gain®, Pringles®, Charmin®, Downy®, Lenor®, Iams®, Crest®, Oral-B®, Duracell®, Olay®, Head & Shoulders®, Wella®, Gillette®, Braun® and Fusion®. The P&G community includes approximately 127,000 employees working in about 80 countries worldwide.

Our products are sold in more than 180 countries primarily through mass merchandisers, grocery stores, membership club stores, drug stores and "high frequency stores," the neighborhood stores which serve many consumers in developing markets. We continue to expand our presence in other channels including department stores, perfumeries, pharmacies, salons and e-commerce.

P&G is a publicly owned company. Its stock is listed and traded on the New York and Paris exchanges.

For more information on P&G's investor relations, please visit our website at: www.pg.com/investors/sectionmain.shtml.

Please visit www.pg.com for the latest news and in-depth information about P&G and its brands.

Leadership Brands

To learn more about P&G brands, visit www.pg.com.

173 years

In October 2010, P&G brands will have helped to make everyday life a little better for 173 years.

50 leadership brands

These brands are some of the world's most well-known household names—including innovative new products that comprised five of the top ten most successful new introductions in 2009.*

23 brands

Number of P&G brands that each generate more than one billion dollars in annual sales—including our newest billion-dollar brand, Ace.

90% of sales

These 50 leadership brands account for 90% of P&G sales.

90% of profits

These 50 leadership brands account for more than 90% of P&G profits.

125 innovations

Over the past 15 years, 125 P&G innovations have earned a spot on SymphonyIRI Group's list of each year's 25 most successful new products—more than our six largest competitors combined.*

*Source: SymphonyIRI Group New Product Pacesetters™ report (non-food brands), March 22, 2010 (measured as total year-one dollar sales across food, drug, and mass channels, excluding Walmart).

P&G at a Glance

Financial Highlights

(unaudited)

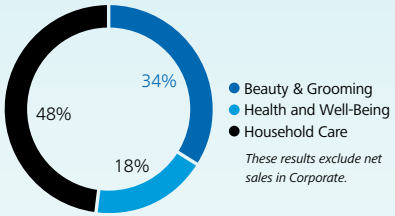
Amounts in millions, except per share amounts	2010	2009	2008
Net Sales	**$78,938**	$76,694	$79,257
Operating Income	**16,021**	15,374	15,979
Net Earnings	**12,736**	13,436	12,075
Net Earnings Margin from Continuing Operations	**13.9%**	13.9%	14.2%
Diluted Net Earnings per Common Share from Continuing Operations	**$ 3.53**	$ 3.39	$ 3.40
Diluted Net Earnings Per Common Share	**4.11**	4.26	3.64
Dividends Per Common Share	**1.80**	1.64	1.45

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

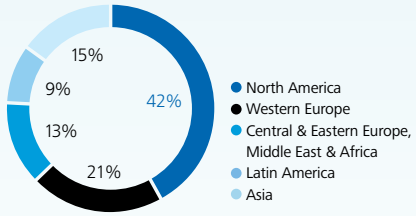
* Percent of net sales and net earnings from continuing operations for the year ended June 30, 2010 (excluding results held in Corporate).

2010 Net Sales

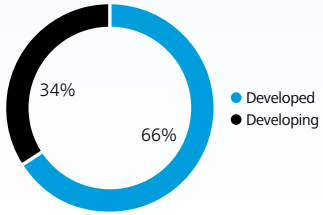
▸ By business segment
(% of total business segments)



▸ By geographic region



▸ By market maturity



For more financial details,
please see P&G's 2010 Annual Report available at
http://www.pg.com/en_US/investors/index.shtml.

As part of P&G's initiative to optimize resources to fit a growing global business and to accelerate innovation and growth, the Company operates its business through Global Business Units (GBUs), as described under Organizational Structure on page 11. This organizational structure accounts for why P&G does not provide employee data, sales, or profits by individual countries. Some countries may provide this data in reports other than this one.

Major Acquisitions

Acquisitions used $425 million of cash in 2010, primarily for the acquisition of Natura, a holistic and naturals pet products company

Proceeds from Asset Sales

Proceeds from assets sales contributed $3.1 billion to cash in 2010, mainly due to the sale of our global pharmaceuticals business.

Global Purchases

This year, P&G purchased approximately $43.8 billion in materials and services to manufacture and market our products. We employ locally and purchase the majority of our raw materials, equipment and services within those regions where we manufacture our products. Our purchasing professionals understand and participate in both global and local markets to acquire the materials and services we need to make our products and run our business. Our purchasing organization is a critical part of our overall sustainability efforts, playing a leading role in the development and implementation of our supplier sustainability guidelines, our supplier environmental scorecard, and our supplier diversity efforts.

Economic Development

Innovation has been—and will continue to be—at the heart of our success. In Fiscal 2010, for the fourth consecutive year, we invested nearly $2 billion in Research & Development. In fact, we invest about 50% more than our closest competitor and more than most of our closest competitors combined. This leadership level of investment is multiplied by our global network of external innovation partners, which leads to an effective investment in innovation that far exceeds the reported spending. Our External Business Development group and the Connect & Develop organization manage thousands of active connections with other companies and institutions. This includes a wide variety of deal structures, including licensing, sale, technology swap, joint ventures, and more. P&G's goal is to be the partner of choice in working with others to improve the lives of the world's consumers.

For more information, please visit www.pgconnectdevelop.com.

Shareholders

As of June 30, 2010, there were approximately 2,311,000 common stock shareowners, including shareholders of record, participants in the P&G Shareholder Investment Program, participants in P&G stock ownership plans and beneficial owners with accounts at banks and brokerage firms.

Contact

For more information:

- Website: www.pg.com/en_US/investors/shareholder_services
- E-mail: shareholders.im@pg.com
- Personal assistance (M–F, 9a–4p Eastern): 1-800-742-6253; 1-513-983-3034 (outside U.S. and Canada)
- Financial information request line (24 hours): 1-800-764-7483

Write to:

The Procter & Gamble Company
Shareholder Services Department
P.O. Box 5572
Cincinnati, Ohio, U.S.A. 45201-5572

For more information on our supplier sustainability guidelines, please see page 69.

For more information on our supplier environmental scorecard, please see page 32.

For more information on our supplier diversity efforts, please see page 70.

Organizational Structure

Our organizational structure is comprised of three Global Business Units (GBUs), along with Global Operations, Global Business Services (GBS), and Corporate Functions (CF).

Global Business Units

Our three GBUs are Beauty and Grooming, Health and Well-Being and Household Care. The primary responsibility of the GBUs is to develop the overall strategy for our brands. They identify common consumer needs, develop new product innovations and upgrades and build our brands through effective commercial innovations and marketing plans.

Global Operations

Global Operations is comprised of our Market Development Organization (MDO), which is responsible for developing go-to-market plans at the local level. The MDO includes dedicated retail customer, trade channel, and country-specific teams. It is organized along five geographic units:

- North America
- Western Europe
- Central & Eastern Europe/Middle East/Africa (CEEMEA)
- Latin America
- Asia

Asia is comprised of Japan, Greater China, and ASEAN / Australia / India / Korea (AAIK).

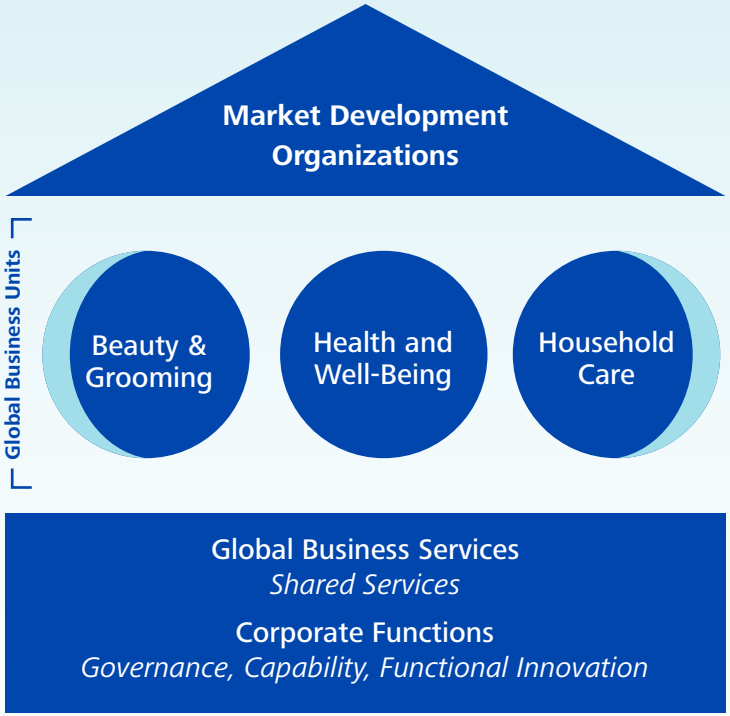
We define developing markets as the aggregate of CEEMEA, Latin America, AAIK, and Greater China. Developed markets are comprised of North America, Western Europe, and Japan.

Global Business Services

GBS provides technology, processes, and standard data tools to enable the GBUs and the MDO to better understand the business and better serve consumers and customers. The GBS organization is responsible for providing world-class solutions at a low cost and with minimal capital investment.

Corporate Functions

Corporate Functions provides Company-level strategy and portfolio analysis, corporate accounting, treasury, external relations, governance, human resources, and legal as well as other centralized functional support.



Manufacturing and Outsourcing

P&G has over 130 manufacturing facilities in over 40 countries. These facilities handle the majority of P&G's production.

Our primary focus is delighting consumers. To ensure that our products remain affordable, our manufacturing facilities must provide the best possible value for the Company. We conduct regular reviews to ensure that our facilities are highly competitive, and this process includes benchmarking versus third-party manufacturers.

When it makes sense for the business and it is the most competitive solution, we may decide to use contract manufacturers. For example, sometimes we use them when entering a new market or when we may need to access a technology or process we don't currently have, before determining whether we should invest in building our own facility there; or when we are introducing a new product, so we can determine production needs prior to investing in new capacity at a P&G facility.

Sometimes we use contract manufacturers on a longer-term basis because it is the most cost-effective solution for the business. When we do this we are usually manufacturing in the region, for the region as our third-party manufacturers are almost all regional; plus many of our products do not lend themselves to shipping long distances. The exception would be where unique manufacturing capability exists in one region and we are able to economically ship across regions.

The percentage of P&G production supplied by contract manufacturers varies according to the needs of the business and the ability of P&G facilities to compete and win production based on providing the best value. Currently our plants do this extremely well and we rely on third-party manufacturers for only 10 to 15 percent of our total manufacturing volume.

P&G Plants Locations

As of June 30, 2010

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Argentina	Pilar	Pilar	Fabric Care
Argentina	Villa Mercedes	Villa Mercedes	Baby Care
Belgium	Aarschot	Aarschot	Duracell
Belgium	Mechelen	Mechelen	Fabric Care
Brazil	Louveira	Louveira	Feminine Care
Brazil	Manaus	Manaus	Blades & Razors
Brazil	Rio De Janeiro	Rio	Hair Care
Brazil	São Paulo	Anchieta	Fabric Care
Canada	Belleville	Belleville	Feminine Care
Canada	Brockville	Brockville	Home Care
Chile	Santiago	Santiago	Baby Care
China	Beijing	Beijing	Fabric Care
China	Chengdu	Chengdu	Fabric Care
China	Dongguan	Dongguan	Duracell
China	Guangzhou	Huangpu	Hair Care
China	Minhang	Minhang	Braun
China	Shanghai	Shanghai	Blades & Razors
China	Tianjin	Tianjin	Personal Beauty Care
China	Tianjin	Xiqing	Hair Care
Colombia	Medellín	Medellín	Fabric Care
Czech Republic	Rakovnik	Rakona	Fabric Care
Egypt	Cairo	Cairo	Fabric Care
France	Amiens	Amiens	Fabric Care
France	Blois	Blois	Hair Care
France	Poissy	Poissy	Personal Beauty Care
France	Sarreguemines	Sarreguemines	Hair Care
Germany	Berlin	Berlin	Blades & Razors
Germany	Cologne	Cologne	Personal Beauty Care
Germany	Crailsheim	Crailsheim	Feminine Care

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Germany	Euskirchen	Euskirchen	Baby Care
Germany	Gross-Gerau	Gross-Gerau	Oral Care
Germany	Hünfeld	Huenfeld	Hair Care
Germany	Kronberg	Kronberg	Braun
Germany	Marktheidenfeld	Marktheidenfeld	Oral Care
Germany	Rothenkirchen	Rothenkirchen	Hair Care
Germany	Walldürn	Wallduern	Braun
Germany	Worms	Worms	Fabric Care
Guatemala	Escuintla	Escuintla	Fabric Care
Hungary	Csömör	Budapest	Feminine Care
India	Bhiwadi	Bhiwadi	Blades & Razors
India	Bhopal	Mandideep	Fabric Care
India	District Solan	Baddi	Fabric Care
India	Goa	Goa	Feminine Care
Ireland	Carlow	Carlow	Braun
Ireland	Nenagh	Nenagh	Personal Beauty Care
Ireland	Newbridge	Newbridge	Oral Care
Italy	Campochiaro	Campochiaro	Fabric Care
Italy	Gattatico	Gattatico	Home Care
Italy	Pescara	Pescara	Feminine Care
Italy	Rome	Pomezia	Fabric Care
Japan	Akashi	Akashi	Baby Care
Japan	Ibaraki	Ibaraki	Hair Care
Japan	Takasaki	Takasaki	Fabric Care
Japan	Yasu	Shiga	Personal Beauty Care
Malaysia	Kuantan	Kuantan	Fabric Care
Mexico	Apaseo El Grande	Mariscala	Hair Care
Mexico	Apizaco	Apizaco	Family Care
Mexico	Mexico City	Naucalpan	Personal Health Care
Mexico	Mexico City	Talisman	Personal Beauty Care
Mexico	Mexico City	Vallejo	Fabric Care
Mexico	Naucalpan	Alce Blanco	Oral Care

