P&G

Designed to Matter

2009 Sustainability Report

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NOTE TO PDF USER

This PDF utilizes interactive elements.

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About this publication

This is the eleventh Sustainability Report for P&G's worldwide operations. Data in this report covers the period from July 1, 2008, through June 30, 2009. 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.

At P&G, we focus our Sustainability efforts on improvements that matter, to make the most meaningful impact we can.

Our commitment begins with P&G's Purpose, Values and Principles, in which Sustainability is embedded, and manifests itself in a systemic and long-term approach.

We strive to make our actions matter.

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&Gers 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 is 172 years old this year. Our Company has grown through multiple recessions and the Great Depression. We've navigated through wars, economic crises, and the unrelenting pace of change that has accelerated dramatically in recent decades. Through all this volatility, the one factor above all others that has enabled P&G to grow responsibly is the clarity and constancy of P&G's Purpose—to touch and improve consumers' lives with branded products and services.

In fact, our growth strategy for the coming decade is linked tightly to our Purpose. We will grow P&G's business by touching and improving more consumers' lives in more parts of the world…more completely.

To execute this strategy and fulfill the Company's Purpose, we must grow responsibly and sustainably. As a result, Sustainability is at the heart of P&G's business model. Keeping Sustainability at the core of our business fuels innovation and strengthens our results.

When I was named Executive Sponsor for Sustainability at P&G and then subsequently named CEO, many questioned whether or not I would remain the Sustainability sponsor. For me, this was never a question. We're a company that focuses on growth now and for generations to come, and therefore Sustainability should and will be a focus area for me.

At P&G, we are focusing our Sustainability efforts on building long-term capabilities for the Company. That's why the theme of this report is "Designed to Matter." We design our strategies and plans to ensure that the work we do makes a meaningful difference—in the environmental footprint of our products and operations, in areas of the world where people most need our help, and in the lives of our employees and external partners.

We bring the power and scale of our brands and our people—our two most important assets—to solve real problems facing the world. It's been a part of our culture for decades.

This past March, despite the economic environment and in recognition of the progress we've already made, we increased each of our previously established 2012 goals. Then in September, to enhance our social commitment, we further increased our goal for providing safe drinking water in the developing world by another 1 billion liters, for a total of 4 billion liters by 2012. This will prevent 160 million days of disease and save thousands of lives. On the environmental side, I endorsed the *Copenhagen Communiqué on Climate Change,* which calls for an effective and equitable international framework to address climate change. Within P&G, we are focusing our own efforts on reducing greenhouse gas emissions and innovating and educating to impact consumer behavior. As I hope these recent actions help to illustrate, our commitment to touch and improve the lives of the world's consumers, now and for generations to come, is stronger than ever.

Bob McDonald
President and Chief Executive Officer

…Touch and improve the lives of the world's consumers, now and for generations to come.

Designed to Matter: Committed to Meaningful Improvements

Leadership Statement

At P&G, we are focusing our efforts where we can make the most meaningful difference in both environmental and social Sustainability. In 2007, P&G established five strategies for Sustainability and set goals to be achieved by 2012.

This past March, in recognition of the progress we've made so far and to emphasize our commitment to achieving even more significant wins, we increased *each* of our goals. It's a part of P&G's culture to continuously raise the bar, and our work in Sustainability is no exception. I'd like to share just a few highlights of the work we've done this year.

Products—We continue to climb toward our goal of at least $50 billion in cumulative sales of "sustainable innovation products" by 2012. We made progress toward this goal in fiscal 2009 by introducing innovative new products such as Ariel Excel Gel, a highly concentrated and extremely effective laundry detergent introduced in Western Europe, as well as other smaller product and packaging innovations that add up to big improvements.

Operations—We continue to drive conservation efforts in manufacturing and we applied smart eco-designs to reduce our operational footprint. Beyond that, we expanded our efforts across the entire supply chain, taking a holistic end-to-end view of opportunities. We initiated projects in transportation that created significant energy savings and we chartered a Supplier Sustainability Board to guide the development of supplier-related strategies.

Social Responsibility—Together with our partner organizations, we are developing and expanding successful programs around the world to enable 300 million children to Live, Learn and Thrive, touching and improving the lives of more than 75 million children this past year. More of our brands are using their consumer reach to drive awareness and results in significant social issues. Pampers' partnership with UNICEF is committed to eradicating maternal and neonatal tetanus. The Always and Tampax Protecting Futures program aims to keep girls in the developing world in school during the days they have their period by making feminine protection products available to them.

Employees—Employees at 78 of our sites around the world agreed to "Take the R (Responsibility) for Tomorrow" during our annual Earth Day employee education event. Many of our employees went on to participate on Site Sustainability teams or to engage in our global Sustainability Ambassador Network, which now has nearly 500 members. Their role is to encourage sustainable behaviors among their co-workers.

Stakeholders—We are working transparently with external stakeholders to ensure P&G has the freedom to innovate and grow in a responsible way. We are working diligently, both by dedicating resources internally and by partnering externally, to tackle important topics that impact both our world and our business. This year's report discusses how we are working with stakeholders on the following challenges.

Solid Waste is a priority for P&G because some of our products and most of our packages enter the solid waste stream. Consumers want to make sustainable choices and learn more about waste management of our products and packaging; this compels us to constantly seek improvements in the design, manufacture and delivery of our products and to collaborate externally to develop improved integrated waste management systems.

Climate Change is a serious issue facing the world today. So while P&G is not an energy-intensive business, we focus our efforts in two areas: reducing our own emissions and innovating and educating to positively impact consumer behavior.

Water is of crucial importance to both the production and use of our products, so our approach to water is focused on responsible water use by both our Company and consumers. And because a lack of safe drinking water is a leading cause of debilitating disease and death in developing countries, especially for young children, we are also working hard to help provide safe water to children in need.

Product Safety is at the heart of the trust consumers place in P&G brands. All of our products are thoroughly evaluated for safety for people and the environment before they go to market. P&G also consistently promotes research that enhances understanding of product safety. Beyond the safety of ingredients themselves, we also conduct extensive studies to understand real consumer use of our products.

P&G remains squarely focused on having a meaningful impact in both environmental and social Sustainability work. We are upholding our commitments and stretching our employees and our partners to continuously raise the bar for the level of results we can achieve.

Len Sauers
Vice President, Global Sustainability

P&G Report Card: 2012 Sustainability Goals

These goals, originally set in 2007, were increased in March 2009. The goal for Children's Safe Drinking Water (CSDW) program was again increased in September 2009. Progress against goals is as of June 30, 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	**$13.1**

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	**-11%**	-48%
CO_2 Emissions	**-10%**	-52%
Waste Disposal	**-30%**	-53%
Water Usage	**-13%**	-52%

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	**135 million**
CHILDREN'S SAFE DRINKING WATER	
Liters of Clean Water Delivered	**930 million**
Days of Disease Prevented	**39 million**
Lives Saved	**>5,200**

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

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

(3) Within Live, Learn and Thrive, our signature program is Children's Safe Drinking Water. Methodology for calculating diarrheal days and mortality was developed with Population Services International and Aquaya Institute. Details are provided on **page 50** of this report.

P&G Profile

Touching Lives. Improving Life.

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

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P&G's world headquarters is located in Cincinnati, Ohio, U.S.A. Three 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®, Actonel®, Duracell®, Olay®, Head & Shoulders®, Wella®, Gillette®, Braun®, and Fusion®. The P&G community includes approximately 135,000 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.jhtml.

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

Billion-Dollar Brands

P&G is a company of leading brands. At the beginning of the decade, P&G had ten billion-dollar brands in its portfolio—brands that generate more than one billion dollars in sales each year. Today, we have 23 of these billion-dollar brands.

Half-Billion-Dollar Brands

P&G also has 20 brands generating about $500 million or more in annual sales. When these are combined with the billion-dollar brands, P&G's top 43 brands account for 85% of sales and more than 90% of profit. Together, these 43 brands have delivered a 9-year compound average sales growth rate of approximately 10% — double the growth rate of the balance of P&G's brand portfolio.

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

P&G at a Glance

FINANCIAL HIGHLIGHTS

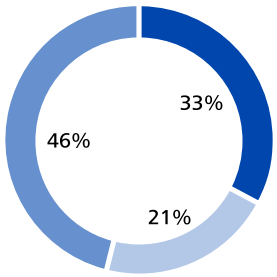
Financial Summary (Unaudited)

Amounts in millions, except per share amounts	2009	2008	2007
Net Sales	**$79,029**	$81,748	$74,832
Operating Income	**16,123**	16,637	15,003
Net Earnings	**13,436**	12,075	10,340
Net Earnings Margin from Continuing Operations	**14.3%**	14.4%	13.4%
Diluted Net Earnings per Common Share from Continuing Operations	**$ 3.58**	$ 3.56	$ 2.96
Diluted Net Earnings per Common Share	**4.26**	3.64	3.04
Dividends per Common Share	**1.64**	1.45	1.28

For more financial details, please see P&G's 2009 Annual Report: www.annualreport.pg.com/annualreport2009.

2009 NET SALES

(% of total business segments)



- Beauty
- Health and Well-Being
- Household Care

GBU	Reportable Segment	Key Products	Billion-Dollar Brands	Net Sales by GBU[1] (in billions)
BEAUTY	Beauty	Cosmetics, Deodorants, Hair Care, Personal Cleansing, Prestige Fragrances, Skin Care	Head & Shoulders, Olay, Pantene, Wella	**$26.3**
	Grooming	Blades and Razors, Electric Hair Removal Devices, Face and Shave Products, Home Appliances	Braun, Fusion, Gillette, Mach3	
HEALTH AND WELL-BEING	Health Care	Feminine Care, Oral Care, Personal Health Care, Pharmaceuticals	Actonel, Always, Crest, Oral-B	**$16.7**
	Snacks and Pet Care	Pet Food, Snacks	Iams, Pringles	
HOUSEHOLD CARE	Fabric Care and Home Care	Air Care, Batteries, Dish Care, Fabric Care, Surface Care	Ariel, Dawn, Downy, Duracell, Gain, Tide	**$37.3**
	Baby Care and Family Care	Baby Wipes, Bath Tissue, Diapers, Facial Tissue, Paper Towels	Bounty, Charmin, Pampers	

(1) Partially offset by net sales in corporate to eliminate the sales of unconsolidated entities included in business unit results.

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. 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 $368 million of cash in 2009, primarily for the acquisition of Nioxin, a leader in the scalp care professional hair care market, which was incorporated into Beauty.

Proceeds from Asset Sales

Proceeds from assets sales were $1.1 billion in 2009, mainly due to the sales of our Coffee business, the Thermacare brand, and a number of other minor brands. Of these proceeds, $350 million related to debt issued in connection with the Folgers coffee transaction. The underlying debt obligation was transferred to the J.M. Smucker Company pursuant to the transaction. No cash was received from Smucker in the exchange transaction.

Global Purchases

This year, P&G purchased more than $45.7 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.

Economic Development

Innovation is a P&G cornerstone. About $2 billion is invested annually in research and development—the largest amount among the world's consumer product companies. We have more than 34,000 patents worldwide, and we average more than one new patent per day.

These intellectual assets are of tremendous value to P&G. But some are not being fully realized; we invent more than we can commercialize. Through our External Business Development group we continue to identify non-strategic proprietary technologies which, when developed to their full potential, can yield sustainable revenue sources and bring important technologies to the market.

P&G invites collaboration. 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, 2009, there were approximately 2,301,000 common stock shareowners, including shareholders of record, participants in the Shareholder Investment Program, participants in P&G stock ownership plans, and beneficial owners with accounts at banks and brokerage firms.

Contact

Shareholder Services representatives are available Monday–Friday, 9–4 EST at 1-800-742-6253

(1-513-983-3034 outside the U.S.A. and Canada)

Write to:

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

For more information:

- Please visit www.pg.com/investors
- E-mail us at shareholders.im@pg.com
- Call for financial information at 1-800-764-7483

Organizational Structure

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

Global Business Units

In fiscal year 2009, our three GBUs were:

- Beauty
- Health and Well-Being
- 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).

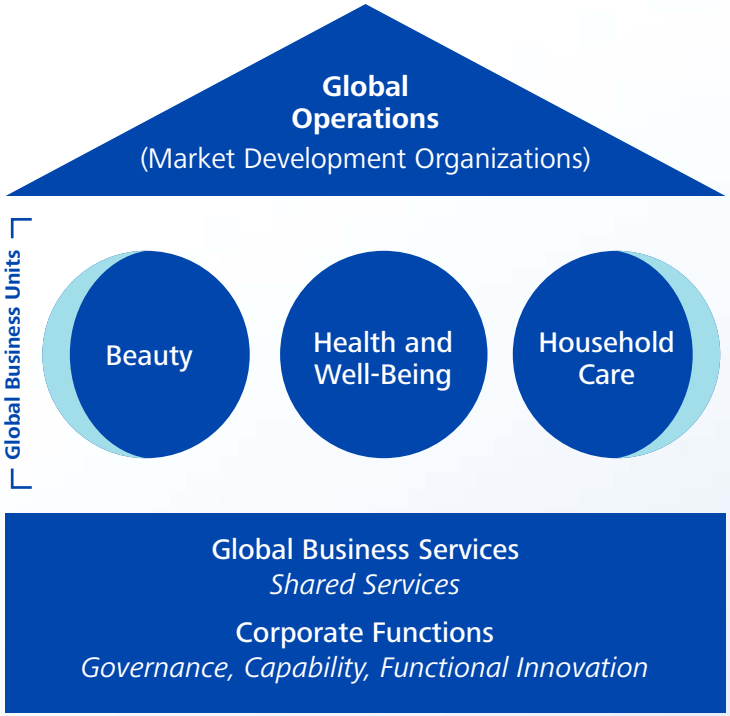
We define developing markets as the aggregate of CEEMEA, Latin America, AAIK, and Greater China. Developed markets are comprised of North America, Western Europe, and Japan.

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 the 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 140 manufacturing facilities in over 40 countries. These facilities handle the majority of P&G's production.

Our primary focus is meeting consumer needs. To ensure that our products are affordable, our manufacturing facilities must provide the best 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 use contract manufacturers. For example, we might use contract manufacturers when we enter a new market and need to access a technology or process we don't have before determining whether to build our own facility there. Or we might do so when introducing a new product, allowing us to determine production needs prior to investing in new capacity at a P&G facility. Sometimes we use third-party manufacturers on a longer-term, ongoing 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 predominantly regional.

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, we rely on third-party manufacturers for about 10–15% of our total manufacturing volume.

P&G Plants Locations

As of June 30, 2009

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Argentina	Pilar	Pilar	Fabric Care
Argentina	Villa Mercedes	Villa Mercedes	Baby Care
Australia	Somersby	Somersby	Hair Care
Belgium	Aarschot	Aarschot	Duracell
Belgium	Mechelen	Mechelen	Fabric Care
Brazil	Louveira	Louveira	Feminine Care
Brazil	Manaus	Manaus	Blades & Razors
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
China	Tianjin	Tianjin (Hair Care)	Hair Care
China	Tianjin	Xiqing	Hair Care
Colombia	Medellin	Medellin	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
France	Sarreguemines	Sarreguemines	Hair Care
Germany	Berlin	Berlin	Blades & Razors
Germany	Cologne	Cologne	Personal Beauty

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Germany	Crailsheim	Crailsheim	Feminine Care
Germany	Euskirchen	Euskirchen	Baby Care
Germany	Gross-Gerau	Gross-Gerau	Oral Care
Germany	Hünfeld	Huenfeld	Hair Care
Germany	Kronberg	Kronberg	Braun
Germany	Marktheidenfeld	Marktheidenfeld	Braun
Germany	Rothenkirchen	Rothenkirchen	Hair Care
Germany	Walldürn	Wallduern	Braun
Germany	Weiterstadt	Weiterstadt	Pharmaceuticals
Germany	Worms	Worms	Chemicals
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
Ireland	Newbridge	Newbridge	Personal Health 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
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

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Mexico	Mexico City	Vallejo	Fabric Care
Mexico	Naucalpan	Alce Blanco	Oral Care
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
Peru	Lima	Materiales	Fabric Care
Philippines	Cabuyao	Cabuyao	Fabric Care
Poland	Aleksandrow Lodzki	Aleksandrow	Beauty
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
Puerto Rico	Manati	Manati	Pharmaceuticals
Romania	Timișoara	Timișoara	Fabric Care
Romania	Urlați	Urlați	Fabric Care
Russian Federation	Dzerzhinsk	Dzerzhinsk	Hair Care
Russian Federation	Novomoskovsk	Novomoskovsk	Fabric Care
Russian Federation	St. Petersburg	St. Petersburg	Blades & Razors
Saudi Arabia	Dammam	Dammam	Fabric Care
Saudi Arabia	Jeddah	Jeddah	Baby Care
Singapore	Singapore	Pioneer Perfume	Chemicals
South Africa	Johannesburg	Johannesburg	Baby Care
South Korea	Ch'onan	Ch'onan	Feminine Care
Spain	Jijona	Jijona	Baby Care
Spain	Mataró	Mataró	Fabric Care

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
Spain	Mequinenza	Mequinenza	Baby Care
Spain	Montornès del Vallès	Montornès	Feminine Care
Thailand	Bangkok	Bangkok	Hair Care
Thailand	Samut Prakan	Bangkok (Wella)	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	Family Care
United Kingdom	Reading	Reading	Personal Beauty
United Kingdom	Whitley Bay	Seaton Delaval	Personal Beauty
United States	Albany	Albany	Family Care
United States	Andover	Andover	Personal Beauty
United States	Auburn	Auburn	Feminine Care
United States	Augusta	Augusta	Fabric Care
United States	Aurora	Aurora	Pet Care
United States	Avenel	Avenel	Chemicals
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
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

COUNTRY	CITY	PLANT NAME	CATEGORY OWNER
United States	LaGrange	LaGrange	Duracell
United States	Lancaster	Lancaster	Duracell
United States	Leipsic	Leipsic	Pet Care
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
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 the accountability of management and the Board of Directors. 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

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.

Additionally, the Board has adopted guidelines for determining the independence of its members. As of June 30, 2009, approximately 83% 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 details concerning the role and structure of the Board of Directors are contained in the Board's Corporate Governance Guidelines, which can be found in the corporate governance section of the Company's website at www.pg.com/investors.

Our corporate governance guidelines, independence guidelines, and charters for all Board committees are available at our website at www.pg.com/company/our_commitment/corp_gov.

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. To audit our consolidated financial statements, they have engaged Deloitte & Touche LLP, who has issued an unqualified opinion.

Our commitment to providing timely, accurate, and understandable information to investors encompasses a number of efforts:

Communicating Expectations to Employees—Every employee—from senior management on down—is 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.

The Worldwide Business Conduct Manual is available on our website at www.pg.com/company.

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. We monitor these internal controls through control self-assessments by business unit management. In addition to performing financial and compliance audits around the

Governance (continued)

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 a 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—including compound average shareholder returns above the Dow Jones Industrial Average for the past one-, three-, five- and 10-year periods. The Committee and the Board of Directors are charged with the consistent and fair application of these principles. 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 decisionmakers 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 $3.66 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 2008 calendar year. In 2008, P&G reported lobbying activity in the range of €200,000 to 250,000 (approximately $290,000 to 365,000 USD) in the European Union under new voluntary guidelines issued by the EU Commission.