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Mexico	Naucalpan	Naucalli	Blades & Razors
Mexico	Tepeji	Tepeji	Baby Care
Morocco	Casablanca	Casablanca	Fabric Care
Morocco	Mohammedia	Mohammedia	Fabric Care
Netherlands	Coevorden	Coevorden	Pet Care
Nigeria	Ibadan	Ibadan	Fabric Care
Pakistan	Hub	Hub	Personal Beauty Care
Pakistan	Karachi	Port Qasim	Fabric Care
Peru	Lima	Materiales	Fabric Care
Philippines	Cabuyao	Cabuyao	Fabric Care
Poland	Aleksandrow Lodzki	Aleksandrow	Personal Beauty Care
Poland	Lodz	Lodz—LMC (Jozefow Street)	Blades & Razors
Poland	Lodz	Lodz—PLMC (Wodna Street)	Blades & Razors
Poland	Warsaw	Targowek	Baby Care
Portugal	Guifões	Porto	Fabric Care
Puerto Rico	Cayey	Cayey	Personal Beauty Care
Romania	Timişoara	Timişoara	Fabric Care
Romania	Urlați	Urlați	Hair Care
Russia	Dzerzhinsk	Dzerzhinsk	Hair Care
Russia	Novomoskovsk	Novomoskovsk	Fabric Care
Russia	St. Petersburg	St. Petersburg	Blades & Razors
Saudi Arabia	Dammam	Dammam	Fabric Care
Saudi Arabia	Jeddah	Jeddah	Baby Care
Singapore	Singapore	Pioneer Perfume	Fabric Care
South Africa	Johannesburg	Johannesburg	Baby Care
South Korea	Ch'onan	Ch´onan	Feminine Care
Spain	Jijona	Jijona	Baby Care
Spain	Mataró	Mataró	Fabric Care
Spain	Mequinenza	Mequinenza	Baby Care
Spain	Montornès del Vallès	Montornès	Feminine Care

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Thailand	Bangkok	Bangkok	Hair Care
Turkey	Gebze	Gebze	Fabric Care
Ukraine	Borispol	Borispol	Feminine Care
Ukraine	Ordzhonikidze	Ordzhonikidze	Fabric Care
United Arab Emirates	Dubai	Dubai	Fabric Care
United Kingdom	London	London	Home Care
United Kingdom	Manchester	Manchester	Baby Care
United Kingdom	Reading	Reading	Personal Beauty Care
United Kingdom	Whitley Bay	Seaton Delaval	Personal Beauty Care
United States	Albany	Albany	Family Care
United States	Andover	Andover	Personal Beauty Care
United States	Auburn	Auburn	Feminine Care
United States	Augusta	Augusta	Fabric Care
United States	Aurora	Aurora	Pet Care
United States	Avenel	Avenel	Fabric Care
United States	Bear River City	Box Elder	Family Care
United States	Boston	Boston	Blades & Razors
United States	Cape Girardeau	Cape Girardeau	Baby Care
United States	Cincinnati	Cincinnati	Fabric Care
United States	Cleveland	Cleveland	Duracell
United States	Cockeysville	Hunt Valley	Personal Beauty Care
United States	Dover	Dover	Baby Care
United States	Green Bay	Green Bay	Family Care
United States	Greensboro	Greensboro	Oral Care
United States	Henderson	Henderson	Pet Care
United States	Iowa City	Iowa City	Hair Care
United States	Iowa City	Iowa City	Oral Care
United States	Jackson	Jackson	Snacks
United States	Kansas City	Kansas City	Home Care
United States	LaGrange	LaGrange	Duracell
United States	Lancaster	Lancaster	Duracell
United States	Leipsic	Leipsic	Pet Care

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
United States	Lewisburg	Lewisburg	Pet Care
United States	Lima	Lima	Fabric Care
United States	Mehoopany	Mehoopany	Family Care
United States	North Chicago	North Chicago	Personal Beauty Care
United States	Oxnard	Oxnard	Family Care
United States	Phoenix	Phoenix	Personal Health Care
United States	Pineville	Alexandria	Fabric Care
United States	Russellville	Russellville	Pet Care
United States	Sacramento	Sacramento	Fabric Care
United States	St. Louis	St. Louis	Home Care
United States	Stamford	Stamford	Hair Care
Venezuela	Barquisimeto	Barquisimeto	Fabric Care
Venezuela	Guatire	Guatire	Baby Care
Vietnam	Binh Duong	Binh Duong	Fabric Care

Governance

The objective of our governance structure is to maintain corporate governance principles, policies, and practices that support management and Board of Directors accountability. These are in the best interest of the Company and our shareholders, and they are consistent with the Company's Purpose, Values and Principles. We believe that good governance practices contribute to better results for shareholders. Everything we do is done with our commitment to "doing the right thing" in mind.

Governance Structure

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Governance starts with the Board of Directors, which has general oversight responsibility for the Company's affairs pursuant to Ohio's General Corporation Law, the Company's Amended Articles of Incorporation and Code of Regulations, and the Board of Directors' Bylaws. In exercising its fiduciary duties, the Board of Directors represents and acts on behalf of the Company's shareholders. Although the Board of Directors does not have responsibility for the day-to-day management of the Company, it stays informed about the Company's business and provides guidance to Company management through periodic meetings, site visits and other interactions. The Board is deeply involved in the Company's strategic planning process, leadership development and succession planning. The Board also takes an active approach to risk management by overseeing the Company's strategic plans, the associated risks, and the steps that senior management is taking to manage and mitigate those risks.

Additionally, the Board has adopted guidelines for determining the independence of its members. As of June 30, 2010, 80 percent of our directors qualified as being independent from the Company.

The Board has approved a code of conduct, outlined in our Worldwide Business Conduct Manual. This code applies to all directors, officers, and employees and is designed to help ensure compliance with all applicable laws and Company policies, including those related to sustainable development. Shareholders may communicate with the Board of Directors and submit shareholder proposals as described in the Company's proxy statement.

Additional detail on the role and structure of the Board of Directors, our Articles of Incorporation, the Code of Regulations, Corporate Governance Guidelines, Independence Guidelines, charters for all Board committees, the Worldwide Business Conduct Manual, and our Related Person Transaction Policy are available at our website at www.pg.com/en_US/company/global_structure_operations/governance/index.shtml

Management's Responsibility for Financial Reporting

P&G has a strong history of doing what's right. Our employees embrace our Purpose, Values and Principles. If you analyze what has made our Company successful over the years, you may focus on our brands, our marketing strategies, our organizational design, and our ability to innovate. But if you really want to get at what drives our Company's success, the place to look is at our people. Our people are deeply committed to our Purpose, Values and Principles. It is this commitment to doing what's right that unites us.

This commitment to doing what's right is embodied in our financial reporting. High-quality financial reporting is our responsibility — one we execute with integrity and within both the letter and spirit of the law.

High-quality financial reporting is characterized by accuracy, objectivity, and transparency. Management is responsible for maintaining an effective system of internal controls over financial reporting to deliver those characteristics in all material respects. The Board of Directors, through its Audit Committee, provides oversight. They have engaged Deloitte & Touche LLP to audit our consolidated financial statements, on which Deloitte has issued an unqualified opinion.

Our commitment to providing timely, accurate, and understandable information to investors encompasses:

Communicating Expectations to Employees — Every employee — from senior management on down — is required to be trained on the Company's Worldwide Business Conduct Manual, which sets forth the Company's commitment to conduct its business affairs with high ethical standards. Every employee is held personally accountable for compliance and is provided several means of reporting any concerns about violations of the Worldwide Business Conduct Manual.

The Worldwide Business Conduct Manual is available on our website at www.pg.com/en_US/company/global_structure_operations/governance/index.shtml

Maintaining a strong internal control environment — Our system of internal controls includes written policies and procedures, segregation of duties, and the careful selection and development of employees. The system is designed to provide reasonable assurance that transactions are executed as authorized and appropriately recorded, that assets are safeguarded, and that accounting records are sufficiently reliable to permit the preparation of financial statements conforming in all material respects with accounting principles generally accepted in the United States of America. We monitor these internal controls through control self-assessments conducted by business unit management. In addition to performing financial and compliance audits around the world, including unannounced audits, our Global Internal Audit organization provides training and continuously improves internal control processes. Appropriate actions are taken by management to correct any identified control deficiencies.

Executing financial stewardship — We maintain specific programs and activities to ensure that employees understand their fiduciary responsibilities to shareholders. This ongoing effort encompasses financial discipline in our strategic and daily business decisions, and brings particular focus to maintaining accurate financial reporting and effective controls through process improvement, skill development and oversight.

Exerting rigorous oversight of the business — We continuously review our business results and strategic choices. Our Global Leadership Council is actively involved — from understanding strategies to reviewing key initiatives, financial performance, and control assessments. The intent is to ensure that we remain objective, identify potential issues, continuously challenge each other, and ensure that recognition and rewards are appropriately aligned with results.

Engaging our Disclosure Committee — We maintain disclosure controls and procedures designed to ensure that information required to be disclosed is recorded, processed, summarized, and reported accurately and in timely fashion. Our Disclosure Committee is a group of senior-level executives responsible for evaluating disclosure implications of significant business activities and events. The Committee reports its findings to the CEO and CFO, providing an effective process to evaluate our external disclosure obligations.

Encouraging strong and effective corporate governance from our Board of Directors — We have an active, capable and diligent Board that meets the required standards for independence, and we welcome the Board's oversight. Our Audit Committee comprises independent financial directors with significant knowledge and experience. We review significant accounting policies, financial reporting and internal control matters with them, and encourage their independent discussions with external auditors.

Executive Compensation

The Compensation & Leadership Development Committee has established the following principles for compensating all Company employees:

- Support the business strategy
- Pay for performance
- Pay competitively

These overall principles have served the Company well and enabled us to deliver strong shareholder value over time. The Committee and the Board of Directors are charged with the consistent and fair application of these principles. Over time, we believe this has helped to develop and retain talented employees who are committed to the Company's success.

Additionally, we expect executives to uphold the fundamental principles in the Company's Statement of Purpose, Values and Principles, in addition to the Worldwide Business Conduct Manual, the Sustainability Report, and the Environmental Quality Policy. These principles include integrity, maximizing the development of each individual, developing a diverse organization, and continually improving the environmental quality of the Company's products and operations. In upholding these principles, executives not only contribute to their own success but also help ensure the prosperity of P&G's business, employees, shareholders, and the communities in which the Company operates.

Political Involvement

P&G's political involvement is an important means of building and protecting our business.

Guided by our Purpose, Values and Principles, P&G participates in the political process to help shape public policy and legislation that has a direct impact on the Company. This engagement ensures that the interests of our employees, consumers and shareholders are fairly represented at all levels of government around the world. We are committed to being transparent about our political involvement globally.

P&G's public policy and legislative priorities are reviewed regularly with senior business leaders and annually with the Governance and Public Responsibility Committee of the Board of Directors.

Lobbying Activity

P&G's Global Government Relations team (P&G GGR) represents the Company's point of view in Washington, D.C., in U.S. state capitals and in key country capitals around the world. Working with the businesses, P&G GGR focuses on legislative and public policy issues that impact the Company's bottom line and long-term business interests. Where permitted by law, P&G GGR engages and educates policy makers and key stakeholders on issues that impact our business; facilitates the exchange of information between key decision-makers and public policy organizations in the U.S. and abroad; and leads Company actions on policy matters both unilaterally and in industry coalitions and associations.

P&G complies with all U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act that require reporting on lobbying activities and certification of compliance with Congressional gift rules. P&G reported U.S. lobbying expenditures of $4.44 million in the lobbying disclosure reports filed with the Clerk of the U.S. House of Representatives and the Secretary of the U.S. Senate for the 2009 calendar year. In fiscal year 2008–2009, P&G reported lobbying activity in the range of €300,000 to 350,000 in the European Union under voluntary guidelines issued by the EU Commission.

In 2009, P&G spent roughly $8 million in dues to U.S. associations with annual dues of $25,000 or more, of which $1.47 million, roughly 18 percent, was identified by 47 associations as funds spent on lobbying and political activities.

You can download a listing of P&G's U.S. associations and percentage of dues attributable to political activities at www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml.

U.S. Corporate Political Activity

P&G engages in the political process by providing financial support to selected state ballot initiatives and issue advocacy campaigns that have a direct impact on the business. P&G's involvement in these campaigns is overseen by a multifunctional team comprised of representatives from Global Government Relations, Legal, Human Resources, Corporate Communications and other functions related to the specific issue under consideration. The team

makes recommendations to the Global External Relations Officer for approval, or for further review and approval by the CEO and Chairman as appropriate. As with all other aspects of our political involvement, our participation in such efforts is guided by our Purpose, Values and Principles and by our business strategies, and is fully reported in accordance with governing laws.

P&G has no plans to use corporate funds to support independent political expenditures, nor to make contributions to trade associations for that purpose. Further, we do not use corporate funds to support candidates or 527 organizations in states where it is legally permissible to do so.

In 2009, P&G gave $118,000 in contributions to ballot initiatives and other issue advocacy campaigns that had a direct impact on the business.

You can download a listing of these initiatives at www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml.

P&G Political Action Committee (P&G PAC)

The P&G PAC is a voluntary, nonpartisan political action committee. Registered as the P&G Good Government Committee with the U.S. Federal Election Commission (FEC) and appropriate state offices, the PAC allows P&G employees to pool personal, voluntary financial contributions to support candidates at the federal, state and local level, who support issues important to the business and the quality of life in the communities in which we live and work.

P&G PAC operations are transparent and compliant with all applicable laws. It is governed by a set of bylaws and supervised by a diverse board of senior Company managers, U.S. government relations personnel, and legal counsel.

Support of candidates is based on their support of P&G issues and sustained constituent relationships. The PAC generally does not contribute to Presidential candidates, national political parties, trade and industry association or leadership PACs, or multiple candidates running in the same race. In 2009, the P&G PAC made 252 contributions to political candidates or committees totaling $302,129. The average contribution was about $1,200.

P&G PAC activity is available on the FEC and state elections websites. You can access a listing of all 2009 PAC contributions at www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml.

Policies and Management Systems for Reporting Performance

Policies

While P&G competes hard to achieve leadership and business success, the Company is concerned not only with results, but also with how those results are achieved. We will never condone or tolerate efforts or activities to achieve results through illegal or unethical dealings, anywhere in the world.

Management Systems

P&G's Management Systems ensure that the Company's policies are implemented in a consistent manner throughout the world. These Management Systems align with the Company's policies and promote a regular flow of information that helps the Company better manage its progress on elements of sustainable development.

Performance

P&G measures operational performance in order to drive continuous improvement. A company-wide system of measuring performance has been developed. This approach enables the Company to report data on a wide range of operational categories. Our actions are not just profit-driven but also progress-driven, to ensure a better quality of life for everybody, now and for generations to come. Our extensive consumer research related to our brands also helps us identify ways we can best address sustainability.

Acquisitions

Acquisitions have been included in the metrics presented herein. The only thing that is different for acquisitions is the expectations of performance with respect to meeting all of P&G standards. We allow a six-year glide path to meet the audit performance score of 8.0 out of a ten-point scale. A mid-point expectation is 6.5 within three years. Our experience has been that the acquisitions exceed those expectations.

Process for Data Collection

P&G's data collection systems have been in place for many years. They are designed to be simple enough so that the people closest to the work can use the tools, regardless of location. This simplicity enables the Company to collect data and update systems annually at a relatively low cost. Each business unit is responsible for the accuracy and consistency of its data.

All data is reported on a global basis. In order to achieve consistency and to ensure a common understanding throughout the organization, employees are trained in how to report and document data. Our standard is to use metric units and English as our business language, backed where necessary with local translations. To ensure the standard collection of data, the Company has the following work process in place:

- Key terms are defined.
- The data to be collected are identified.
- Flow sheets are agreed upon regarding who collects data and on what systems.
- Technically sound methods are used by facilities to estimate data and validate year-to-year results.
- Personnel are trained on the work process, as appropriate.

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.

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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

ALLDAYS 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 eliminated 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%
tons of paper saved per year	fewer truck trips	reduction in ink usage

Future Friendly

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.

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.

Sustainable Innovation Products 2009–2010

Products with a significantly reduced (>10%) environmental footprint versus previous or alternative products

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

While our focus on innovation keeps us on the cutting edge of technology and consumer understanding, we work from a strong foundation and commitment to ensuring that our products, packaging, and operations are safe for employees, consumers, and the environment. This commitment is brought to life by the policies, procedures, and organizations on the following pages.

Environmental Quality Policy

We will provide products and services of superior quality and value that improve the lives of the world's consumers. As part of this process, P&G continually strives to improve the environmental quality of its products, packaging, and operations around the world. To carry out its environmental Quality Policy, P&G:

- Ensures that our products, packaging, and operations are safe for our employees, consumers, and the environment.
- Reduces or prevents the environmental impact of our products and packaging in their design, manufacture, distribution, use, and disposal whenever possible. We take a leading role in developing innovative, practical solutions to environmental issues related to our products, packaging, and processes. We support the sustainable use of resources and actively encourage reuse, recycling, and composting. We share experiences and expertise and offer assistance to others who may contribute to progress in achieving environmental goals.
- Meets or exceeds the requirements of all environmental laws and regulations. We use environmentally sound practices, even in the absence of governmental standards. We cooperate with governments in analyzing environmental issues and developing cost-effective, scientifically based solutions and standards.
- Continually assesses our environmental technology and programs and monitors progress toward environmental goals. We develop and use state-of-the-art science and product life cycle assessment, from raw materials through disposal, to assess environmental quality.
- Provides our consumers, customers, employees, communities, public interest groups, and others with relevant and appropriate factual information about the environmental quality of P&G products, packaging, and operations. We seek to establish and nurture open, honest, and timely communications and strive to be responsive to concerns.
- Ensures that every employee understands and is responsible and accountable for incorporating environmental quality considerations in daily business activities. We encourage, recognize, and reward individual and team leadership efforts to improve environmental quality. We also encourage employees to reflect their commitment to environmental quality outside of work.
- Has operating policies, programs, and resources in place to implement our Environmental Quality Policy.

Product Safety

Household consumer products use a variety of chemical ingredients to provide benefits to society, such as cleaner homes and improved health and personal hygiene, thus enabling an overall better quality of life. One expectation of consumer products is that they will be safe for those using them and safe for the environment.

Throughout its history, P&G has believed that the safety of our products is a prerequisite for responsible business. Our co-founder, James Gamble, stated in the mid-1800s that "if you cannot make pure goods and full weight, go to something else that is honest, even if it is breaking stone." Today, this philosophy is reflected in our Statement of Purpose: "We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come." Safety is an intrinsic part of our products' quality and value, and the reputation of every P&G product depends upon the trust of consumers that they are safe.

Our commitment to safety is reflected in the more than 700 in-house experts devoted globally to ensuring the environmental and human safety of all our ingredients and products before they go to market, as well as ensuring that they comply with laws and regulations in each of the markets where they are sold. Our approach to safety reassurance is based on broadly accepted practices that are recommended by regulatory agencies and scientists around the world:

- We first evaluate the potential for an ingredient to cause adverse effects (hazards) using published and accepted scientific methods. We also consider susceptible populations such as children. These data are used to determine what levels of an ingredient are safe for humans and the environment.
- We then evaluate potential exposures for people and the environment, considering worst-case product use scenarios based on our understanding of how our products are actually used, as well as how they may reach the environment.
- Only products that result in exposures that are well within safe levels make it through our evaluation process.
- Our efforts go beyond safety and include product life cycle issues such as energy and resources use, and waste management.

Some believe that it might be better to base decisions about safety on an ingredient's hazards alone. This has been coupled with calls for the far-reaching use of the "precautionary principle," whereby substances that are classified as "hazardous" would be broadly restricted, with little further evaluation. We recognize the attraction of such a "black and white" approach. However, we believe that it could cause chemicals being used safely to be unjustifiably removed from the market, potentially depriving society of innovative and beneficial technologies that improve people's lives. Furthermore, experience has shown that even chemicals that could be considered "non-hazardous" (e.g., salt) can cause harm under certain circumstances, while potentially "hazardous" chemicals can be safely used (e.g., ethanol).

Thus, there is no simple short cut to deciding whether an ingredient is safe or harmful. This type of decision should only be made after a thorough science-based approach. From a policy standpoint, we continue to believe that chemicals management programs and the safety of household consumer products should be based on:

1. Efficient science-based priority setting processes that use hazard data and basic exposure information together to identify issues of potential concern, followed by safety assessments that analyze chemicals in a tiered fashion to resolve such issues.
2. Risk management decisions that optimize the safety of our products.
3. Communications that provide meaningful and relevant safety information, so that consumers can make knowledgeable decisions.

These policies are the foundation of what we do internally, as well as what we encourage across government and industry. Internally, they are enabled by collaboration among our Research & Development, Product Safety and Regulatory Affairs, Manufacturing, and Communications organizations, as well as our senior management.

Product Safety Organization

Product Safety & Regulatory Affairs (PS&RA) is responsible for ensuring that products and packages are safe for consumers, safe for the environment, and in compliance with laws and regulations where they are sold.

PS&RA also addresses other environmental aspects of products and packages, such as their compatibility with waste management systems, natural resource use, or issues of perceived safety. In addition, PS&RA ensures that any claims the Company makes about the safety or environmental profile of its products are scientifically sound. To accomplish this mission, the PS&RA organizations in each business unit work closely with product development teams in the development, selection, and formulation of product ingredients and mixtures with acceptable safety profiles.

A key part of PS&RA is the Central Product Safety (CPS) organization. The primary role of CPS is to advance the science used to understand and evaluate the human and environmental safety and impact of our products and includes development of new methods using the latest advancements in science and technology. It is helped in this process by an External Advisory Board consisting of several distinguished academic scientists.

CPS conducts basic research to develop new methods for evaluating safety. In collaboration with other PS&RA colleagues, it conducts studies in human and environmental toxicology and environmental fate, and, together with an in-depth understanding of exposures to consumers (via product use) and the environment (via their disposal), completes human and environmental safety assessments. These assessments are completed for every product before it goes to market, and also guide in the development of new technologies.

CPS and other PS&RA experts also participate in a variety of scientific, professional and industry association activities related to safety. They are also involved in key national and international initiatives (e.g., United Nations, Organization for Economic Cooperation and Development) directed toward supporting the sound management of chemicals around the world by sharing our toxicity information and establishing principles for promoting the safe and responsible use of chemicals.

For further details on the science and safety of P&G products, we encourage you to visit these websites:

Science in-the-Box:
www.scienceinthebox.com

The Science of Beauty:
www.pgbeautyscience.com

PG.com: www.pg.com/en_US/sustainability/product_safety.shtml.

Animal Research and Welfare

P&G products are used in homes around the world 4 billion times a day, and we are committed to safeguarding the health of our many consumers.

Sometimes, to ensure that materials are safe and effective, we must conduct research involving animals. This is a last resort. We consider such research only after every other reasonable option has been exhausted. The vast majority of our tests do not use animals. Wherever possible, we use computer models, synthetic materials, published scientific studies, and comments from consumers about products they use. P&G is well known for leadership in developing alternatives to animal tests, investing more than $270 million and developing or adapting more than 50 alternative methods.

We approach our work with respect, openness, and responsibility by using animals as a last resort, working with animal welfare organizations and ensuring high standards of care. We collaborate with governments and academia to promote the acceptance of alternatives. We actively share our discoveries so that others can benefit from them. News of our advances has been shared in more than 1,000 scientific publications. We seek input from the world's leading experts to continuously improve our approach.

For details of our policy and practices, please go to: www.pg.com/en_US/sustainability/point_of_view/animal_welfare.shtml.

Wood Pulp Procurement Policy

P&G purchases wood pulp for tissue and absorbent hygiene products. Though we do not own or manage forests, we have a responsibility through our procurement practices to ensure sustainability of the world's forest resources. As such, we are committed to understanding the sources of our pulp fiber, transparency in sourcing, ensuring that sustainable forest management practices are used, avoiding unwanted sources of wood, and working with stakeholders on stepwise increases in preferred certification schemes. Independent third-party verification systems are used to ensure sustainable forest management and wood traceability, while we work with global multi-stakeholder organizations to develop tools and scientific methods to protect values and services that forests provide such as biodiversity, watershed protection and climate moderation. For transparency, P&G does track and report annually the amount of wood pulp it purchases and relevant information on certification status.

Sustainable Forest Management

P&G purchases wood pulp from suppliers that:

- Ensure the safety of forestry and manufacturing operations for employees and the environment.
- Document that wood is legally harvested and that other legal requirements are met. P&G will not knowingly use illegally sourced wood fiber in our products.
- Practice principles of sustainable forest management and continuous improvement in their own operations and in sourcing of wood, as verified by independent forest and chain-of-custody certification.
- Do not obtain wood from High Conservation Value Forests. P&G supports multi-stakeholder efforts to develop information sources and tools that will help suppliers identify these areas on their own forestlands and in their procurement of wood raw materials from third parties (e.g., www.hcvnetwork.org).
- Do not obtain the wood from genetically modified tree sources.
- Reflect our social values and support of universal human rights through work with local governments and communities to improve the educational, cultural, economic and social well-being of those communities.
- Do not source wood from conflict timber (timber that was traded in a way that drives violent armed conflict or threatens national or regional stability).

We ensure compliance with this policy through site visits, comprehensive surveys and research, required documentation, and independent third-party certification of sustainable forest management practices. P&G requires pulp suppliers to independently certify their operations for sustainable forest management. P&G also requires suppliers to provide auditable assurance that wood from sources not directly owned and managed by them is legally sourced and that harvest is conducted via sustainable practices.

Forest Certification

We give preference to pulp from Forest Stewardship Council (FSC) certified forests when it is available and meets product performance requirements and competitive market conditions. We will utilize FSC controlled wood in a stepwise approach to progressively increase the amount of pulp from FSC certified sources. P&G is a member of the FSC and actively participates in ongoing discussions concerning FSC standards. As a minimum standard, P&G requires that any wood pulp supplier ensures that their forest certification systems are consistent with the following generally accepted criteria for sustainable forest management:

- A commitment to forest regeneration and reforestation.
- Protection of soil quality, riparian zones and water quality.
- Protection of ecologically and culturally unique forest areas.
- Maintenance and conservation of biological diversity.
- Participation of interested and affected stakeholders.
- Continuous improvement in forestry practices.
- Compliance with legislation, agreements and accords.
- Support of universal human rights and respect for ownership and use rights of local communities and indigenous people.
- Avoidance of unwanted wood sources.
- Multi-stakeholder governance and transparency in decision making and reporting.
- Independent third-party verification of forestry practices and chain of custody for wood fiber.

Forest Conversion

P&G may use wood fiber harvested from recently converted forest lands only if the supplier can demonstrate that they have protected HCV forests using standards and tools developed through multi-stakeholder efforts (e.g., www.hcvnetwork.org) and that the forestry practices meet the minimum criteria previously discussed.

Efficient Use of Resources

P&G is committed to reducing demand on the world's forests and other resources. P&G believes that we should invest our resources where we can make the greatest sustainability improvements and will continue to:

- Focus on source reduction in the long term or use of less fiber through development of innovative technologies that provide maximum product performance using minimal fiber.
- Evaluate the use of non-forest derived sources of fiber, recognizing that alternatives must also meet principles of sustainable management.
- Explore and implement energy and water conservation opportunities in our paper making operations.

Wood Pulp Procurement Policy (continued)

- Use recovered fiber when it has no negative impact on product performance, manufacturing efficiency, resource and energy usage, and waste generation. We will continue to invest in research to identify the technical breakthroughs needed to allow us to use recovered fiber in our premium products without an impact on product performance, manufacturing efficiency, resource and energy usage, and waste generation.

P&G bought a total of 1.60 million ADMT (air dried metric tons) of pulp in 2009–2010 for use in our tissue/towel products, diapers, and feminine hygiene products. The pulp was sourced from the following regions:

United States	**34.1%**
Canada	**32.1%**
Brazil	**33.6%**
France	**0.2%**

All of our pulp suppliers who own their own forests have ceritfied their forestry operations for sustainable forest management under one of the following certifications schemes: SFI, CERFLOR, PEFC, or CSA.

P&G has a goal of increasing FSC certified fiber as acceptable sources are available that meet our product and process requirements. P&G is actively working with suppliers to obtain credibly certified material via a stepwise approach. At the end of Fiscal Year 2009/2010, 68% of our pulp supply was FSC Controlled Wood Certified.

Definition of Key Terms in Wood Pulp Procurement Policy

Term	Definition
Unwanted Source	A source that falls within one or more of the following categories: • The source forest is known or suspected of containing high conservation values, except where: The forest is certified or in progress to certification under a credible certification system, or The forest manager can otherwise demonstrate that the forest and/or surrounding landscape is managed to ensure those values are maintained. • The source forest is being actively converted from natural forest to a plantation or other land use, unless the conversion is justified on grounds of net social and environmental gain, including the enhancement of high conservation values in the surrounding landscape. • The timber was illegally harvested or traded. • The timber is conflict timber (i.e., it was traded in a way that drives violent armed conflict or threatens national or regional stability). • The harvesting or processing entity, or a related political or military regime, is violating human rights. • The timber is from genetically modified trees. • The source forest is unknown.
High Conservation Value Forests	High Conservation Value areas are critical areas in a landscape which need to be appropriately managed in order to maintain or enhance high conservation values. There are six main types of HCV areas: • HCV1. Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species). • HCV2. Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance. • HCV3. Forest areas that are in or contain rare, threatened or endangered ecosystems. • HCV4. Forest areas that provide basic services of nature in critical situations (e.g., watershed protection, erosion control). • HCV5. Forest areas fundamental to meeting basic needs of local communities (e.g., subsistence, health). • HCV6. Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).
Illegal Sourced Wood	Illegal logging occurs when timber is harvested, transported, processed, bought or sold in violation or circumvention of national or subnational laws. Illegal activities often have a devastating impact on biodiversity as well as human communities.
Conflict Timber	Timber that was traded in a way that drives violent armed conflict or threatens national or regional stability.