In 2008, P&G spent roughly $9.2 million in dues to U.S. associations with annual dues of $25,000 or more, of which $1.8 million, roughly 19.5%, was identified by 40 associations as funds spent on lobbying and political activities.

A listing of P&G's U.S. associations and percentage of dues attributable to political activities can be found at www.pg.com/political_activities.

U.S. Corporate Political Activity

P&G engages in the political process by providing financial support to 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 President and 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. In 2008, P&G gave $460,000 in contributions to state ballot initiatives and other issue advocacy campaigns that had a direct impact on the business.

A listing of these initiatives can be found at www.pg.com/political_activities.

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 Company senior managers, U.S. Government Relations personnel, and P&G 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 2008, the P&G PAC contributed $270,280 to 184 candidates running for office. The average contribution was $1,469.

Additionally, P&G operated a separate state PAC in Massachusetts, and a federal PAC related to the acquisition of Gillette. In 2008, the P&G/Gillette state PAC contributed $1,250 to three Massachusetts state and local candidates, and the Gillette Federal PAC did not make any contributions to candidates. Both PACs were closed in the beginning of 2009.

P&G PAC activity is available on the FEC and state elections websites. A listing of all 2008 PAC contributions is available at www.pg.com/political_activities.

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, mainly Wella and Gillette, 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.

Product Innovation

Insight Matters

We combine two key strengths— consumer understanding and science— to deliver sustainable innovations that don't require trade-offs in performance or value.

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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]

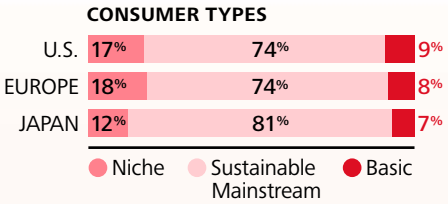
PROGRESS (in billions of U.S. dollars)	**Cumulative Sales since July 2007**
Cumulative sales of sustainable innovation products	**$13.1**

(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.

Consumer Insight

Because we are in touch with the reality of consumers, we can make innovation decisions based on their needs. We know that most consumers are unwilling to make trade-offs on performance or value to be more sustainable. This insight is consistent in regions throughout the world.

We have found that two relatively small groups exist on the ends of a decision making spectrum. On one end, "niche" consumers are willing to sacrifice performance or value for a more sustainable product. On the other, a small segment is focused on providing "basic living" for their families and do not make purchases based on Sustainability factors.



The vast majority of consumers (around 70%) we call the "sustainable mainstream"—want choices that have improvements in their environmental profile. But they will only alter purchasing decisions when they can have the performance they require and the value they need. At P&G, this group is the focus of our Sustainability decisions.

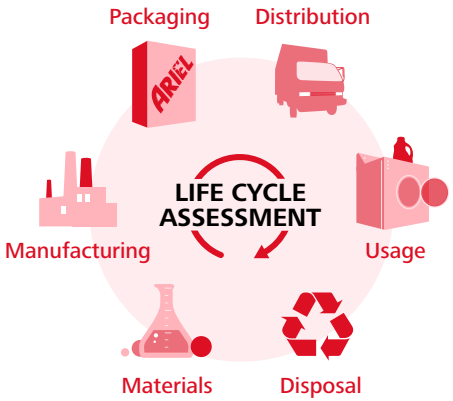
Why does this matter? By meeting the needs of this largest segment of consumers, we can deliver the greatest positive impact.

Technology Insight

A second decision making factor comes from our unique, holistic view of technology. Our science is based upon life cycle thinking, a discipline we helped pioneer.

This approach considers the entire environmental footprint of a product, from raw materials to consumer use and disposal. It examines multiple factors in each step to determine the overall environmental impact.

P&G's unique combination of consumer insights and technology insights results in sustainable product innovations that can be delivered by changing the product, its packaging, or both. Dozens of these innovations have been launched successfully across P&G. Some examples from Ariel, a leading P&G laundry brand, show how such advances come to life.



Dramatic Changes in Formulation

Ariel Excel Gel, the new generation of Ariel detergents, was designed from scratch for ultimate cleaning at low temperatures. This formulation change has helped bring about reductions in environmental impact, expending less energy, water, packaging, and waste.

The science behind Ariel Excel Gel's low-temperature performance is called catalytic detergency—a type of chemistry that actually regenerates itself. At first, stains are broken down and suspended in the water away from clothes. But Ariel Excel Gel then returns to the clothes and removes additional stains, again and again. This means a small amount of gel will achieve fantastic results in water temperatures as low as 15°C.

Why does this matter? During the laundry life cycle, 70% of energy consumption happens during the product's use, heating the water needed to wash. Eliminating the need to heat the water cuts energy use dramatically.

But Ariel Excel Gel takes Sustainability a step further. The next-generation formula uses only ingredients that add value to the cleaning performance, adding no thickeners, solvents, or stabilizers. Thanks to a breakthrough formulation that forms a gel naturally, the product's easy-squeeze consistency is achieved without the need for any structuring agents. This makes it possible to handle the same number of loads in a highly concentrated formula, leading to a dramatic reduction in packaging.

A NOTICEABLE REDUCTION IN OVERALL ENVIRONMENTAL FOOTPRINT*

40–50%
Less water to manufacture

30–40%
Less energy to manufacture

20–50%
Less energy by washing in low temperatures

14–45%
Less packaging

40–57%
Fewer trucks to transport

* Variations are dependent on country differences (e.g., energy rates, base packaging comparisons)

Systemic Thinking in Packaging

P&G has experts in packaging Sustainability working in every category. These experts form a network to share progress, challenges, and ideas for reapplication with other brands around the world. We're looking at packaging improvements systemically, from shipment to shelf to use in the consumer's home. Since 2006, this has resulted in 136,000 metric tons of packaging material avoidance.

Ariel bags require
80%
LESS PACKAGING MATERIAL THAN BOXES

One example of our systemic approach involves an advance by P&G teams in Turkey. By replacing cardboard shipping boxes on Ariel with seal-tight plastic bags, they found a way to use significantly less material while delivering a superior product to market. Previously, shipping Ariel involved packing eight bags of Ariel granule detergent into a corrugated box. The team designed a new process that packed Ariel in large, seal-tight polyethylene bags. Entirely recyclable, these bags require 80% less packaging material than boxes, and can be opened without tools. They also take up 20% less space during transport and storage and help speed up the packaging line.

For our retail customers, the new outer covering provides still more value. It allows for easier stock management, with the transparent film showing the product inside for faster recognition of brands and sizes. Because the packaging can be opened without tools, it is easier to handle. And it maximizes shelf space, helping reduce out-of-stock situations.

The success of this packaging advance has inspired its expansion beyond Turkey. The new process is currently being reapplied across multiple regions, with three more plants scheduled to be up and running by early next year.

Since 2006, improvements made company-wide resulted in
136,000
METRIC TONS OF PACKAGING MATERIAL AVOIDANCE

Switching from cardboard shipping boxes (left) to seal-tight plastic bags (right) uses up to 20% less space.

Sustainable Innovation Products 2008–2009

Products with 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.

PRODUCT	REGION	INNOVATION
Ariel Excel Gel	Western Europe	Formulation concentration delivered savings in water, energy, transportation, packaging; Formulation to clean in cooler temperatures, saving energy
Ariel	Western Europe	Formulation concentration delivered savings in water, energy, transportation, packaging
Fairy, Dreft, Yes	Western Europe	Formulation concentration delivered savings in water, energy, transportation, packaging
Ariel	Turkey	Replaced cardboard shipping boxes with seal-tight plastic bags, using less material
Downy, Lenor	Global	Formulation concentration delivered savings in transportation and packaging
Pantene	Greater China	Package weight reduction
Olay Total Effects	North America, Greater China, United Kingdom	Pump redesign reduced plastic
Prilosec OTC	North America	Redesigned to include twice the product in one blister-pack
Braun Series 5 shaver, Braun Series 3 shaver, Braun BodycruZer, Braun Handblenders, Braun Hairstyler	Global	Reduced packaging

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, that is, that their use will not adversely affect human health or 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.

Our approach is based on the scientific assessment and management of risk—the likelihood that people or the environment will be exposed to harmful amounts of a substance. Risk assessment is based on two factors:

1. How potentially "toxic" or "hazardous" a chemical is, and
2. How it is used, specifically the extent of exposure to humans or the environment.

In recent years, some stakeholders have expressed concern about using risk as the basis for product safety. These concerns have been driven by several issues, including:

- Questions about whether the potential hazards of existing chemicals have been sufficiently studied and whether chemical exposures can be adequately understood.
- Frustration with the slow pace of developing publicly available risk assessments.
- New scientific findings that have not been previously known or evaluated.

As a result, some believe that it might be better to base decisions on a chemical'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. Furthermore, experience has shown that even chemicals that could be considered "non-hazardous" (even water) can cause harm under certain circumstances, while potentially "hazardous" chemicals can be safely used (e.g., ethanol).

From a policy standpoint, we continue to believe that chemicals management programs should be based on:

1. Efficient risk-based priority setting processes that use hazard data and basic exposure information together to identify issues of potential concern, followed by practical risk evaluations that analyze chemicals in a tiered fashion to resolve such issues.
2. Risk management decisionmaking that combines information on a chemical's risks, benefits, and costs with an understanding of societal concerns; the risks, benefits, and costs of alternatives; and the use of appropriate precautionary measures.
3. Communications that provide meaningful and relevant safety information to stakeholders, so that they 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 Research & Development, Product Safety and Regulatory Affairs, Manufacturing, External Relations, and management. Our efforts go beyond safety and risk to include product life cycle issues such as energy and resources use, as well as waste 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. This organization is also responsible for the development, validation, and adoption of alternatives to animal testing and ensures that any claims the Company makes about the safety or environmental profile of its products are scientifically sound.