Palm Oil

P&G is committed to the sustainable sourcing of palm oil. By 2015, we intend to purchase and use palm oil that we can confirm to have originated from responsible and sustainable sources. We will seek to accomplish this goal through the following key steps:

Supplier and Partner Coaching

We will continue to share and reinforce our expectations related to sustainability, and encourage and reward "sustainable behavior" on behalf of our partners and suppliers. This will include visits to our suppliers and audits of their on-the-ground operations to ensure that their practices will meet or exceed our sustainability expectations, including their selection, purchase, and responsible use of land for the planting of palm plantations. We recognize the criteria and certification of the Roundtable for Sustainable Palm Oil (RSPO) as evidence of sustainable palm oil sourcing. We will continue to partner with both known suppliers with whom we have long-standing relationships and trust, as well as with emerging suppliers who embrace and support our corporate sustainability principles and expectations.

Stakeholder Partnerships

We will expand and strengthen relationships with trade associations, government agencies, nongovernmental organizations (NGOs), and other critical external stakeholders to help influence positive changes and incremental sustainability improvements in the palm oil supply chain and industry. We will partner with third-party organizations to help confirm and validate our palm oil sourcing and use strategies. Sustainable sourcing of palm oil is one of the areas we will work on jointly with WWF as part of our new Global Partnership.

Industry Influence

We will continue to support industry efforts to eliminate irresponsible and/or illegal deforestation of land for use in the planting and harvesting of palm plantations, as well as efforts to help ensure the appropriate selection and designation of land for such uses.

We will report progress on sustainable palm oil sourcing in future sustainability reports.

Please see page 66 for additional perspective on our partnership with WWF.

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.

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Manufacturing Re-imagined.

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

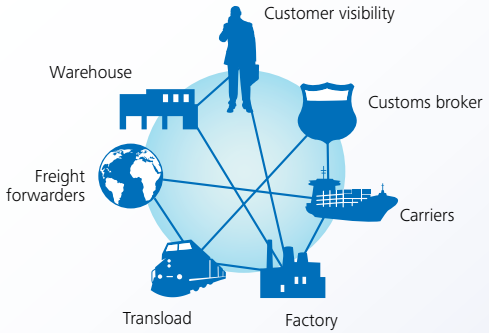
Finding New Ways to Move Materials and Products

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.

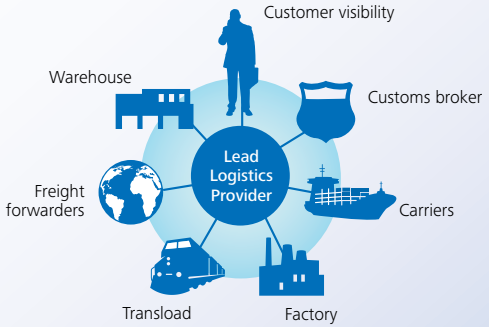
Central and Eastern Europe, Middle East and Africa Control Tower

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.

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.

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.

Product Supply Overall Approach

We have a strong history of reducing the environmental footprints of our operations. Our production-adjusted footprints, including Energy Usage, Direct CO_2 Emissions, Waste Disposed, and Water Usage, have been dramatically reduced during the last eight years. During 2009, we continued to have outstanding production-adjusted reductions that have positioned us to meet a 50% reduction for the decade spanning 2002–2012. Importantly, these sustainability reductions are also delivering significant cost savings.

To deliver these outstanding results, our operating site personnel along with staff resources from the GBUs, MDOs, Corporate Engineering, GBS-Purchases, and Finance have combined forces working against a common Product Supply Sustainability approach. This comprehensive approach will allow us to more systematically reapply the successful current operations strategies used over the past eight years. It not only addresses efforts to deliver our current operations goal, but it looks at strategies to:

- Expand our efforts to include the entire supply chain via partnerships with MDOs and suppliers.
- Continue efforts on our future operations beyond 2012 via partnerships with R&D to deliver breakthrough sustainable innovation.

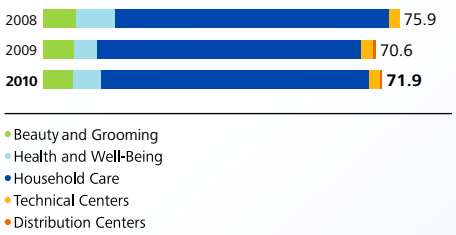
	3-year Results (2007–2010)		Since July 2002
	Production-Adjusted	Absolute	Production-Adjusted
Target	**-12%**	**n/a**	**n/a**
Energy Usage	-14%	-8%	-50%
Direct CO_2 Emissions	-11%	-5%	-53%
Waste Disposal	-50%	-52%	-55%
Water Usage	-16%	-15%	-55%

Energy

Energy Consumption

The Energy Consumption graph (in gigajoules, GJ) shows the addition of Technical Centers and Gilette for all three years. Distribution Centers have been added over the last two years. Energy consumption over the last three years has been 75.9 million GJ, 70.6 million GJ, and 71.9 million GJ in 2008, 2009, and 2010, respectively.

ENERGY CONSUMPTION BY GBU
millions of gigajoules



REDUCTION IN ENERGY CONSUMPTION
percent reduction versus 2002 level, per unit of production

As part of our ongoing efforts to minimize losses, the Company does a loss analysis at the plant level. Losses are defined as anything not shipped out the door as product, including energy used. When energy is identified as a major loss at a plant, it receives intense focus for loss reduction.

Operations has made excellent progress toward delivering the 20% energy footprint reduction goal. Across businesses, teams have embraced the targets and integrated sustainability into their daily work.

A key element to delivering the goal is our energy conservation efforts. The three strategies are:

1. Eliminating losses and encouraging sustainability behavior and culture
2. Executing specific footprint reduction projects
3. Ensuring that new initiatives and capacity projects are developed in a smart, sustainable way

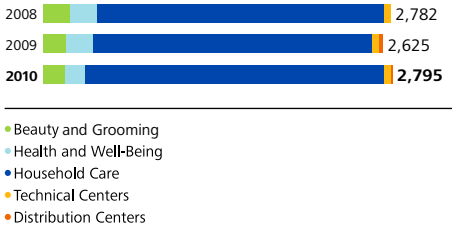
To learn more about our efforts on energy conservation, please see page 65 of this report.

Greenhouse Gas

Every company in every sector of the economy has a role in controlling greenhouse gas emissions. While P&G is not an energy-intensive company, we are stepping up to do our part. P&G is committed to energy-efficient programs and we participate in voluntary programs. Our focus has been on direct CO_2 emissions (i.e., Scope 1) and emissions data for the last three years has been 2.8 million metric tons, 2.6 million metric tons, and 2.8 million metric tons in 2008, 2009, and 2010, respectively. Since 2002, we have reduced direct CO_2 emissions by 53% on a production adjusted basis.

We continue to monitor and report our indirect CO_2 emissions (i.e., Scope 2), which decreased slightly in 2010.

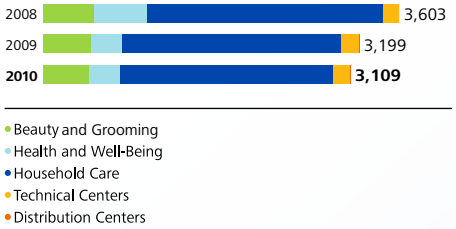
SCOPE 1 GREENHOUSE GAS EMISSIONS*
thousand metric tons



SCOPE 1 GREENHOUSE GAS EMISSIONS*
percent reduction versus 2002 level, per unit of production

* CO_2 from fuel combustion sources

SCOPE 2 GREENHOUSE GAS EMISSIONS
thousand metric tons



SCOPE 2 GREENHOUSE GAS EMISSIONS
percent reduction versus 2002 level, per unit of production

Climate Change Policy

P&G recognizes the scientific consensus linking greenhouse gas emissions and climate change. P&G is not an energy-intensive company, but as a global citizen we are concerned about the negative consequences of climate change and believe that prudent and cost-effective action by governments, industry, and consumers to reduce emissions to the atmosphere are necessary.

We will focus our efforts in two main areas:

- Reducing the intensity of greenhouse gas emissions (GHG) from our own operations through:
  - Continued energy efficiency measures throughout our facilities
  - Continuing to transition fuel sources towards cleaner alternatives
  - Continuing to drive more energy-efficient modes of transporting finished products to our customers
  - Setting goals to drive continued improvement in our GHG emissions
- Helping consumers to reduce their own GHG emissions through the use of our products via:
  - Product and packaging innovations that enable more efficient consumer product use and energy consumption
  - Consumer education

We will continue to publicly disclose our greenhouse gas and energy usage data through the Company Sustainability Report and the Carbon Disclosure Project.

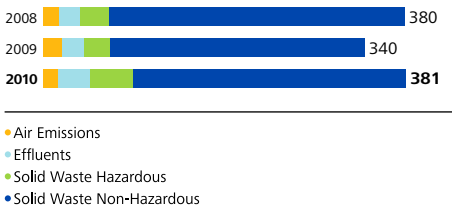
Waste Disposed

Total Waste for Disposal

Total waste for disposal is our key management measure to keep waste under control. Total waste disposed comprises the sum of non-hazardous and hazardous solid waste, plus the strength of effluent measured as Chemical Oxygen Demand (COD) and air emissions. It excludes recycling or reused waste. It also excludes CO_2 emissions. This measurement has been in effect since 1990.

The past three years, results have been encouraging on a production-related basis. Total waste disposed for the last three years has been 380 thousand metric tons, 340 thousand metric tons, and 381 thousand metric tons in 2008, 2009, and 2010, respectively.

TOTAL WASTE DISPOSED
thousand metric tons



REDUCTION IN WASTE DISPOSED
percent reduction versus 2002 level, per unit of production

Waste Recycled

Waste Returned to Process or Market

The total percentage of waste recycled was flat at 63% versus last year.

WASTE RECYCLED
percentage

Non-Hazardous Solid Waste Disposed

Overall, the non-hazardous solid waste disposed increased from last year to 287 thousand metric tons.

NON-HAZARDOUS SOLID WASTE DISPOSED
thousand metric tons

Hazardous Solid Waste Disposed

Hazardous wastes are defined by regional policies and local rules, so they vary from region to region. To further reduce our risks, the number of approved hazardous waste disposal sites that all U.S. plants use has remained limited. Similar programs have been started in many regions of the world. We remain focused on trying to minimize hazardous waste disposal.

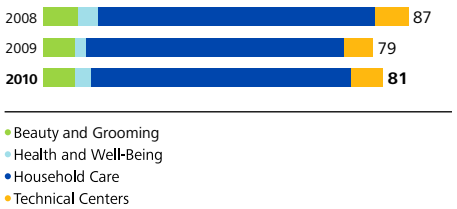
HAZARDOUS SOLID WASTE DISPOSED
thousand metric tons

Water

Water Consumption

The Household Care business unit is our largest water user. Within Household Care, our Family Care operations have the greatest need for water.

WATER CONSUMPTION BY GBU
million cubic meters



REDUCTION IN WATER CONSUMPTION
percent reduction versus 2002 level, per unit of production

Effluents to Water

Wastewater COD (Chemical Oxygen Demand) Disposed has increased over the past three years. This primarily reflects integration of acquisition sites.

WASTEWATER COD DISPOSED
thousand metric tons COD

Water Policy

P&G has had a long-standing commitment to the responsible use of water. This has been evidenced by our Children's Safe Drinking Water program, our operational improvements, and identifying water as one of the focus areas for our sustainable innovation products. Over the course of the last year we have worked with external stakeholders, including Northstar Asset Management and the Unitarian Universalist Service Committee, to review and update our water policy. Our water policy now states:

At P&G, water is of crucial importance for both the production and use of our products. Thus our approach to water aims at responsible use by both our Company and the consumers who use our products. The Company respects the 2010 United Nations General Assembly resolution which recognizes the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights. In all countries in which we operate, we will help ensure the sustainable use of water by abiding by the policy as outlined below:

1. Quality—The Company will continually improve our operations to preserve the quality of water in the communities in which we operate. The Company is also committed to a long-term, not-for-profit social and emergency relief effort to provide safe drinking water in the developing world aimed at reducing illness and death, particularly in children.
2. Availibility—The Company is committed to sustainable water management by both our operations and consumer use of our products. This commitment includes water reductions goals, use of new technologies, product innovation using a life cycle approach, and siting decisions using a watershed approach.
3. Affordability—The Company understands that water use may affect affordability. Thus we are committed to water efficiency and sustainable use of water by our operations. We will also seek innovative ways to reduce water use by our consumers as well educate them about the opportunity to save water. This will positively impact the cost of water to the Company, our consumers and the communities in which we operate
4. Information—The Company will make available relevant and appropriate factual information about our water use. The Company is also committed to raising the awareness of water-related issues with our consumers, stakeholders, and business partners with the aim of sustainable water use. We support external efforts to better understand key water-related issues with external partners, NGOs, associations, and communities as well support stewardship initiatives, standardization, and measurements/reporting tools.
5. Legal Compliance—The Company will meet or exceed all applicable legislative and regulatory requirements with respect to water quality and consumption.

Air Emissions

Each site monitors total suspended particulates, volatile organic compounds (VOCs), carbon monoxide (CO), nitrogen oxides (NO_x) and sulfur oxides (SO_x). Overall, the total air emissions decreased from last year to 15 thousand metric tons.

AIR EMISSIONS
thousand metric tons

SARA 313 Releases
(United States only)

U.S. P&G plants report annually on the release of toxic chemicals to the air, water, and land. These releases are defined in the U.S. Superfund Amendments and Reauthorization Act (SARA) by the U.S. Environmental Protection Agency. The purpose of this documentation (referred to as section 313) is to report publicly the releases and transfers of hazardous chemicals as defined by the agency.

The amount of SARA 313 releases decreased slightly versus last year.

SARA 313 U.S.
total metric tons released or transferred

SARA is reported one year behind; 2010 entry reflects 2009 data.

Compliance with Laws and Regulations

There are numerous health, safety, and environmental requirements worldwide. Plants are subject to safety rules and emission limits with operating requirements that may be embodied in sources such as statutes, regulations, laws and permits. It is P&G's intent to comply with both the letter and the spirit of statutes, regulations, laws, and permit requirements. Identified compliance issues are treated seriously, and all noncompliance matters are resolved as expeditiously as possible.

Notice of Violations (NOVs)

The table lists global data on environmental, transportation, and worker health and safety violations over the past three years.

	2010	2009	2008
Number	**46**	34	82
Fines	**$112,340**	$15,285	$305,328

The following is a more detailed breakdown of global Notices of Violation (NOVs) for fiscal year 2010 and includes U.S. Occupational Safety and Health Administration (OSHA) interventions.