Risk assessment is the process the Company uses to evaluate the safety of its products and ingredients. In this process, chemical hazard and exposure information are evaluated to determine the likelihood that a chemical can adversely affect biological systems. 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 risk profiles, as well as satisfying other important business and consumer needs.

A key part of PS&RA is the Central Product Safety (CPS) organization. CPS has direct responsibility for ensuring that our products are safe for consumers and the environment. Its primary role 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's work involves conducting basic research to develop new methods for evaluating safety and conducting studies in toxicology and biodegradation, together with an understanding of exposures, to ultimately complete human and environmental safety assessments used to make business decisions for products going to market as well as guide in the development of new technologies. CPS is 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

Approach to Animal Welfare and Alternatives

P&G products are used in homes around the world 3 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 $250 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 have invested more than $15 million since 2003 to help advance standards of animal care and welfare. 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 400 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/science/animal_alt.shtml.

On this website you can also learn about:

- Ongoing work to advance our animal welfare and animal alternatives programs (in our regular *Forward Focus* newsletter).
- P&G's participation in the World Congresses on Alternatives & Animal Use in the Life Sciences (2005, 2007, 2009), a leading global scientific forum on refining, reducing, and replacing the use of animals in research.
- The joint declaration by P&G and the Humane Society of the United States committing the two organizations to a strategic partnership that aims at the elimination of animal use for consumer product safety evaluation.
- P&G's commitment to the European Partnership for Alternative Approaches (EPAA), which aims to accelerate the rate at which alternatives are agreed upon, validated, and put into practice.
- P&G's support of the European Animal Welfare and Alternatives Awards offered by EUROTOX and the Humane Society International, as well as the North American Awards offered by The Humane Society of the United States.

For additional perspective on our approach to product safety and animal welfare, see our Product Safety section on page 67 in Stakeholders.

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 from suppliers certified under each of the forest certification schemes.

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 region 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 will actively participate in ongoing discussions concerning FSC standards, including becoming an FSC member. As a minimum standard, P&G requires that any wood pulp supplier ensure 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 decisionmaking 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.
- Use recovered fiber when it has no negative impact on product performance,

Wood Pulp Procurement Policy (continued)

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 1.65 million ADMT (air dried metric tons) of pulp in 2008–2009 for use in our tissue/towel products, diapers, and feminine hygiene products. The pulp was sourced from the following regions:

United States	16%
Canada	42%
Brazil	41%
Indonesia *	<1%
France	<1%

* From plantations; high conservation value assessments done to protect biodiversity

All of our pulp suppliers have certified their forestry operations for sustainable forest management. The certification systems used are as follows:

Sustainable Forestry Initiative (SFI)	45%
Sistema Brasileiro de Certificcacao Florestal (CERFLOR)	41%
Forest Stewardship Council (FSC)	1%
Programme for the Endorsement of Forest Certification (PEFC)	9%
Lembaga Ekolabel Indonesia (LEI)	1%
Canadian Standards Association National Sustainable Forest Management Standards (CSA)	3%

P&G has a goal of increasing FSC certified fiber as acceptable sources are available that meet our product and process requirements.

P&G will periodically consult external stakeholders to review emerging issues related to environmentally responsible fiber.

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 will continue to partner with 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.

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.

Operational Improvement

End-to-End Thinking Matters

We are expanding our work from a focus on the core of our manufacturing operations to a holistic end-to-end view of opportunities.

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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	**-11%**	-48%
CO_2 Emissions	**-10%**	-52%
Waste Disposal	**-30%**	-53%
Water Usage	**-13%**	-52%

End-to-End Strategy

Our strategy for making sustainable improvements to our Operations impacts all parts of the supply chain. It continues to deliver strong results behind a three-pronged approach: manufacturing, finished product logistics and supplier engagement.

Manufacturing

Between raw materials and the creation of a product, we strive to reduce waste, water, energy, and CO_2 through systemic conservation efforts. We apply smart eco-design through innovative construction process improvements. And, we re-use where feasible, giving new life to what was once waste.

Finished Product Logistics

In the logistics stage, we reduce waste in product customization by applying new designs. We optimize transportation through a comprehensive multi-mode approach, and now go further by leveraging common "intermodal" containers across different types of transportation.

Supplier Engagement

We collaborate closely with suppliers across the entire supply chain. Our new Supplier Sustainability Board includes members from over 20 leading global suppliers and is charged with guiding the development of supplier-related Sustainability activities and goals.

Manufacturing

Reducing Waste, Water, Energy, and CO_2

Across P&G facilities, Site Sustainability Leaders identify opportunities to reduce P&G's impact across four environmental footprints: waste, water, energy, and CO_2. The following examples illustrate results from these teams.

Waste

While our Beauty plant in Bangkok, Thailand, had excellent results across all four footprints, their results in reducing waste were particularly significant. The facility decreased waste disposal by 86% by implementing a process to dewater plant by-product, reducing the weight and volume of the material by removing the water before disposal.

Waste disposal decreased

86%

AT BANGKOK'S BEAUTY PLANT

Water

Projects at sites across Western Europe have realized substantial water savings. For example:

At our Baby Care plant in Mequinenza, Spain, we performed an analysis to understand where we were losing water. The resulting water savings amounted to 28m³ per unit of production.

A new chiller at P&G's pharmaceutical site in Weiterstadt, Germany, enabled water savings of 24.1m³ per unit of production.

Energy and CO_2

Our Household Care plant in Brockville, Ontario, Canada, decreased its total site energy use by 20% through a series of improvements. The site optimized HVAC (Heating, Ventilation, Air Conditioning) systems, improved compressor and chiller management, improved boiler efficiency, shut down equipment automatically when not in use, added timers to lights, and implemented site-wide steam trap inspection and replacement. These efforts are now being replicated across many P&G sites globally.

Energy use decreased

20%

AT HOUSEHOLD CARE PLANT IN BROCKVILLE, ONTARIO, CANADA

Manufacturing

Conserving through Smart Eco-Design

To evaluate key Sustainability elements in a new construction process, we use the *77 Point Plan,* a process developed by our Global Facilities Engineering group in partnership with Arup International and validated by world-renowned architectural firm William McDonough+Partners. The plan rates a facility's potential impact on CO_2, energy, waste, water, and environmental quality.

The *77 Point Plan* examines not only construction concerns, but also ongoing operations once a facility is built. Beyond new projects, the process is also used to review existing facilities, with the results used to raise the design standard for P&G facilities throughout the world. Two recent projects illustrate smart eco-design in action.

Urlati, Romania: Beauty Plant

Before designing the Sustainability plan for this facility, the design team studied wind, solar, and humidity patterns, rainfall and the solar path of the proposed site location. Large windows throughout the building bring in natural light and connect employees with the outdoors. By using high-efficiency glass, the windows also reduce energy use. External sunshades reduce sunshine where and when necessary.

The facility is capable of recovering heat created in the manufacturing process, then reusing it to heat the building and water. The roof of its administration building faces due south, maximizing the possible future use of solar panels.

Euskirchen, Germany: DACH Customization Center

A 10,000-square-meter facility in Euskirchen, Germany, was built using sustainable materials and will save roughly 7,300 metric tons of CO_2 over the building's 40-year lifetime. The center incorporates high-efficiency lighting, rainwater recycling, water-efficient sanitary appliances, and a solar hot water system.

It is also the world's first P&G building to deliver an operating solar photovoltaic system. The system is capable of generating 324 Gigajoules of electricity per year, with an equivalent CO_2 reduction equal to nearly 35,400 truck kilometers.

Giving Waste New Life through Re-use

What do you do when you don't need it anymore? Shampoo wash-out. Soupy paper fines from paper towel production. Tubes of outdated mascara. At P&G sites all around the world, you "GARP it."

Our Global Asset Recovery Purchases (GARP) team is charged with finding external partners who can turn waste and nonperforming inventory into something useful. So when a P&G site has something it hasn't been able to recycle, GARP steps in to help. In the last year alone, this small group of garbage gurus enabled more than ten thousand metric tons to be recycled globally.

Budapest: Making Energy from Scraps

In Budapest, GARP teams are using scrap feminine pads to fuel kilns at a local cement factory, reducing the factory's energy consumption and P&G's disposable waste. Each year, the plant generates scrap material in the making of Always and Naturella pads, including off-spec product, end runs and out-dated material. The teams found that when shredded, the scraps burn exceptionally well. Budapest now has two shredders on site, and is selling its scrap to a local cement maker who mixes it with other combustibles to keep his kilns running.

China: Softer, Younger-Looking Leather

Converting facial cream components for use in leather care is one of many examples across China where each of P&G's seven mainland distribution centers worked together to find a path to re-use. The facilities collaborated to develop a standard operating procedure for recycling that classifies all of P&G finished goods into one of 19 categories. They then developed a recycling process for each category. As a result, P&G China Distribution Centers are now keeping 97% of all scrap materials out of landfills.

Finished Product Logistics

Optimizing Outbound Transportation

For decades, P&G has transported product in a "multi-modal" fashion, that is, using multiple forms of transport. But today, we're shifting toward "intermodal" transportation, which uses shipping containers that transfer smoothly from one mode to another.

An intermodal approach optimizes the transportation process. And by shifting away from trucks and planes to boats and trains, it saves fuel and reduces CO_2 emissions.

Western Europe: More Trains, More Gains

An intermodal program in Western Europe increases the use of trains in its distribution network. Before the effort, more than 90% of Western Europe's finished product traveled on trucks, covering over 2 million kilometers of roads. The intermodal program aims to increase rail transportation from 10% to 30% by 2015, reducing CO_2 emissions without any trade-offs in customer service or cost.

Pilot programs have reduced CO_2 emissions by more than

4,000

METRIC TONS PER YEAR

Pilot programs in Belgium and France have been operating since July 2008, and each has removed up to 5,000 trucks per year from the roads. The pilots have reduced CO_2 emissions by more than 4,000 metric tons per year—an amount equal to the CO_2 produced by lighting more than 15,000 homes annually.

North America: Trucks and Trains Save Diesel

A transport program in North America, P&G's first to incorporate an intermodal component combining trucks and trains, has reduced transportation costs and improved Sustainability across the region. Use of intermodal transport has increased by 30%, saving 11 million liters of diesel fuel. Overall miles in North America have been reduced by 12% since the 2007/2008 fiscal year, while the same volume of product has been delivered.

Brazil: A Longer but Cleaner Journey

Since September 2008, P&G Brazil has bypassed most of the 4,000 kilometers of road between the Manaus plant in the Amazon and the main distribution center in São Paulo. The new route takes product via the Amazon River to the Atlantic coast where it embarks on an ocean journey, then a rail ride, and finally a short road trip to the distribution center. It's not the shortest route distance-wise (in fact, it's 40% longer) but it's more environmentally sound than truck transport alone because the river and ocean portions of the trip reduce CO_2 emission by at least 60%.

By using river and ocean routes, CO_2 emissions are reduced by at least

60%

Reducing Waste in Product Customization

In another effort to reduce waste, we are incorporating Sustainability criteria into the design of customized product and display units. Our suppliers are now often able to eliminate redundant freight and packaging waste within displays, so we're taking advantage of that capability.

12–30%

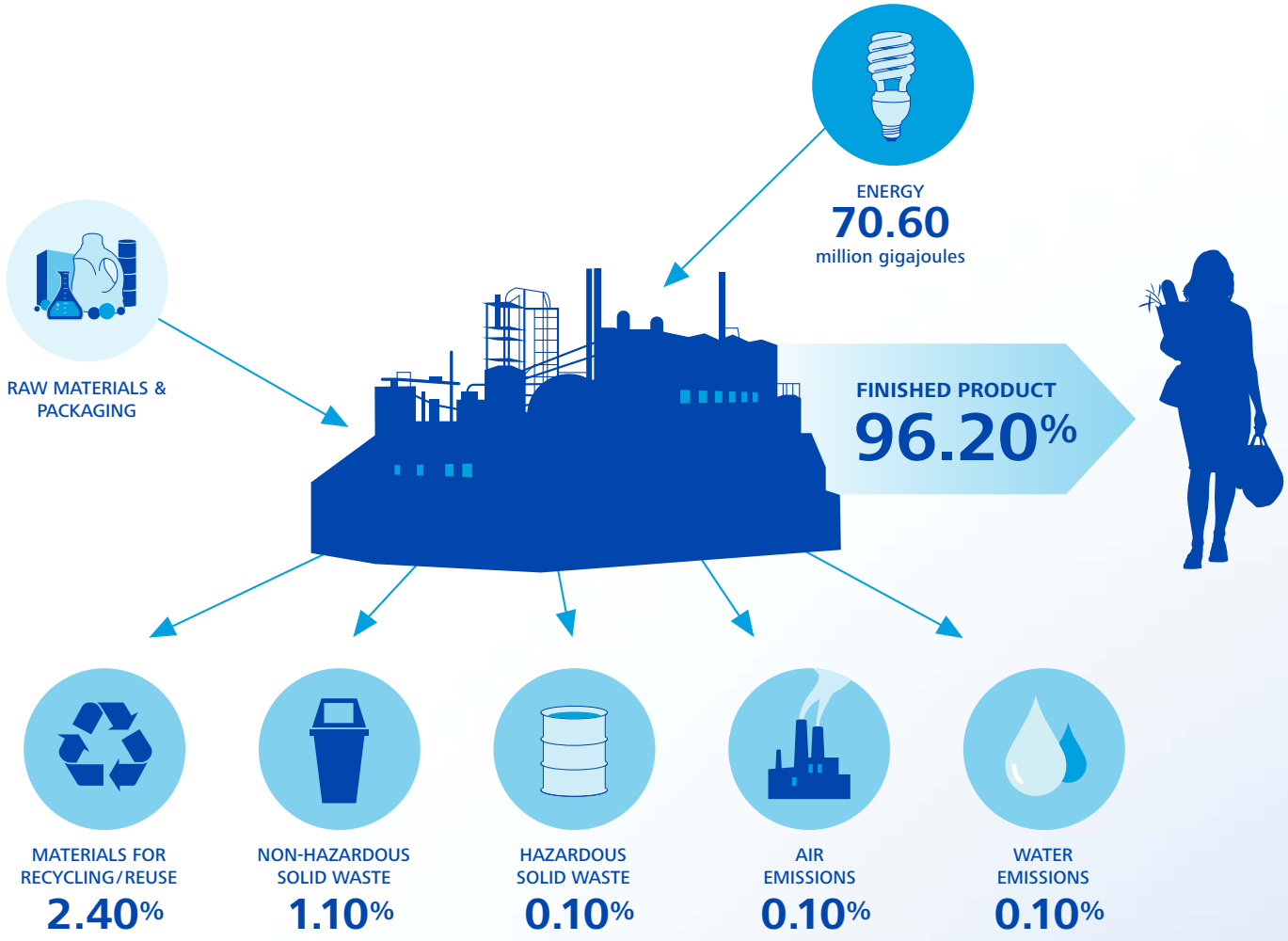
MORE UNITS CAN FIT ON A PALLET, REDUCING TRUCK MILEAGE AND CO_2 EMISSIONS

One example is how we've simplified the designs and materials used for in-store displays. The new displays are designed to use less material while increasing pallet utilization, delivering both material and transportation savings. Now 12–30% more units can fit on a pallet, helping reduce truck mileage and CO_2 emissions. And by replacing plastic elements with corrugated components, we are using more recycled material in producing the displays.

Example of a new display that eliminates all plastic and uses 100% recycled corrugate

Manufacturing Materials Flows 2008–2009

P&G's use of material resources is highly efficient. Over 96% of incoming materials are converted into finished product and more than half of the remaining waste is recycled or reused.



Resource & Waste Summary

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

	Totals (absolute units x 1,000)			2009 Global Business Unit Detail[1] (absolute units x 1,000)				
	2009	2008	2007	BEAUTY	HOUSEHOLD CARE	HEALTH AND WELL-BEING	TECHNICAL CENTERS	DISTRIBUTION CENTERS
Production (metric tons)								
Product Shipped	22,936	23,187	21,742	2,635	19,136	1,165	0	N/A
Raw Materials from Recycled Sources	1,080	697	79	326	614	140	0	N/A
Waste (metric tons)								
Generated Waste	871	935	983	129	587	134	16	5
Percent Recycled / Reused Waste	66%	59%	53%	59%	65%	80%	46%	64%
Disposed Waste (metric tons)								
Solid Waste — Non-Hazardous	270	311	375	50	186	25	8	1
Solid Waste — Hazardous	27	30	48	3	20	2	1	1
Effluents (excluding water)	24	23	22	4	15	4	1	N/A
Air Emissions[2]	19	16	17	1	16	3	0	N/A
Other								
Energy Consumption (gigajoules)	70,646	75,901	77,681	6,414	56,216	4,918	2,433	665
Greenhouse Gas Emissions (metric tons)[3]	2,625	2,782	2,876	183	2,228	123	61	30
Water Consumption (cubic meters)	78,556	86,958	89,688	7,484	61,525	2,643	6,904	N/A
SARA Releases (metric tons)[4]	1.91	1.90	1.73	0.04	1.57	0.29	0.01	0.00

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

(1) Beauty includes segments Beauty & Grooming. Health and Well-Being includes segments Health Care, Feminine Care, and Pet Care. Household Care includes segments Fabric Care, Home Care, Duracell, Baby Care, Family Care and Snacks (Snacks data will transition to Health and Well-Being in 2010/11 to be consistent with the Business Unit structure). Technical Centers includes each of the research centers that support the business units. Distribution Centers includes facilities that finished product distribution. 2009 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 include CO_2 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 seven 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 seven 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.

	2-year Results (2007–2009)		Since July 2002
	Production-Adjusted	Absolute	Production-Adjusted
Target	**-8%**	**n/a**	**n/a**
Energy Usage	-11%	-9%	-48%
Direct CO_2 Emissions	-10%	-8%	-52%
Waste Disposal	-30%	-30%	-53%
Water Usage	-13%	-12%	-52%

Energy

Energy Consumption

The Energy Consumption graph (in gigajoules, GJ) shows the addition of Technical Centers for all three years. Gillette was added for the last two years. We have seen a decrease over the past three years: 77.7 million GJ, 75.9 million GJ, and 70.6 million GJ in 2007, 2008, and 2009, 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

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). We have seen a decrease over the past three years in direct CO_2 emissions: 2.9 million metric tons, 2.8 million metric tons, and 2.6 million metric tons in 2007, 2008, and 2009, respectively. Since 2002, we have reduced direct CO_2 emissions by over 18% on an absolute basis (2002 base year of 3,215,031 metric tons). This reduction occurred during a time when global sales increased from $40 billion to nearly $80 billion.

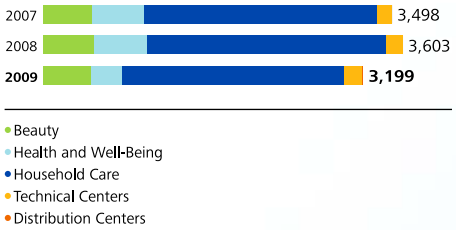
We continue to monitor our indirect CO_2 emissions (i.e., Scope 2), which decreased in 2009.