	Number	Fines
Water-Based	8	$ 24,670
Air-Based	4	$ 6,320
Solid Waste-Based	2	$ 27,200
Paperwork	0	$ 0
Transportation-Based	21	$ 38,950
Other	1	$ 0
Worker Safety	10	$ 15,200
Total	**46**	**$112,340**

Business Continuity

P&G's Global Business Continuity Program ensures that all critical sites and work processes evaluate their risk mitigation programs, exposure to catastrophic events at P&G sites and sites of our key suppliers and service providers that could significantly interrupt business operations, and the business impact of such events. Site and business unit leaders then develop contingency plans to minimize business interruption if a disabling event should occur. Crisis Management team structures are defined to manage business recovery using the predefined contingency plans. Tests are conducted annually to ensure that the contingency plans are sufficient and up-to-date.

Business Continuity Plans are audited regularly, and a report of the Business Continuity Program's status is made each January to the Audit Committee.

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.

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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.

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.

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.

Live, Learn and Thrive Locations

P&G is commited to improving life for children in need around the world.

North America
- Canada
- Puerto Rico
- United States

Latin America
- Argentina
- Brazil
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- El Salvador
- Guatemala
- Haiti
- Honduras
- Mexico
- Panama
- Peru
- Venezuela

Western Europe
- Belgium
- France
- Germany
- Ireland
- Italy
- Netherlands
- Portugal
- Spain
- Sweden
- Switzerland
- United Kingdom

Central & Eastern Europe, Middle East & Africa
- Azerbaijan
- Bulgaria
- Côte d'Ivoire
- Czech Republic
- Democratic Republic of the Congo
- Egypt
- Estonia
- Ethiopia
- Hungary
- Israel
- Kazakhstan
- Kenya
- Latvia
- Lebanon
- Malawi
- Morocco
- Nigeria
- Pakistan
- Poland
- Romania
- Russia
- Saudi Arabia
- Slovakia
- South Africa
- Tanzania
- Turkey
- Uganda
- Ukraine
- Uzbekistan

Asia
- Australia
- China
- Hong Kong
- India
- Indonesia
- Japan
- Korea
- Malaysia
- New Zealand
- Philippines
- Singapore
- Thailand
- Vietnam

● Live, Learn and Thrive locations

75 million

This year alone, P&G benefitted more than 75 million children—that's equivalent to 2 children every second of every day.

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.

P&G Children's Safe Drinking Water

2.2 billion

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

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.

2 billion liters

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

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 on page 49 of this report.

Children's Safe Drinking Water Emergency Relief and Social Market Countries

Americas
- Chile
- Colombia
- Dominican Republic
- Guatemala
- Guyana
- Haiti
- Honduras
- Nicaragua
- Panama
- Peru
- Venezuela

Africa
- Angola
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Côte d'Ivoire
- Democratic Republic of the Congo
- Djibouti
- Ethiopia
- Ghana
- Guinea Bissau
- Kenya
- Liberia
- Malawi
- Morocco
- Mozambique

Africa (continued)
- Namibia
- Nigeria
- Republic of the Congo
- Senegal
- Sierra Leone
- Somalia
- South Africa
- Sudan
- Tanzania
- Uganda
- Zimbabwe

Asia/Europe
- Afghanistan
- Bangladesh
- Cambodia
- China
- East Timor
- India
- Indonesia
- Iran
- Iraq
- Laos
- Maldives
- Myanmar
- Nepal
- Pakistan
- Papua New Guinea
- Philippines
- Romania
- Sri Lanka
- Vietnam

Children's Safe Drinking Water Program Methodology

Working with Population Services International and Aquaya Institute, we have developed the following methodology to estimate the days of disease and lives saved as a direct result of PUR usage.

The number of PUR sachets that are provided are tracked on a monthly basis by country.

From this, we calculate the liters of safe drinking water provided and estimate the impact on reduction in days of diarrhea and estimated lives saved. The illness and fatality rates by region are derived from the World Health Organization Global Burden of Disease 2002 estimates. Sub-Saharan estimates are used for product provided for emergency relief efforts since diarrhea rates are typically high during these situations.

The reduction in diarrheal illness from the use of the PUR sachets is based on the average reduction measured in five randomized, controlled health intervention studies involving more than 25,000 subjects. These independently conducted studies are published in the peer-reviewed literature.

Health Intervention Trials

The U.S. Centers for Disease Control and Johns Hopkins University have conducted five clinical trials of PUR and proven that it significantly reduces diarrheal illness in children and the total population.

Location/Setting	Study Design	Diarrhea Reduction
Rural Guatemala	2,982 people 52 weeks	24–29%
Rural Guatemala	3,401 people 13 weeks	40–72%
Rural Kenya—turbid water	6,615 people 20 weeks	17–42%
Pakistan—urban setting	12,090 people 39 weeks	59–64%
Liberia—refugee camp	2,191 people 12 weeks	87–95%

Assumptions

General

- Each PUR sachet treats 10 liters of water.
- An average of 1.5 liters of drinking water is used per child per day and 2 liters of drinking water per adult per day.

Diarrhea

- 60% of PUR is consumed by children.
- The number of episodes of diarrhea per child per year is
  - 5 episodes in sub-Saharan Africa
  - 2.2 episodes in Latin America
- 40% of PUR is used by adults.
- The number of episodes of diarrhea per adult per year is
  - 0.98 episodes in sub-Saharan Africa
  - 0.21 episodes in Latin America
- PUR use averts 50% of the diarrhea episodes.
- A diarrhea episode lasts an average of 7.3 days.

Lives Saved

- The fatality rate per case of childhood diarrhea is
  - 0.001 in sub-Saharan Africa
  - 0.0002 in Latin America
- The fatality rate per case of adult diarrhea is
  - 0.0004 for sub-Saharan Africa
  - 0.00005 in Latin America

To learn more about the P&G Children's Safe Drinking Water program, please visit www.csdw.org.

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.

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P&G HOME CARE EMPLOYEE PAT SOLL WATERS THE RAISED-BED VEGETABLE GARDEN AT FABRIC AND HOME CARE INNOVATION CENTER IN CINCINNATI, OHIO.

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

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.

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

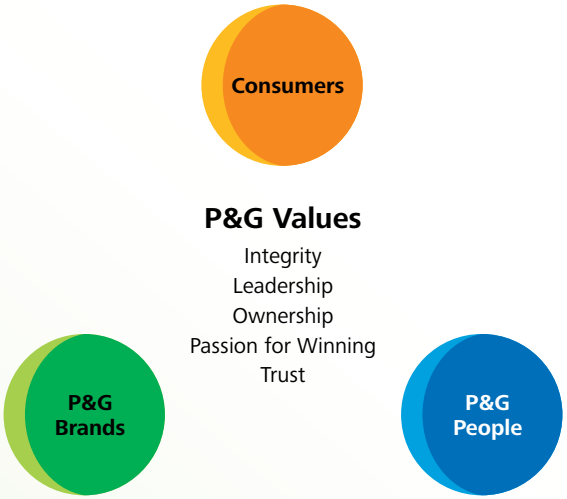
Achieving P&G's new long-term vision and 2020 goals will require a more seamless integration of innovation, brand building, external relations and product supply. To better enable this integration, the Global Sustainability Board is being formed and will be sponsored by Bob McDonald, P&G Chairman of 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.

While we have worked hard to engage employees in our sustainability efforts, we also recognize and take very seriously the broader responsibilities we have to our employees—and that starts with our Purpose, Values and Principles.

Our Purpose

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come.

As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, our shareholders, and the communities in which we live and work to prosper.



P&G Brands and P&G People are the foundation of P&G's success. P&G People bring the values to life as we focus on improving the lives of the world's consumers.

Our Values

P&G is its people and the values by which we live. We attract and recruit the finest people in the world. We build our organization from within, promoting and rewarding people without regard to any difference unrelated to performance. We act on the conviction that the men and women of Procter & Gamble will always be our most important asset.

Integrity

- We always try to do the right thing.
- We are honest and straightforward with each other.
- We operate within the letter and spirit of the law.
- We uphold the values and principles of P&G in every action and decision.
- We are data-based and intellectually honest in advocating proposals, including recognizing risks.

Leadership

- We are all leaders in our area of responsibility, with a deep commitment to deliver leadership results.
- We have a clear vision of where we are going.
- We focus our resources to achieve leadership objectives and strategies.
- We develop the capability to deliver our strategies and eliminate organizational barriers.

Ownership

- We accept personal accountability to meet the business needs, improve our systems, and help others improve their effectiveness.
- We all act like owners, treating the Company's assets as our own and behaving with the Company's long-term success in mind.

Passion for Winning

- We are determined to be the best at doing what matters most.
- We have a healthy dissatisfaction with the status quo.
- We have a compelling desire to improve and to win in the marketplace.

Trust

- We respect our P&G colleagues, customers, and consumers, and treat them as we want to be treated.
- We have confidence in each other's capabilities and intentions.
- We believe that people work best when there is a foundation of trust.

Our Principles

These are the Principles and supporting behaviors which flow from our Purpose and Values.

We Show Respect for All Individuals

- We believe that all individuals can and want to contribute to their fullest potential.
- We value differences.
- We inspire and enable people to achieve high expectations, standards and challenging goals.
- We are honest with people about their performance.

The Interests of The Company and The Individual Are Inseparable

- We believe that doing what is right for the business with integrity will lead to mutual success for both the Company and the individual. Our quest for mutual success ties us together.
- We encourage stock ownership and ownership behavior.

We Are Strategically Focused in Our Work

- We operate against clearly articulated and aligned objectives and strategies.
- We only do work and only ask for work that adds value to the business.
- We simplify, standardize and streamline our current work whenever possible.

Innovation Is The Cornerstone of Our Success

- We place great value on big, new consumer innovations.
- We challenge convention and reinvent the way we do business to better win in the marketplace.

We Are Externally Focused

- We develop superior understanding of consumers and their needs.
- We create and deliver products, packaging and concepts that build winning brand equities.
- We develop close, mutually productive relationships with our customers and our suppliers.
- We are good corporate citizens.
- We incorporate sustainability into our products, packaging and operations.

We Value Personal Mastery

- We believe it is the responsibility of all individuals to continually develop themselves and others.
- We encourage and expect outstanding technical mastery and executional excellence.

"We incorporate Sustainability into our products, packaging, and operations."

We Seek to Be The Best

- We strive to be the best in all areas of strategic importance to the Company.
- We benchmark our performance rigorously versus the very best internally and externally.
- We learn from both our successes and our failures.

Mutual Interdependency Is a Way of Life

- We work together with confidence and trust across business units, functions, categories and geographies.
- We take pride in results from reapplying others' ideas.
- We build superior relationships with all the parties who contribute to fulfilling our Corporate Purpose, including our customers, suppliers, universities and governments.

To learn more about our PVP please go to: www.pg.com/en_US/company/purpose_people/index.shtml

The Global Sullivan Principles

P&G was one of the founding members of the Global Sullivan Principles. In accordance with the Global Sullivan Principles, we support economic growth, social justice, human rights, political justice, and equal opportunity wherever we do business in the world. The products we deliver, the consumers we serve and how we serve them are in line with these expectations. We have also reviewed and revised our policies to make sure we are aligned with the Global Sullivan Principles. We consider ourselves a global company and a global citizen.

We ensure our commitment to our employees through our human resources system and profit-sharing program. Our human resources system trains, educates, and develops our people. It offers flexible work arrangements, giving employees the opportunity to meet both business and personal needs. It is ingrained in our culture and policies to ensure that everyone is treated fairly and has the opportunity to contribute to our vision and mission. The profit-sharing program provides employees with a stake in the Company's future.

Programs such as these enable us to be a sustainable business and a viable part of the communities in which we do business.

To learn more about the Global Sullivan Principles, please go to www.thesullivanfoundation.org/gsp/.

Human Resources

Human Resources ensures that P&G has the employees, organizational design, and work culture to deliver business productivity and to continually improve consumer, employee, and shareholder value. They provide recruiting, training, development, diversity, benefits, and compensation coordination for the Company.

It is the Company's intent to develop all employees to their full potential. To achieve this goal, the following support systems are in place:

- Career discussions, performance appraisals, assignment plans, transfer and promotion plans.
- Informal network support groups.
- Mentoring to provide informal support and guidance, in addition to coaching and training provided by each employee's direct manager.

Employee Privacy

P&G respects employee privacy and dignity. We will only collect and retain personal information from employees that is required for the effective operation of the Company or as required by law. We will keep that information confidential and release it only to those who have a legitimate need to know.

Harassment Policy

P&G is committed to providing a harassment-free work environment. This is the right thing to do not only from a social perspective, but also from a business perspective. It enables our diverse work force to contribute to their highest potential. We will not tolerate harassment of anyone by anyone—including employees, suppliers, customers, contractors, and agencies. Every employee is expected to be proactive in ensuring that the work environment is free from harassment of any kind. Managers of others are responsible for setting clear expectations for acceptable behavior in the workplace.

Wages

P&G supports paying employees a competitive wage, as benchmarked against other leading companies. Consistent with our principle of valuing personal mastery, we reward employees for improving their skills and capabilities.

Benefits

P&G is a recognized leader in employee benefits. The Company's benefits have been developed to help protect the financial security of employees. These benefits include comprehensive coverage for health care, generous vacation and holiday time, and other work/family balance benefits, including flextime, child care leave, and less-than-full-time schedules.

Diversity & Inclusion

Diversity & Inclusion is deeply rooted in our Company's Purpose, Values and Principles. It is who we are, and aspire to be, as a Company.

When P&Gers come together we create a rich tapestry. Each of us is truly unique. Beyond the visible differences, we come from diverse traditions, with a wide array of personal experiences and points of view.

Diversity at P&G brings together individuals from different backgrounds, cultures, working and thinking styles, providing remarkably different talents, perspectives and life and career experiences. We are respectful of all employees irrespective of race, gender, color, religion, national origin, age, sexual orientation, gender identity and expression, disability, or any other non-job related personal characteristic.

Inclusion at P&G inspires a culture where we leverage and celebrate the diversity that makes each of us unique—skills, passions, points of view, and experiences.

P&G's Diversity & Inclusion is one of our greatest strengths and we are committed to ensure it remains part of our Company's DNA. To do this we have established a Diversity & Inclusion Vision and Mission that is simple, inspirational and aspirational:

Vision: Be, and to be recognized as the Global Leader in Diversity & Inclusion

Mission:
Everyone Valued,
Everyone Included,
Everyone Performing at Their Peak ™

Diversity & Inclusion comes to life through everyday experiences and interactions that inspire P&Gers to unleash their potential and perform at their peak. This peak performance is directly related to our ability to improve the lives of the world's consumers. P&G is committed to creating a winning culture where colleagues and managers of others demonstrate sincere care for each other, extending a personal touch to each individual and genuinely getting to know each other.

Diversity & Inclusion Starts with P&G's Purpose

P&G brands touch the lives of people around the world. P&G people work to make sure those brands live up to P&G's Purpose to touch and improve the lives of the world's consumers, now and for generations to come.

This requires P&G to be more inclusive and leverage more aspects of diversity to reach and serve diverse consumers and markets, making Diversity & Inclusion a sustained competitive advantage for the continued growth of P&G.

- Diversity & Inclusion is a critical enabler for P&G to be the "Employer of Choice" that hires, develops, engages and retains the best talent from around the world, reflecting the markets and consumers we serve.
- Diversity & Inclusion is implicit in the Company's Purpose, Values, and Principles. It is also explicit in the Company's business strategy for success.
- We are able to connect and develop diverse knowledge, skills and experiences that drive new ideas, innovation, products, and services, improving people's lives in ways we've not yet foreseen.
- Diversity & Inclusion is at the core of being in touch so that we are able to communicate the purpose and benefits of our brands in ways that resonate with individual consumers.

Diversity & Inclusion (continued)

Leadership Focus and Accountability

Bob McDonald, Chief Executive Officer, holds himself accountable for leading Diversity & Inclusion and monitoring progress in every part of our Company. He expects top leadership to embed Diversity & Inclusion into their business strategies, establish clear expectations, and demonstrate personal accountability.

Top executives conduct in-depth diversity reviews annually with organization heads across the business units to assess progress and reinforce leadership accountability for corrective actions. The top officers in the Company have diversity results tied to their stock options awards, and strong diversity performance influences top ratings. Diversity & Inclusion action plans are developed in each region of the world to reflect the greatest opportunity for the advancement of local diversity strategies and promote a culture of respect for every individual.

The driver of our Diversity & Inclusion focus areas is Leadership Accountability. At P&G, everyone is responsible for bringing diversity and inclusion to life and that responsibility starts at the very top of our organization to make P&G a more inclusive place to work and an increasingly diverse organization. This is critical to our continued success. We can't fulfill our Purpose if we fail to inclusively leverage and continually strengthen the diversity of our organization.

Bob McDonald has established an Inclusion and Diversity Council. He chairs this team of senior level business and organization leaders. The sole purpose is to provide insights, alignment and support to P&G's Diversity & Inclusion efforts, to measure results against our goals, and to drive accountability throughout the organization.

The P&G leadership team is the most experienced and diverse leadership team in the Company's history, leading diverse and inspired P&G people around the world. The majority of these executives have experience leading businesses in both developed and developing countries. P&G leaders at the Vice President level and above come from 35 different countries, with more than half of them originating from outside the United States.

Bob McDonald expects P&G to be a global leader in diversity and inclusion. Peak diversity performance requires goals and strategies that demand it, an inclusive culture that values it, a tracking system that measures it, and leadership behaviors that inspire it. He expects everyone's engagement and daily support to ensure that diversity and inclusion delivers our intentional outcome, "Everyone Valued, Everyone Included, Everyone Performing at Their Peak™" for P&G in every part of our business and ensures that we achieve our vision to "Be and be recognized as the Global Leader in Diversity & Inclusion."

Talent Support and Development

P&G strives to be the Employer of Choice by building a diverse and fully engaged organization. We attract the best talent from around the globe, leveraging each individual through effective assignment and promotion planning processes, and executing with excellence the critical systems that affect, as well as support, retention of each employee.

We focus on establishing long-term relationships with educational institutions that have diverse populations of highly qualified students. To broaden our candidate base worldwide, we utilize Taleo, our fully global, Web-based candidate management system. We supplement our base recruiting efforts by utilizing intern programs, participating in recruiting conferences, and conducting outreach to high school students. We execute special programs such as our Careers in Business Initiative (CIBI) and P&G Marketing, R&D, IDS and Finance Summer/Winter Camps to introduce students to P&G's success competencies. Additional teams help with efforts to recruit women around the globe and minority, military and disabled candidates, among others, in the United States.

Our foundation systems for ensuring employee retention include effective first-year on-boarding/join-up programs, providing a good match with the first manager, developing coaching/mentoring/advocacy relationships, high-quality challenging work/career plans, training (virtual, classroom and external), and supportive work/life policies and practices. Employee support groups and network teams exist throughout the organization and contribute strongly to effective recruiting, join-up and development efforts. P&G has three global Corporate Affinity Groups—for women, People with Disabilities and Gay/Bisexual/Lesbian—and four U.S. Affinity Groups—African-American, Asian/Pacific-American, Hispanic, and Native American.

Diversity Metrics

P&G continues to focus on diversity as a global strategy and expects its work force to become increasingly diverse, enabling us to serve more of the world's consumers. Global data on enrollment by gender is shown in the following table:

GLOBAL ENROLLMENT	2010	2009	2008
% FEMALE			
Management	**41.6**	41.2	40.4
All Other Employees[1]	**38.5**	38.8	38.8

The percentages of minority and female employees in the United States are shown in the following table:

U.S. ENROLLMENT	2010	2009	2008
% MINORITIES			
Management	**23.1**	22.6	21.1
All Other Employees[1]	**18.8**	19.3	19.3
% FEMALE			
Management	**41**	40.7	39.6
All Other Employees[1]	**38.2**	38.8	38.0

(1) Administrative, Technical, and Plant Technicians

Diversity & Inclusion (continued)

P&G Recognition

In 2010, P&G's solid progress in diversity and inclusion was recognized in many global and U.S. surveys:

- *FORTUNE's* World's Most Admired Companies (#6 overall; #1 in our industry)
- *FORTUNE's* "Blue Ribbon Company" Global Most Admired Company (2010—#6 / #1 in Industry), Top Companies for Leaders (2010—#2), Most Powerful Women—Melanie Healey (#15)
- *Diversity Inc.* Top Companies for Diversity (2010 #18), Top Global Diversity Companies (2010 #6), Top 10 Companies for People with Disabilities (2010 #3)
- *Working Mother*
  –"Working Mother Hall of Fame, 2005"
  –Top 10 Companies for Executive Women (2010 NAFE)
  –Best Companies for Multicultural Females (2009—Top 5)
- *Black Enterprise* Best Companies for Top 40 Companies for Diversity (2010 – Top 40)
- *Human Rights Campaign* Rated a "100" on Corporate Equality Index
- *ABILITY Magazine* 2010 Best Practices Award

Global Medical

We Touch and Improve the Lives of Our Employees with Focused Delivery of Our 5 Global Medical Priorities

The simple four-word Vision of P&G's Global Medical organization is "Healthy People, Healthy Business." Our Company's most important asset is our people. P&G works with employees to protect and enhance their health and well-being. The Global Medical organization advises and assists management and employees to assure a safe, healthy work environment. Global Medical delivers preventive health services to all employees at all sites. It manages health issues that may affect our people, technologies, and brands.

Since P&G is a principles-driven company, the following Global Medical Priorities drive all of our health systems worldwide:

1. Save a Life (Protect Our People)
2. Obey the Law (Protect Company Reputation)
3. Protect Key Technologies (Protect Brand Integrity)
4. Enhance Speed to Market (Support Emerging Technologies and New Business Development)
5. Inspire Health and Wellness (Vibrant Living, Travel Medicine Support, Global EAP Programs)

All medical standards of performance and standard operating procedures flow directly from specific P&G Principles, Values, compelling business needs, and the Global Medical Priorities.

P&G Vibrant Living

In 2009, we announced the new P&G Vibrant Living initiative with the intent to bring all Health & Wellness programs together to better serve our employees and their families. Our vision is to become the Healthiest, Most Engaged People in the World. P&G Vibrant Living will include focus in three areas:

Culture of Health—through emphasis on nutrition, fitness, easy access to our health information, and an environment that encourages healthy choices and personal management of health risks.

Health Education and Training—through programs like Corporate Athlete and Blueprint for Healthy Living in the U.S.

Consumer Engaged Health Care—provides greater understanding of local health care resources and enables informed individual health choices.

Vibrant Living was rolled out in the U.S. in 2009, will be expanding globally in 2010, and will be a key part of our Global Medical Priority of Inspiring Health and Wellness.

P&G Vibrant Living
Make every day a healthy day.

Worldwide Health, Safety, and Environment Systems

Health and Safety Policy

P&G is committed to having safe and healthy operations around the world. The goals are to protect the lives and health of its employees and the communities surrounding its operations, as well as to protect its assets, ensure business continuity, and engender public trust. To accomplish this, P&G will:

- Operate facilities safely and ensure that processes are safe and healthy for our employees and residents of the surrounding communities. We will accomplish this by following uniform corporate safety standards around the world. Safe operations have been a long-standing part of Company culture, reflecting the belief that our employees are our most important asset.
- Construct our facilities so as not to compromise on the safety and health features designed into them.
- Monitor progress toward our objective of preventing injuries, illnesses, and incidents. We will continually assess and improve our safety and health technologies and programs.
- Have every employee understand and be responsible for incorporating safe behavior in daily business activities. Every employee is trained to work in a safe and healthy manner.
- Have operating standards, practices, systems, and resources in place to implement this policy.

Worldwide Health, Safety and Environment Organization

Health, Safety & Environment (HS&E) is a global community of resources responsible for ensuring that all sites worldwide—including Technical Centers, Distribution Centers, and acquisitions—are operated safely and legally; that process hazards are minimized or eliminated; that health risks are identified, managed, or eliminated; and that waste from sites is reduced as much as possible. Several thousand employees spend all or a portion of their time on HS&E management. This year, 1,605 full-time equivalents were involved in HS&E activities. This is up from 1,241 FTEs last year and reflects the complete integration of recent acquisitions into P&G systems.

There are three major components to a site's HS&E organization: the base component, which includes Environmental, Technical Safety and Industrial Hygiene & Safety; Fire Protection Systems; and Medical Systems. P&G uses a phased, detailed Risk Assessment process to evaluate the safety of processes and initiatives being introduced at its own manufacturing operations as well as at contractor manufacturing operations. The Risk Assessment process is designed to enable high-speed innovation.

P&G regularly verifies that the HS&E program at all its manufacturing facilities meets the intent of the environmental management standard ISO 14001. In 2006, we extended verification to the Global Health and Safety Management standard OSHAS 18001. This verification was conducted by Environmental Resources Management (ERM), a highly respected international consulting firm in the field of environment, health, safety, and sustainability.

Industrial Health and Safety

The health and safety of P&G employees are paramount in the principles of the Company:

- *Nothing we do is worth getting hurt.*
- *Safety can be managed.*
- *Every illness and injury could and should have been prevented.*
- *Safety and health are everyone's responsibility.*

The Company tracks and reports two metrics for worker safety: total incident rate (TIR) and total lost workday case rate (LWDC). TIR includes all cases that result in loss of consciousness, lost workdays, restriction of work or motion, medical transfer to another job, or medical treatment beyond first aid.

LWDC includes all cases that involve days away from work or days of restricted activity beyond the day of injury or onset of illness.

The TIR target for sites is to be below 1.5 cases per year, per 100 employees. To achieve such rates, programs to address employee safety, such as safe behaviors, ergonomics, and confined space entry have been implemented. No target has been set for LWDC. Instead, incidents that potentially could lead to lost workdays are managed. The following data is based on criteria established by P&G for use at all sites including acquisitions, plants, and technical centers. This year's TIR was higher, at 0.41 versus 0.36 incidents per 100 employees, while the lost workday rate was also higher at 0.22 versus 0.15 cases per 100 employees. Both are lower than industry averages.

TOTAL INCIDENT RATE
injury and illness per 100 employees

TOTAL LOST WORKDAY CASE RATE
lost and restricted workday cases per 100 employees

Worldwide Health, Safety, and Environment Systems
(continued)

Audit Programs

P&G's HS&E audit programs are designed to ensure compliance with national, state, and local regulatory requirements as well as corporate environmental standards and procedures. Audit findings are reported promptly to the business management teams, who must address and correct all issues in a timely manner.

P&G's audit programs apply to all its plants and technical centers worldwide. The fundamental philosophy is to have the same standards worldwide, implemented by trained professionals at all plants and technical centers and audited each year using a consistent, comprehensive approach. The metrics used are consistent with that philosophy.

Audits measure performance against a mandatory set of standards and standard operating procedures. The target performance is 8 or better on a 10-point scale. The Company reviews its sites on a frequent basis. The percentage of sites audited this year was 96%.

SITES WITH HS&E AUDIT SCORES >8.0
percentage

SITES WITH FIRE PROTECTION AUDIT SCORES >8.0
percentage

SITES CONDUCTING ANNUAL AUDITS
percentage

HS&E Benchmarking

Benchmarking continues to be an important tool used by P&G to assess and maintain the health of its global HS&E program and ensure that we are applying the best practices and knowledge of our peer companies. Benchmarking provides important external data to verify our robust HS&E performance and provides an opportunity to identify improved management and technology approaches.

To that end, P&G works with many multinational as well as European companies to understand our performance in areas such as injury/illness, workers' compensation, property loss, and regulatory fines, and HS&E personnel productivity. In addition, we are routinely involved in studies led by GEMI (Global Environmental Management Initiative), a business group with membership of more than 41 multinational companies that survey several key HS&E topics. As a result of this work, we have concluded that, compared to other leading companies, P&G continues to deliver strong HS&E results. Highlights include:

- Injury/illness rate for employees—within the lowest 25%
- Lost workday rate for employees—within the lowest 25%
- Penalties paid (in dollars per billion dollars of sales)—within the lowest 25%
- Property loss (in dollars per billion dollars of sales)—within the lowest 33%
- "Best in class" HS&E operations costs (in dollars per billion dollars of sales)

We are investing in our HS&E program to develop and improve HS&E capability in both acquisition and greenfield sites. While P&G's HS&E operational costs are excellent, our longer-term challenge is to continue to deliver benchmark results while optimizing our HS&E program costs.

Fire Protection

P&G operates its fire protection program on the basic principle that each facility is unique and should have a program designed to meet its specific requirements. The Insurance Division, working with Global Business Unit fire protection leaders and local management, determines the appropriate level of fire protection for each P&G location.

Each facility's program is organized and built around the following key elements:

- Protection Engineering
- Maintenance and Inspections
- Prevention Programs
- Emergency Response
- Qualified Personnel

Each facility has a fire defense profile that describes the program requirements in detail.

Worldwide Health, Safety, and Environment Systems
(continued)

Site HS&E Leadership Training

A key indicator of HS&E systems capability is the percentage of sites with trained and qualified leaders. Leadership candidates train on-site for an extended period after attending a week-long seminar where their knowledge and ability to handle specific situations are assessed. For full qualification, the candidates must complete a qualification project at their own plant. Currently, more than 88% of sites worldwide have HS&E leaders qualified by Corporate/GBU staffs, and more than 86% have qualified fire protection leaders. This training and qualification program applies to all sites, including Technical Centers and acquisitions.