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

Direct CO_2 emissions reduced over
18%
ON AN ABSOLUTE BASIS SINCE 2002

- 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.

To learn more about our efforts with external stakeholders, please see the Stakeholders section of this report on page 63.

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 and we have seen an absolute reduction over the past year, with total waste disposed of 380 thousand metric tons and 340 thousand metric tons in 2008 and 2009, respectively.

TOTAL WASTE DISPOSED
thousand metric tons

- Air Emissions
- Effluents
- Solid Waste Hazardous
- Solid Waste Non-Hazardous

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

To learn more about our efforts on waste, please see our featured story on GARP earlier in this chapter on page 33 and our story on Solid Waste in Stakeholders on page 64.

Waste Recycled

Waste Returned to Process or Market

The total percentage of waste recycled increased to 66%. This was driven by excellent work in our Family Care, Fabric Care, Baby Care, and Hair Care categories.

WASTE RECYCLED
percentage

Non-Hazardous Solid Waste Disposed

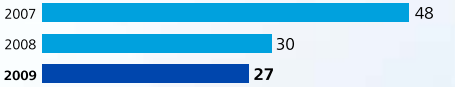
Overall, the non-hazardous solid waste disposed decreased from last year to 270 thousand metric tons.

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.

HAZARDOUS SOLID WASTE DISPOSED
thousand metric tons



Water

Water Consumption

We have seen a decrease over the past three years in water consumption: 90 million m³, 87 million m³, and 79 million m³ in 2007, 2008, and 2009, respectively. 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

To learn more about our broader efforts on water, please see the discussion on our Children's Safe Drinking Water program on page 48 and the Water section in Stakeholders on page 66.

Effluents to Water

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

WASTEWATER COD DISPOSED
thousand metric tons COD

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 increased from last year to 19 thousand metric tons. This increase was due to increased fuel usage in Western Europe. P&G continues to seek innovative methods to address this trend.

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 have been steady over the past two years.

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

SARA is reported one year behind; 2009 entry reflects 2008 data.

Environmental Liabilities

We are also subject to contingencies pursuant to environmental laws and regulations that in the future may require us to take action to correct the effects on the environment of prior manufacturing and waste disposal practices. Based on currently available information, we do not believe that the ultimate resolution of environmental remediation will have a materially adverse effect on our financial position, results of operations, or cash flows.

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. In 2009, the number of fines decreased in every category, particularly in our focus area of transportation.

	2009	2008	2007
Number	**34**	82	37
Fines	**$15,285**	$305,328	$106,257

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

	Number	Fines
Water-Based	16	$ 6,000
Air-Based	4	$ 0
Solid Waste-Based	0	$ 0
Paperwork	0	$ 0
Transportation-Based	5	$ 3,000
Other	1	$ 0
Worker Safety	8	$ 6,285
Total	**34**	**$ 15,285**

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.

Social Responsibility

Commitment Matters

For more than 170 years, P&G brands and people have touched and improved consumers' lives. This commitment extends to our social investments. Through P&G's Live, Learn and Thrive cause, we are helping children in need around the world:

Get off to a healthy start

Receive access to education

Build skills for life

Not only do thousands of P&Gers lend their time and talents to these Live, Learn and Thrive efforts, but we leverage the strength and reach of our brands to raise public awareness, engagement, and donations.

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Strategy 3: Social Responsibility

GOAL Enable 300 million children to Live, Learn and Thrive.[1] 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.[2]

PROGRESS	Since July 2007
LIVE, LEARN AND THRIVE	
Number of Children Reached	**135 million**
CHILDREN'S SAFE DRINKING WATER	
Liters of Clean Water Delivered	**930 million**
Days of Disease Prevented	**39 million**
Lives Saved	**>5,200**

(1) 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.

(2) Within Live, Learn and Thrive, our signature program is Children's Safe Drinking Water. Methodology for calculating diarrheal days and mortality was developed with Population Services International and Aquaya Institute. Details are provided on **page 50** of this report.

P&G's Purpose is to improve the everyday lives of the world's consumers, now and for generations to come. We fulfill this Purpose in many ways: through P&G brands, first and foremost, but also through our support of humanitarian, educational, and social cause efforts.

We are committed to focusing our social investments and employee engagement on a single cause: P&G Live, Learn and Thrive. Through our global cause, we are improving life for children in need. In fact, since 2007, P&G has already improved life for more than 135 million children in need around the world.

There are several reasons to concentrate our resources in this area:

- Disadvantaged children are most vulnerable and least able to help themselves.
- We have deep expertise in health and hygiene as well as many existing programs in children's education and development, which are critical in addressing global needs for children.
- Child development is a universal concern across all global stakeholders in both developed and developing countries.

Our people and our brands are our greatest assets, and together, they are a tremendous force that can make an impact that matters.

Live, Learn and Thrive™

P&G Live, Learn and Thrive comes to life through more than 100 programs in over 50 countries around the world.

Live, Learn and Thrive Locations

North America
- Canada
- Puerto Rico
- United States

Latin America
- Argentina
- Brazil
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- Mexico
- Peru
- Venezuela

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

Central & Eastern Europe, Middle East & Africa
- Côte d'Ivoire
- Democratic Republic of the Congo
- Egypt
- Estonia
- Ethiopia
- Hungary
- Kenya
- Latvia
- Lebanon
- Lithuania
- Malawi
- Morocco
- Nigeria
- Pakistan
- Poland
- Republic of the Congo
- Russia
- Saudi Arabia
- South Africa
- Tanzania
- Turkey
- Uganda

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

This year alone, P&G and the P&G Fund contributed more than **100 million dollars** to support our communities—improving life for more than **75 million children** around the world.

Pampers and UNICEF: Working Together for Healthy Babies

Every year, 128,000 people die from maternal and neonatal tetanus—a completely preventable disease. So for the fourth year running, Pampers is teaming up with UNICEF to deliver the vaccines that vulnerable women and their children need.

The effort gets our consumers involved. With the purchase of one pack of Pampers, one dose of the vaccine is donated. Our campaign has created the highest awareness ever for maternal and neonatal tetanus, helping put the disease back on the agenda of health authorities.

Since the start of the campaign, a total of 45.5 million women and their babies have been protected against maternal and neonatal tetanus—but more work remains to meet our goal of eliminating the disease by 2012. Pampers has committed to providing the vaccine to target and protect an additional 33 million women and their babies in at least 32 countries around the world.

This year, we've added a new form of employee involvement. P&G and UNICEF have teamed up to offer P&G employees in Western Europe the opportunity to take a three-month unpaid

sabbatical and work with UNICEF. The program is aimed at employees who have always wanted to undertake humanitarian work but have not had the chance before.

UNICEF will benefit from the diverse backgrounds of P&G employees as they apply such skills as communications, promotion, leadership training, and supply chain management. Although resource requirements for UNICEF are ever-changing, three to four assignments are expected per year. The first volunteers will begin in the spring of 2010.

Safeguard: Building a Great Wall of Hygiene

Establishing good hygiene habits early is essential to protecting children from disease. So Safeguard, in partnership with the Red Cross and China's Ministry of Health, launched the Safeguard Health Great Wall campaign on October 15, 2008—Global Hand Washing Day.

The effort broadens health hygiene education in schools, as well as building sanitation facilities in rural China to encourage hand washing. Its goal is to educate 10 million children in the next eight years. Consumer purchases of Safeguard help fund the program, while volunteer opportunities allow individuals to experience the importance of good hygiene directly.

87,000
CHILDREN REACHED IN 5 YEARS, TRANSLATING TO:

2,623
Children mainstreamed into formal school

100
Full enrollment villages

85
Villages free of child labor

4,495
Children immunized

P&G and Shiksha: Increasing Access to Education in India

India has the world's largest number of uneducated children, with nearly half of all children not attending school. Our Shiksha program is dedicated to fighting that trend, helping create a more educated, progressive nation.

The program funds NGO efforts to address the underlying causes of poor access to education, such as poverty, health issues, and access to immunization. In cases where schools don't exist, the program also funds their construction. Each time a consumer bought a large pack of any P&G brand in India between April and June of 2009, part of the proceeds went toward leading children on the path to education.

Shiksha also benefits from the direct involvement of P&G employees. Each year, employees participate in a Shiksha Walk-a-thon, joining their families and others in raising awareness for the cause.

shiksha

Always and Tampax: Protecting the Futures of Girls

Today, more than 600 million girls live in the developing world. Many of these girls miss several days of school each month because they lack basic sanitary protection to manage their periods.

Since 2006,
80,000
GIRLS REACHED IN THE DEVELOPING WORLD

Protecting Futures works with partner organizations to provide puberty education, sanitary protection, and sanitary facilities to help vulnerable girls stay in school. In conjunction with its partners and other external thought-leading organizations, Protecting Futures supports research on the issue and the impact of the interventions the program enables.

Since 2006, Protecting Futures has worked with eight partners in 17 countries, reaching more than 80,000 girls in the developing world.

Protecting Futures
keeping girls in school
always TAMPAX

P&G Beauty's Aqua Collection: Supporting Children's Safe Drinking Water

Each day, some 4,000 children die as a result of not having clean drinking water. But a special collection of P&G Beauty products—each with its own hydration benefit—is helping fight this problem.

For each purchase within "The Aqua Collection," safe drinking water is donated to children in developing countries through P&G's Children's Safe Drinking Water program. CSDW is a nonprofit program run by P&G which leverages PŪR™ water filtration technology to provide clean drinking water in the developing world. P&G will provide 4 billion liters of clean water between 2007 and 2012 through this program. So while consumers have benefitted from moisture where their hair and skin need it, 50 million liters of water have been donated to date through this partnership with the Beauty business.