SITES WITH HS&E QUALIFIED LEADERS
percentage

SITES WITH FIRE PROTECTION QUALIFIED LEADERS
percentage

HS&E Program Costs

There are two aspects of HS&E program costs:

1. Capital costs for new HS&E equipment
2. People and operating costs for existing facilities

HS&E capital costs for 2009–2010 were approximately $42.5 million, which increased slightly versus last year. These costs include the purchase and construction of pollution control equipment such as wastewater pretreatment and air emission controls.

HS&E total costs for existing sites, which includes costs for personnel, operations, and contractor expenses for HS&E activities in 2009–2010, were $159.4 million, which is a slight increase versus last year. Efforts to reduce the amount of waste disposed have increased our overall quantity of recycling, and revenue generated from these recycling activities was $41 million.

HIV/AIDS

Worldwide, 40 million people are infected with HIV/AIDS. It is estimated that someone becomes infected every six seconds.

Infection rates in some African countries run as high as 40% of the population. AIDS has become the leading cause of death in sub-Saharan Africa, with more than 28 million people infected. In addition to the many lives lost, there are an estimated 14 million children orphaned by AIDS.

HIV/AIDS Policy

All employees, including those who are HIV-infected or have AIDS, are treated consistently with the Company's Purpose, Values and Principles by the Company, their managers, and co-workers.

Among other things, that means that each individual is treated with dignity and respect, and that we do not discriminate against any individual based on any difference not related to performance.

We treat employees with HIV/AIDS the same as we treat those with other serious illnesses.

Specifically, an employee who is HIV-infected or with AIDS:

- Has the same employment rights and responsibilities as other employees.
- Has the same eligibility for employee benefits and programs, including medical care and disability coverage, as noninfected employees.
- Is afforded privacy and confidentiality protection consistent with the Company's handling of confidential, medical, or other sensitive information.
- Is provided management support to remain productive.

With HIV/AIDS impacting sub-Saharan Africa more than any other area in the world, P&G's sub-Saharan organization is leading the Company's HIV/AIDS effort. P&G's effort, which began in 1998, was revised in 2004 to coordinate with the latest national and international developments and standards.

The effort's objectives are to:

- Use employee and family awareness and prevention programs at our African locations to help prevent the spread of HIV/AIDS.
- Offer medical plans that assist employees with HIV/AIDS to get life-prolonging medication, and in some cases supplement these plans with additional Company support.

The workplace portion of the effort consists of the following elements:

- Establishing baseline measurements, such as for knowledge, attitude, perception, and disease prevalence.
- Conducting risk analysis and impact assessment, considering issues such as costs to P&G and impact on customers, suppliers, and health care facilities.
- Implementing prevention strategies, such as awareness training, voluntary counseling, and testing for HIV/AIDS and sexually transmitted disease.

HIV/AIDS (continued)

- Implementing wellness programs to keep infected employees as healthy as possible and providing post-exposure prophylactics, anti-retroviral treatment, Nevirapine, vitamins and nutritional supplements, and home-based care.
- Evaluating and monitoring the effectiveness of these interventions.
- Assessing and improving Company benefits.

Specific P&G Activities to Fight HIV/AIDS in South Africa

For the past three years, we have partnered with our different Health Services Providers in delivering Wellness Packages to the organization. Part of this effort is the annual Wellness Days, where experts are invited to talk about wellness in the workplace.

Last year, we held a series of Voluntary Counseling and Testing sessions (VCT). Overall, 46.6% of our employees were tested. Of the employees tested, only a few were positive for HIV/AIDS, which reconfirmed our previous data that our infection rate is far lower than national averages.

We continue to provide employees access to a P&G e-care website. By logging to the website, employees can access a variety of health-related information. The site also has an online interactive feature called "Ask the Doctor" that enables employees to send health-related questions to a medical professional. There are also condom dispensers in each of the office restrooms, which are refilled every week.

We believe we have adequate resources (e.g., benefits, recruitment, and training) to address the impact of the disease. We will continue with our efforts to educate employees about the HIV/AIDS pandemic and encourage them to get to know their status, at the same time responding to the government's call for corporations to engage employees in the fight against the pandemic.

PUR and HIV/AIDS

The global response to HIV/AIDS needs to include the provision of safe drinking water, and P&G is helping to build awareness of this need as well as providing safe drinking water to people with HIV/AIDS through the P&G Children's Safe Drinking Water Program.

In sub-Saharan Africa, where HIV/AIDS rates are very high, we are working with a number of partners to provide safe drinking water to help people live positively with HIV/AIDS. People who have HIV/AIDS are more susceptible to water-borne diseases, including parasites, viruses, and pathogenic bacteria. The P&G Children's Safe Drinking Water program provides the PUR Purifier of Water product, which effectively removes all of these elements from contaminated water, making it a critical health tool for many people with HIV/AIDS.

In 2009 at the Clinton Global Initiative, P&G committed to providing an additional 2 billion liters of clean water by 2012. This brings our total commitment to 4 billion liters by 2012. People living with HIV/AIDS are a major focus of our work to deliver this increased volume, and we are currently working at large scale in Cote d'Ivoire, Democratic Republic of Congo, Ethiopia, Kenya, Malawi, Nigeria, Tanzania, and Uganda to help people living with HIV/AIDS. Towards this goal, we have provided 2.2 billion liters of clean water, helping to avoid over 90 million days of diarrheal illness and save an estimated 12,000 lives, mostly children.

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.

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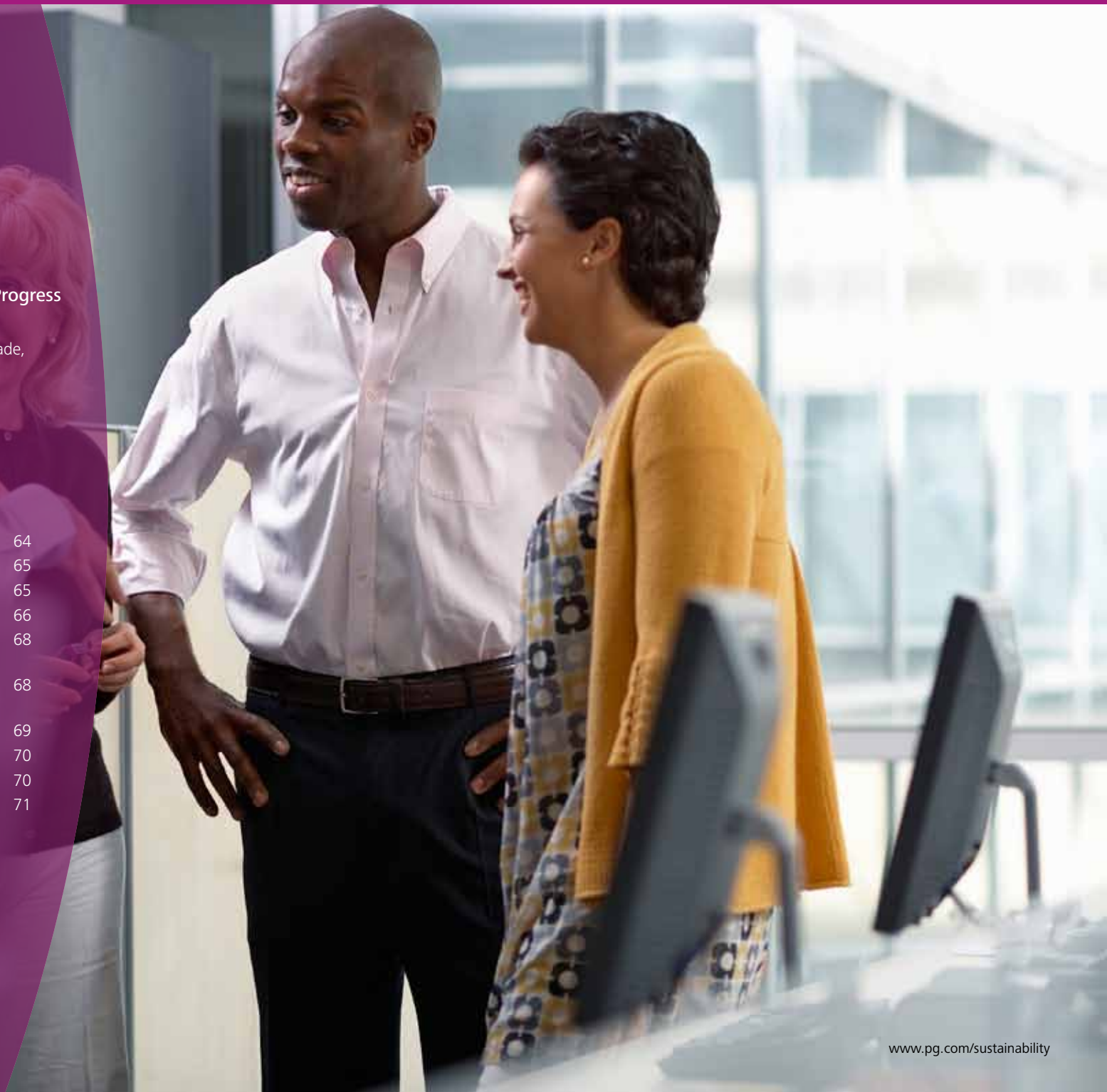


A Global Approach to Sustainable Packaging

The Global Packaging Project (GPP), spear-headed 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.

"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*

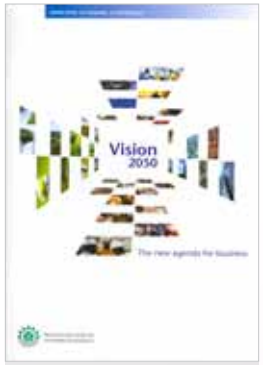
To learn more about the *Save Energy Now* LEADER Program, visit: http://www1.eere.energy.gov/industry/saveenergy-now/leader.html.

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.

Stakeholder Engagement

P&G works hard to be a good corporate neighbor and to improve lives in the communities where we live and work.

Communities

Each P&G production facility has site-specific activities to build constructive relationships with local authorities, local industry associations, residential and business neighbors, local action groups, thought leaders, and news media. Depending on the cultures and interests of individual communities, this can range from regular official meetings, during which new information is shared or questions are answered, to more informal meetings. This could be, for example, a reception for immediate neighbors, where information on the past year and plans for the new year are discussed. P&G ensures continuity in community interaction by meeting regularly with local authorities to update them on plant news. In the neighborhoods of many P&G operations, the Company cooperates with and sponsors local events, so the whole area benefits from the presence of a P&G site.

P&G recognizes the importance of improving the quality of life in our local communities, and we support local initiatives and encourage employee involvement. The most valuable community support we provide usually involves not only writing a check but also taking advantage of the intellectual capabilities and energy of P&G people. We look for areas where we can make a significant, long-term, systemic difference. This leads us to focus heavily on education and health, with special emphasis on youth. It also allows us to build alliances with strategic partners to achieve a better result than we could alone. We look to our people in the area to work with their local communities and government officials to learn where we can make the biggest difference.

Authorities: Local—Regional—Global

P&G communicates with local, regional, and global authorities directly, both as an individual company and through industry associations. Scientists and legal experts in the P&G External Relations organization review existing and proposed regulations that are relevant to the Company and work with authorities to ensure that policies take the needs and experience of business into account. This is done via meetings with the authorities and comments on their position papers and industry position papers. Activities like these can be very important to ensure that the Company's needs are understood and considered when decisions are being made that can influence P&G's business.

NGOs: Local—Regional—Global

P&G frequently enters into dialogue with nongovernmental organizations (NGOs) to understand their concerns and cares. In order to work constructively with stakeholders, it is essential to have their confidence and be seen as a reliable and open discussion partner. By building an open relationship, we can approach our NGO partners when issues arise. There is a wide range of NGOs that vary by area of interest (environmental, consumer, animal welfare, etc.), by attitude (from extreme to moderate), and by their geographic links (from local to global). Depending on their characteristics, a number of NGOs can be seen as the vocal spokespeople for the general public. Consumer organizations exist in many countries. These organizations contact companies to compare products and voice comments they receive from their members. P&G continuously provides consumer organizations with information on new initiatives and cooperates with them in answering consumer questions.

Consumers

At P&G, we are dedicated to meeting the needs of our consumers by providing products and services that can help improve their lives. The concept of "Consumer is Boss" is fundamental throughout the development and marketing of our products. We set out to delight consumers by launching only new products and product improvements that genuinely meet their needs. Before establishing a project for a new product or product improvement, P&G technologists research consumer needs in depth to identify and understand those needs that are not adequately met today.

Once a product is launched, our commitment to our consumers does not stop there. For P&G, every consumer's experience in choosing, buying, or using one of our products can provide vital insights to help us further improve our products and services. So we encourage consumers to contact our Global Consumer Relations team. We want to hear about our consumers' experiences with our products—good and bad.

Last year we heard from over 7 million consumers who wanted to ask us something about our products or our Company. We proactively offer "traditional" contact channels—phone, letter, e-mail—to consumers, but we are also very aware that consumers' lives are changing (we are consumers too!). Life is getting busier, and we want to be able to access the right information on our terms, which may be very early in the morning, or in the middle of the night. So we have invested in technology, which has already been deployed for some of our major brands, where consumers can access key information on a 24/7 basis, i.e., on their terms. Of course, we continue to offer the well-established Careline Services where consumers can talk to or communicate with an experienced advisor, but we also enable consumers to find vital information on our brands using e-mail and telephony technology "out of hours." This has been a huge success, and has actually enabled us to interact with even more of P&G's consumers in the last fiscal year, which provided more insights for our Product Development and Marketing teams to help further improve our products and services.

We are also innovating in how we ensure that these important insights from our consumers get to our business teams. Consumers who take the time to contact a company for advice or ask for help to resolve a problem provide valuable insights into our products, which can really help us develop our business by improving our brands. So we need to make sure that our consumer's voice is heard in P&G. We do this by using a range of different tools and technologies that provide our business teams with key learnings from consumer comments. In Global Consumer Relations, we recognize that the world is changing and we are investing in innovative technology to better serve our consumers. We are privileged that consumers care enough about our products to contact us.

Advertising and Promoting to Consumers Appropriately

The Company does not permit its advertising or promotions for its products to be false or misleading.

P&G's Worldwide Business Conduct Standards for Advertising include:

- Do tell the truth in Company advertising and promotions.
- Don't make a substantive claim about a Company product, or a competitor's product, or a comparison with a competitor's product, that has not been substantiated through objective product testing based on sound statistical and scientific principles.
- Don't run any advertisement or promotion that has not been reviewed by appropriate Company Legal personnel.

For additional information, please see P&G's Worldwide Business Conduct Manual at http://www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf.

Principles for Developing Environmental Sustainability Claims

These principles are intended to provide internal guidance for the development of environmental sustainability claims. All claims are required to pass through a formal claims approval process.

1. Claims must be truthful, data based, and defensible. Claims must be supported by sound and transparent assumptions and good science, and have sufficient data to substantiate the claim.
2. Claims should be a specific statement of facts and should not exaggerate attributes or benefits. The use of broad, unqualified, and hard-to-define claims should be avoided.
3. Claims should reflect life cycle thinking. The claimed benefit should not be outweighed by other environmental burdens or negative attributes of the product/packaging elsewhere in its life cycle.
4. Any environmental benefit claimed on a product must be a meaningful benefit for consumers, customers, or external stakeholders.
5. Claims should not misleadingly exploit environmental requirements needed for regulatory or legal compliance.
6. Claims should be supported by data on both recommended and actual usage if these are known to differ.
7. Environmental benefits may be translated into other indicators which are more telling for consumers, as long as the translation is based on factual equivalents and does not exaggerate the benefit the product actually provides.
8. The claim must not be worded in a way that denigrates products not carrying the claim.
9. Presence/absence of specific ingredients may be used only when claims do not denigrate products carrying the ingredients and only when presented in a neutral and informative way.
10. The product carrying an environmental claim must not be labeled as dangerous for the environment.
11. All claims must comply with relevant local regulatory/legal requirements.
12. All environmental sustainability claims must pass through the normal claim approval systems.

Sustainability Guidelines for Supplier Relations

The foundation of our Sustainability Guidelines for Supplier Relations is our Purpose, Values and Principles. We operate within the spirit and letter of the law and maintain high ethical standards wherever we conduct business. We will actively seek business relationships with suppliers who share our values and promote the application of these high standards among those with whom they do business.

Summary of Our Supplier Guidelines:

1. We expect our suppliers to comply with all applicable laws of their country, including laws relating to employment, discrimination, environment, and health and safety. Suppliers who knowingly violate laws or have repeated problems conforming to them will not receive our business.
2. Commercial bribery is illegal and subject to criminal penalties in many countries, including the United States. Any personal payment or bribe to individuals employed by P&G's customers or suppliers—or receipt of a bribe or personal payment by P&G employees—is strictly prohibited. Even in locations where such activity may not, technically speaking, be illegal, it is absolutely prohibited by Company policy.
3. P&G supports universal human rights, particularly those of our employees, the communities within which we operate, and the parties with whom we do business. In our business award decisions, we will continue to place substantial value upon incumbent and potential suppliers who consistently respect basic human rights.
4. P&G utilizes fair employment practices, striving to provide a safe, healthy, and productive work environment for its employees. The Company respects employees' right to freedom of association, third-party consultation, and collective bargaining where allowed by law. The Company expects suppliers to uphold the same standards. Specifically:
   - We will not conduct business with suppliers employing child, prison, indentured, or bonded labor, or using corporal punishment or other forms of mental and physical coercion as a form of discipline.
   - We expect suppliers to conduct their business without unacceptable worker treatment such as harassment, discrimination, physical or mental punishment, or other forms of abuse.
   - At a minimum, we expect our suppliers to comply with all applicable wage and hour laws, and rules and regulations, including minimum wage, overtime, and maximum hours.
   - We expect suppliers to provide a safe work environment, to prevent accidents and injury, and to minimize exposure to health risks.
   - We seek to do business with suppliers who share our concerns for and commitment to preserving the environment. At a minimum, suppliers must meet all current applicable environmental rules, regulations, and laws in their countries.

The management system is owned by the Global Vice President–Purchasing and has three components:

Communicate: All purchasing personnel who interface with suppliers are trained on the supplier guidelines and how to conduct supplier assessments. We communicate the guidelines to our suppliers once a year and reinforce our expectations in our contracts. This makes compliance with the guidelines a condition of business and therefore makes noncompliance grounds for disqualification for all new and ongoing supply agreements.

Check: Ongoing periodic performance assessments are done as part of regular commercial and technical supplier visits. During the year we began preparing for a relaunch of our audit program. Specifically, we will adopt the use of an industry-standard third-party audit system versus the current in-house model. This allows P&G to strengthen compliance in a more efficient and disciplined way through the eyes of professional auditors while refocusing P&G resources on collaborating with suppliers on corrective actions. This approach should also lower costs for our suppliers by allowing them to reapply one audit for multiple customers via a mutual recognition program enabled by following an industry standardized methodology.

Correct noncompliance: When potential noncompliance issues are identified, they are communicated to the supplier as part of the closing meeting. Corrective actions, including formal notification and a remediation action plan, are then implemented. In some cases, we require immediate action to achieve compliance, or we halt business. These include child labor or forced labor, and egregious health and safety violations presenting immediate danger to human health. If a compliance issue is not resolved in a timely manner, the business relationship is terminated.

The Sustainability Guidelines for Suppliers can be downloaded at: www.pgsupplier.com/sustainability-guidelines.

Supplier Diversity

Supplier Diversity is a business strategy for P&G that we have focused on since the mid-1970's. When we invest with diverse suppliers, we not only strengthen our innovation and go-to-market capabilities, but we also touch and improve the lives of the women and men who work in these companies— and through them, their families and the communities in which they live and work. This is an important way we fulfill P&G's Purpose.

P&G makes a significant and ongoing investment in supplier diversity, spending more than $2 billion with minority- and women-owned suppliers in 2009–2010. This is the third consecutive year we have exceeded $2 billion in supplier diversity spending. P&G is one of just 17 corporations on the Billion Dollar Roundtable, an exclusive group of companies that invest a billion dollars a year or more with minority- and women-owned agencies, suppliers or external businesses.

Personal Information Privacy

Advances in computer technology have made it possible for detailed information to be compiled and shared more easily and cheaply than ever around the globe. That can be good news for society as a whole and for individual consumers.

At the same time, as personal information becomes more accessible, each of us—companies, associations, government agencies, consumers—must take precautions against misuse of that information. Several countries already have laws protecting consumers from misuse of their personal information, and many others are following suit.

P&G places high priority on safeguarding people's personal information. Even in countries without privacy legislation, we still adhere to our privacy policy. We want to have the trust of consumers and all others who do business with us, including employees, shareholders, retail customers, and recruitment candidates.

P&G's robust privacy program is managed by a Global Privacy Council. Our first objective is to protect an individual's personally identifiable information as if it were our own. All outside companies handling data on our behalf are required to abide by our privacy principles.

Externally, P&G has been a strong advocate of work within the industry to protect the privacy of consumers. For example, P&G has been a leader in the effort to make privacy notices more consumer friendly and has made our online marketing statement available in 39 languages.

For more information on P&G's global privacy principles, please visit: www.pg.com/en_US/sustainability/point_of_view/privacy.shtml.

P&G adheres to U.S./European Union Safe Harbor principles and participates in the Better Business Bureau's EU Safe Harbor Program. For more information, visit: www.bbb.org/us/european-union-dispute-resolution/.

In the United States, P&G is an active participant in the Better Business Bureau's Accredited Business Program. For more information, visit: www.bbb.org/us/Business-Accreditation/.

Third-party companies can access our privacy and security guidelines on www.pgsupplier.com.

Principal Industry and Business Associations

P&G holds membership in many industry, business, and environmental associations whose activities are related to the Company's. These include:

Europe, Middle East and Africa

- Advertising Associations: WFA—World Federation of Advertisers
- Chemical Industry Associations: CEFIC—European Chemicals Industry Association
- Cosmetics Industry Associations: COLIPA—Cosmetics & Fragrances Industry
- Detergent Industry Associations: AISE—Association Internationale de la Savonnerie de la Detergence et des Produites d'Entretien
- Employer Associations: Business-Europe
- Environmental Associations: ECETOC—European Center for Ecotox and Toxicology of Chemicals; EUROPEN—The European Organization for Packaging and the Environment
- Euro/American Business Associations: AECA—American European Community Associations; EU Committee of AmCham
- Food Associations: CIAA—European Food Industry Association
- Grocery/Brand Associations: AIM—European Brands Association
- Paper Associations: EDANA—European Industry of Non-Woven Products; HAPCO—European Industry of Hygiene Paper Products
- Pet Food Industry Associations: PFMA—Pet Food Manufacturers Association
- Pharmaceutical Associations: AESP – Association of European Self-Medication Industry; EFPIA—European Pharmaceutical Industry Association

North America

- American Chemical Society
- American Chemistry Council
- American Cleaning Institute
- American Legislative Exchange Council
- Association of National Advertisers
- Business Roundtable
- Canadian Consumer Specialty Products Association
- Canadian Cosmetic, Toiletry and Fragrance Association
- Canadian Health Products Association
- Consumer Specialty Products Association
- Consumer Health Products Association
- The Council of State Governments
- CSR Canada—Corporations Support Recycling
- Food and Consumer Products of Canada
- Global Environment Management Initiative
- Grocery Manufacturers of America
- National Conference of State Legislatures
- National Environmental Development Association
- National Governors Association
- Personal Care Products Council
- U.S. Council for International Business
- Water Environment Research Foundation

Latin America

- ABIPLA—Brazilian Association of Household Cleaning Products
- ASOQUIM—Venezuelan Association of the Chemical Industry
- ABIHPEC—Brazilian Association of Personal Hygiene, Perfumery and Cosmetics Industry
- CEMPRE—Brazilian Recycling Association
- CAPA—Argentine Chamber of Cosmetics & Perfume Industry
- CANIPEC—Mexican Association of the Cosmetics and Personal Care Industry
- Cámara Nacional de la Industria de Aceites, Grasas, Jabones y Detergentes, Mexico
- CONCAMIN—Confederación de Cámaras Industriales
- AMECE—Asociación Mexicana de Estándares para el Comercio Electrónico
- CONAR—Consejo de Autorregulación y Ética Publicitaria, Mexico
- COMCE—Consejo Mexicano de Comercio Exterior
- CONMEXICO—Consejo Mexicano de la Industria de Productos de Consumo
- ANDA—Venezuelan Association of Advertisers
- CONINDUSTRIA—Industrial Confederation of Venezuela
- CONAR—Chilean Advertising Self-Regulation and Ethics Council
- SOFOFA—Manufacturers Industry Association
- AmCham—Chilean American Chamber of Commerce
- ANDA—National Advertisers Association Chile
- SNI—Sociedad Nacional de Industrias, Peru

Asia

- Australia – ACCORD – Consumer, Cosmetic, Hygiene & Specialty Products Association
- China—AmCham
- China—Academy of Environmental Science
- China—Association of Fragrance, Flavor and Cosmetic Industry
- China—Daily Use Groceries Association
- China—Industry Association for Baked Products & Sugars
- China—Environmental Health Safety Roundtable
- China—Association of Surfactant, Soap and Detergent Industries
- China—Hygiene Supervision Association
- China—National Household Paper Industry Association
- China—China Oral Care Industry Association
- China—Guangdong Fragrance Flavor Cosmetic and Laundry Industry Association
- China—Guangdong Quality Inspection Association
- China—National Bar Code Association
- Hong Kong—The Cosmetic and Perfumery Association of Hong Kong
- India—Confederation of Indian Industry
- India—Federation of Indian Chambers of Commerce and Industry
- India—Feminine & Infant Hygiene Association
- India—Indian Soap & Toiletries Makers' Association
- Indonesia—Indonesian Cosmetics Association
- Japan—Japan Cosmetic Industry Association
- Japan—Japan Hygiene Product Industry Association

- Japan—Japan Soap and Detergent Association
- Korea—American Chamber of Commerce
- Korea—Korea Chemical Management Association
- Korea—Korea Cosmetics Industry Association
- Korea—Korea Food Industry Association
- Korea—Korea Pharmaceutical Trade Association
- Malaysia—American Malaysian Chamber of Commerce (AmCham)
- Malaysia—MAFMAG—Federation of Malaysian Manufacturers
- Malaysia—MICCI—Malaysian International Chamber of Commerce and Industry
- Malaysia—CTFA—The Cosmetic, Toiletry & Fragrance Association of MalaysiaCTFA
- Philippines—Soap & Detergent Association of the Philippines
- Philippines—Cosmetic, Toiletry & Fragrance Association of the Philippines
- Singapore—The Cosmetic, Toiletry & Fragrance Association of Singapore
- Taiwan—TWCIA—Taiwan Cosmetic Industry Association
- Taiwan—Taiwan Paper Industry Association
- Taiwan—Taiwan Soap & Detergent Industry Association
- Thailand—F.T.I.—Federation of Thai Industries
- Thailand—Thailand Soap & Detergent Association

Worldwide

- Conference Board
- Consumer Goods Forum
- International Chamber of Commerce
- Society of Environmental Toxicology and Chemistry
- World Business Council for Sustainable Development

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.

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

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).

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.

MOST SUSTAINABLE CORPORATIONS GLOBAL 100

FTSE4Good

Dow Jones Sustainability Indexes
Member 2010/11

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GRI INDICATOR	DESCRIPTION	PAGE(S)
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LA1	Total workforce by employment type, employment contract, and region. (Core)	7
LA2	Total number and rate of employee turnover by age group, gender, and region. (Core) *Note: We do not track this information globally*	N/A
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)	N/A

Labor/Management Relations

LA4	Percentage of employees covered by collective bargaining agreements. (Core) *Also see www.pg.com/en_US/downloads/company/governance/PG_Values_Policies.pdf*	N/A
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core) *Note: We abide by local legislation and our PVPs.*	N/A

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LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. (Additional)	59–61
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LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)	58–61
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LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)	50, 56–58, 61
LA12	Percentage of employees receiving regular performance and career development reviews. (Additional)	57, 61

Diversity and Equal Opportunity

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core) *Also see Proxy Statement www.pg.com/investors/annualreports.jhtml*	57
LA14	Ratio of basic salary of men to women by employee category. (Core)	56

8. HUMAN RIGHTS

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HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	69
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (Additional)	N/A

GRI INDICATOR	DESCRIPTION	PAGE(S)
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HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights. (Core) *Also see www.pg.com/en_US/downloads/company/governance/PG_Values_Policies.pdf*	69
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HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	69
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HR8	Percentage of security personnel trained in the organization's polices or procedures concerning aspects of human rights that are relevant to operations. (Additional)	N/A
Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)	N/A

GRI INDICATOR	DESCRIPTION	PAGE(S)
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SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)	31, 39
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SO2	Percentage and total number of business units analyzed for risks related to corruption. (Core) *Also see Worldwide Business Conduct Manual www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf*	15–16
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures. (Core) *Also see Worldwide Business Conduct Manual www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf*	15–16
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GRI INDICATOR	DESCRIPTION	PAGE(S)
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PR2	Total number of incidents of noncompliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes. (Additional)	N/A
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PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	9
PR4	Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. (Additional)	N/A
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PR7	Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes. (Additional)	N/A

GRI INDICATOR	DESCRIPTION	PAGE(S)
Customer Privacy		
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Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. (Core) *Note: We do not track this information Globally*	N/A

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