Again, the involvement of P&G employees has had a direct impact on the program. During "Sustainability Week" events in Geneva, employees were educated about water issues and other Sustainability topics. For every employee who attended an event, P&G donated 10 liters of safe drinking water to CSDW.

THE *AQUA* COLLECTION

Children's Safe Drinking Water: P&G Live, Learn and Thrive Corporate Signature Program

Live, Learn and Thrive comes to life through dozens of programs around the world, including its signature program, Children's Safe Drinking Water.

More than 4,000 children die every day from diseases caused by drinking unsafe water. P&G, in collaboration with the U.S. Centers for Disease Control and Prevention, has developed a low-cost technology called PŪR Purifier of Water to purify even heavily contaminated drinking water so that it meets World Health Organization standards for safe drinking water. Studies show that the PŪR sachets can reduce diarrheal illness in children by more than 50%.

Children's Safe Drinking Water

Impact of Children's Safe Drinking Water Program

Since the start of Children's Safe Drinking Water, we have delivered more than 1.6 billion liters of clean drinking water. This has resulted in an estimated reduction of 68 million days of diarrhea and more than 9,000 lives saved.

Objectives and Strategies

The program consists of not-for-profit social and emergency relief work to provide safe drinking water to the people who need it most. Our goal is to reduce the sickness and death in children that results from drinking contaminated water.

Program Components

The key to the program is strong partnerships with groups around the world. In our social execution, our partners are using social marketing techniques to build and sustain introduction of the PŪR technology. This includes education on the local level about the importance of clean drinking water and how to use the PŪR sachets. For emergency relief, PŪR has been provided for disasters around the world, and follow-up work has been done to show that the use of PŪR is effective and practical in emergency situations.

Results

During the last five years, our Children's Safe Drinking Water program has provided 164 million sachets, enough product to treat 1.6 billion liters of safe drinking water. We have worked with UNICEF, Samaritan's Purse, Red Cross, AmeriCares, PSI, USAID, CARE, World Vision, and others to respond to some of the most critical emergency relief situations including the Southeast Asia tsunami, hurricanes in the Caribbean, floods in the Philippines and Bangladesh, and earthquakes in Pakistan and Indonesia. Most recently, PŪR has been provided to victims of the internal conflict in Pakistan and the cholera outbreak in Zimbabwe.

Using PŪR sachets, safe drinking water has been provided in more than 50 countries to date. Social markets are currently in Côte d'Ivoire, the Democratic Republic of the Congo, the Dominican Republic, Ethiopia, Indonesia, Kenya, Malawi, Nigeria, Pakistan, Sudan, Tanzania, and Uganda.

The United Nations has declared 2005 to 2015 to be the "International Decade for Action, Water for Life" for creating public awareness and solutions for water-related issues. P&G is committed to making a difference on both fronts—raising awareness and saving lives.

Our Children's Safe Drinking Water Program continues to be widely recognized. Awards received in 2008 and 2009 include:

- World Technology Award for the Environment, World Technology Network, for innovative work with the greatest likelihood for long-term significance.
- Global Citizen Award for Corporate Philanthropy, U.S. Doctors for Africa, for sustained work in 10 African countries and response to disasters in an additional 13 African countries.
- Making a Difference Award, Possible Woman Leadership Conference, for working tirelessly to make a difference in the lives of women and their families in developing countries.
- Breakthrough Innovation Award, *Popular Mechanics,* for the innovative distribution strategy used to reach people in need of safe water.

Major awards we have received in the past include:

- Grainger Challenge Bronze Award, National Academy of Engineering and The Grainger Foundation—for being an innovative, sustainable solution for arsenic removal from drinking water.
- Global Leadership Award, United Nations Association of the USA—in part, for providing clean water for millions around the world through the Children's Safe Drinking Water program.
- Ron Brown Corporate Leadership Award, U.S. Presidential Award—for providing safe drinking water and the ongoing commitment to the Children's Safe Drinking Water program.

CSDW Emergency Relief and Social Market Countries

Americas
- 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 Congo
- Senegal
- Sierra Leone
- Somalia
- South Africa
- Sudan
- Tanzania
- Uganda
- Zimbabwe

Asia/Europe
- Afghanistan
- Bangladesh
- Cambodia
- China
- East Timor
- India
- Indonesia
- Iran
- Iraq
- Maldives
- Myanmar
- Nepal
- Pakistan
- 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 PŪR usage.

The number of PŪR 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 PŪR 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 PŪR 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%

The specific assumptions are:

- Each PŪR 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 PŪR 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 PŪR 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
- PŪR 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

Employee Engagement

Responsibility Matters

We are driving efforts to make Sustainability top of mind for all P&G employees, keeping personal responsibility relevant both at work and at home. Why does this matter? It creates a mindset that's essential for driving ongoing innovation.

At P&G, employees often leave a meeting offering to "take the R" (responsibility) for a next step or action item. Borrowing from this Company vernacular, we frame our engagement efforts around the "Take the R for Tomorrow" program.

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Earth Day Events: A World of Progress

The program's signature effort this year was our weeklong celebration of Earth Day. Around the world, local events were planned around four primary themes: reducing travel, reducing waste, reducing energy use, and volunteering through our Live, Learn and Thrive program.

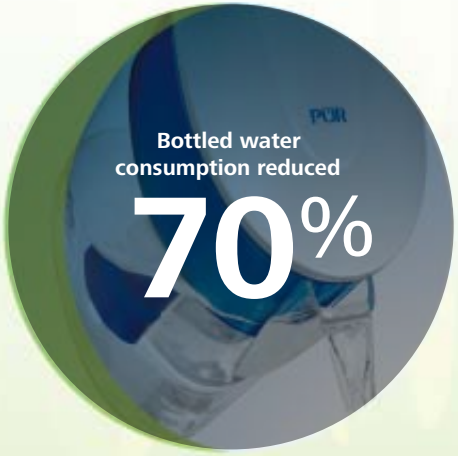
To drive employee awareness, these themes were brought to life in a sustainable manner through big messages in big places. Many sites offered employee e-training and pledge cards, others planned field trips and training sessions on locally relevant topics, and some locations conducted volunteer days with our Live, Learn and Thrive partners.

These new recycle bins are being used at many P&G sites around the world.

Some highlights from the week's activities:

In Latin America, Site Sustainability Teams educated employees about waste and opportunities for recycling, introducing new recycling bins.

At Miami Valley Technical Center, employees reduced bottled water consumption by 70%, using PŪR Pitchers in catering and encouraging everyone to bring a reusable mug.



In Beckett Ridge, Ohio, containers were strategically placed to drive cardboard recycling.

Ongoing Events: Maintaining Engagement Year-Round

Earth Day celebrations are only the beginning—truly sustainable employee engagement keeps the spirit of personal responsibility alive throughout the year. In partnership with Jones Lange LaSalle, P&G's property management partner, we have implemented ongoing efforts aimed at educating employees further and influencing more sustainable workplace behaviors.

In Asia, an Idea Challenge was held to generate practical ideas for reducing energy, water, and paper, with the aim of improving sites' Sustainability Scorecards. So far, nearly 130 ideas have been collected and some of the best have been implemented.

At several sites in Western Europe, a Beauty & Grooming Sustainability Week was held to increase awareness of Sustainability issues and generate further engagement. Along with educational presentations from senior management and Sustainability experts, employees took part in a number of meaningful activities.

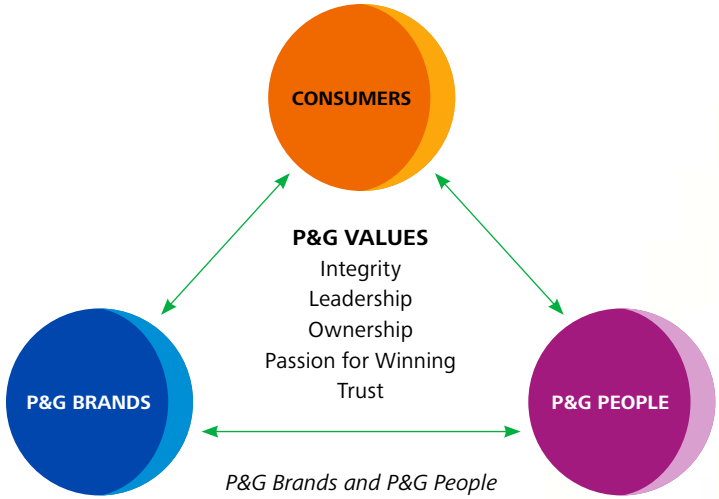
In the Employee Sustainability Challenge, employees earned "drops" of water by participating in activities such as carpooling and switching to re-usable mugs. These drops translated into a two-million-liter donation through P&G's Children's Safe Drinking Water program—a year's worth of water for 700 families. At week's end, employees gathered at Lake Geneva for a daylong coordinated cleanup effort.

While "Take the R" has been the focal point for our efforts to get employees engaged in our sustainability efforts, we 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 read more on sustainable development guidelines for business conduct based on P&G's PVP, download this brochure: www.pg.com/company/who_we_are/ppv.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.

Through our commitment, P&G brings together individuals from different backgrounds, cultures, and thinking styles who provide remarkably different talents, perspectives, and life and career experiences. That's why, in our increasingly interconnected world, it is only appropriate that we celebrate everyone's uniqueness every day.

The mission of Diversity & Inclusion at P&G is:

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

Diversity & Inclusion at P&G is EVERYONE. It is living it every day. It is experiencing it everywhere. It 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.

A Competitive Advantage

Diversity & Inclusion is a sustained competitive advantage for the continued growth of P&G. It is implicit in the Company's Purpose and Values and explicit in the Company's business strategy for success.

- It enables P&G to be the "employer of choice" that hires, engages, and retains the best talent from around the world, reflecting the markets and consumers we serve.
- It is at the core of being "in-touch" so that we create brands and products to improve the lives of the world's consumers now, and for generations to come.
- Through our focus on understanding each individual's skills, passions, and our fundamental commonalities, we enable behaviors that lead to a culture of innovation.

P&G is a community of diverse, talented people who are integral to our Company's success. To win, we must value, respect, and include the people that make P&G business possible.

Diversity & Inclusion (continued)

Leadership Focus and Accountability

Bob McDonald, Chief Executive Officer, holds himself accountable for leading diversity and monitoring progress in every part of our Company. He expects top leadership to hardwire diversity and 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 action plans are developed in each region of the world to reflect the greatest opportunity for the advancement of local diversity strategies.

The P&G leadership team is the most experienced and diverse leadership team in the Company's history. 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 full engagement to ensure that P&G delivers on its diversity and inclusion mission in every part of our business.

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 & 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. These groups include women globally and Hispanic, African-American, Asian/Pacific-American, Native American, Gay/Bisexual/Lesbian, and disabled employees in the United States.

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	2009	2008	2007[2]	2006
% FEMALE				
Management	**41.2**	40.4	38.9	39.3
All Other Employees[1]	**38.8**	38.8	39.1	39.0

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

U.S. ENROLLMENT	2009	2008	2007[2]	2006
% MINORITIES				
Management	**22.6**	21.1	21.1	21.0
All Other Employees[1]	**19.3**	19.3	21.8	18.6
% FEMALE				
Management	**40.7**	39.6	37.9	37.3
All Other Employees[1]	**38.8**	38.0	38.1	39.5

(1) Administrative, Technical, and Plant Technicians

(2) Includes first-time integration of all Gillette employees

Diversity & Inclusion (continued)

P&G Recognition

In 2009, 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* America's Most Admired Companies (#19 overall, #1 in our industry)
- *Diversity Inc.'s* Top 50 Companies for Diversity (#11 in U.S., #3 in Top Global Diversity Companies, #4 in Top 10 Companies for People with Disabilities, #7 Top 10 Companies for Latinos)
- *Working Mother Magazine* "100 Best Companies for Working Mothers"
- National Association for Female Executives as one of the Top 10 Companies for Executive Women
- *Working Mother Magazine* as one of the Top 5 Companies for Multicultural Women, 2009 "Best in Class" Company for Training and Development
- Human Rights Campaign—Corporate Equality Index Rating of 100
- *Black Enterprise* "40 Best Companies for Diversity"
- Great Place to Work surveys in France, Spain, Sweden, United Kingdom

Global Medical

Medical

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. Optimize Employee Performance

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.

Our Global Medical Priorities flow directly from our Purpose, Values and Principles

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; Blueprint for Healthy Living in the U.S.; Wellness Balance in Latin America; China Wellness and Fitness Idol; and Wellbeing in Western Europe.

Consumer Engaged Health Care—which offers greater understanding of how employees can make the most effective use of health care and take control of their own health choices.

Vibrant Living will roll out in the U.S. in 2009, with global expansion set for 2010.

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 more than 1,241 full-time equivalents are involved in HS&E activities. This is up from 1,154 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 total incident rate was lower, at 0.36 versus 0.47 incidents per 100 employees, while the lost workday case rate was also lower at 0.15 versus 0.24 cases per 100 employees.

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, including Wella and Gillette. 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 87%.

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), with a business group membership of more than 41 multi-national 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—continued to be within the lowest 25%
- Lost workday rate for employees—continued to be within the lowest 25%
- Penalties paid (in dollars per billion dollars of sales)—lowered to be within the lowest 25%
- Property loss (in dollars per billion dollars of sales)—continued to be 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 81% of sites worldwide have HS&E leaders qualified by Corporate/GBU staffs, and more than 65% 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 2008–2009 were approximately $32 million, which is flat compared to 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 2008–2009, decreased slightly to $154 million from 2007–2008. Efforts to reduce the amount of waste disposed have increased our overall quantity of recycling but revenue generated from these recycling activities decreased slightly from last year to $32 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 2 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, 22.5% 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. This year, additional VCT was carried out at our newly established manufacturing site as part of the Wellness Strategy and the results are pending.

To commemorate World AIDS Day, the Company held a VCT on the December 1, 2008. The day started with a live HIV/AIDS theatrical performance by an external company. The objective of the play was to drive awareness and education on how to manage HIV/AIDS in the workplace. The theatrical performance was well received with 70% of the organization turning up to watch the play, and we intend to do it again in December 2009.

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" which enables employees to send health-related questions to a medical professional. There are also condom dispensers in each of the office rest rooms, 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.

PŪR 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.

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. P&G's PŪR Purifier of Water effectively removes all of these elements from contaminated water, making it a critical health tool for many people with HIV/AIDS.

In 2008 at the Clinton Global Initiative, P&G committed to providing a minimum of $1 million in additional funds to provide safe drinking water to people living with AIDS, and plans were implemented to meet that commitment. We are working with Family Health International and PSI in Ethiopia, Children's Fund in Uganda, AMPATH in Kenya, the UNC Med School in Malawi and Congo, CARE in Côte d'Ivoire, and Society of Family Health in Nigeria to provide safe drinking water to people living with AIDS. We also piloted healthy living kits in Kenya with Safe Water and Aids Project (SWAP), Village AIDS Clinics, and Living Missions. We found a high level of acceptance overall, and focus groups revealed a desire to reduce intake of viruses. Working with the Kenyan Red Cross, we have leveraged their home-based care and found wide acceptance for water treatment with PŪR by the community.

Stakeholders

External Partnerships Matter

No single company has all the answers about Sustainability, but P&G is committed to being part of the solution. Meaningful progress requires the right partners, especially when taking on environmental challenges like solid waste, climate change, and water quality. Tackling consumer concerns like product safety also requires collaboration.

Why do external partnerships matter? Because these important topics impact both our world and our business, today and in the future. So we take them seriously, dedicating internal resources while engaging externally. Only then can we be part of the conversation, helping find the answers that Sustainability demands.

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A stakeholder is anyone who has an interest in or interaction with P&G. Stakeholders can be internal, such as the Company's 135,000 employees and its Board of Directors, or external. External stakeholders include the P&G consumers, our customers and suppliers with whom we do business, our shareholders, and the communities in which P&G people live and work.

Consumers
Consumer Organizations

Shareholders

Business Partners
Retailers, Wholesalers, Distributors, Vendors, Contractors, Suppliers, Advertisers, Trade Unions

Industry Associations
Professional Organizations, Scientific/Medical Communities

Governments
Local, Regional, National; Agencies (such as Health Ministries, Regulatory Boards); Pan-National Commissions (such as EU); Embassies, Diplomatic Missions

NGOs
Health, Social Service, Education, Environment

News Media

Solid Waste

Growing responsibly compels us to constantly seek improvements in the design, manufacture, and delivery of our products. So P&G has established a Global Integrated Solid Waste Management Team made up of its experts around the world.

A Partner in the Journey

In 1995, P&G scientists first published *Integrated Solid Waste Management: A Life Cycle Inventory,* a book based on their experience working with governmental agencies, academia, environmental and consumer organizations, and other industry partners in this area. It voiced support for practical solutions, such as the benefits of recycling and energy recovery, ways to implement curbside collection for recovering recyclables, and ways to compost biodegradable materials.

Packaging Progress

We continually look for opportunities to reduce packaging while maintaining consumer needs and product integrity—an effort that forms the cornerstone of our solid waste efforts. We are also shifting some materials to renewable sources, with several efforts underway.

Solutions for the Developing World

In Thailand, Brazil, Mexico, and China, we have been founding members of industry coalitions to promote Integrated Solid Waste Management solutions.

One such example is P&G's cooperation in Thailand with TIPMSE—Thailand Institute of Packaging Management for Sustainable Environment—and the Ministry of Natural Resources and Environment to introduce recyclable work banks in more than 200 communities countrywide. The program allows citizens to exchange recyclable materials for money that is deposited into a personal account. These funds can be withdrawn as needed.

The results are not only good for the environment, but these programs provide a needed source of income for participants. These efforts will be further extended and it is expected that in 2009 the projects will cover 400 more Thai communities, 10 more universities and colleges, and 15 more municipalities and administrative organizations.

"TIPMSE has set an important milestone towards environmental protection and social responsibility in Thailand. TIPMSE has established strong partnerships with government, academia, industries and communities. The concept of Integrated Waste Management is efficient for managing packaging."

Yuthtapong Wattanalapa
Director General

Climate Change

Climate change is a serious issue facing the world today. P&G is not an energy-intensive business, but as a global citizen we are concerned about the negative consequences of climate change. We believe that industry, government, and consumers all have a role to play in addressing climate change and that prudent and cost-effective actions to reduce greenhouse gas emissions are necessary. We have endorsed the *Copenhagen Communiqué on Climate Change* calling for an effective and equitable international framework to address climate change, and internally we are focusing our efforts in two areas: reducing our own emissions and innovating and educating to impact consumer behavior. The challenges posed by climate change are significant, but P&G is committed to making progress. We will continue to disclose data on our absolute CO_2 emissions and energy use, reporting achievements against our goals on an ongoing basis.

Reducing Greenhouse Gas Emissions from Our Own Operations

The most significant greenhouse gas associated with manufacturing our products is the CO_2 created from on-site fuel combustion and externally purchased electricity. Even though our business has more than doubled in size since 2002, we have managed to reduce direct CO_2 emissions from our facilities by over 10% in that time. Our goal is to achieve a 20% reduction of both CO_2 emissions and energy consumption per unit of production by 2012, compared to a 2007 baseline.

Woodstone-led lighting upgrades have reduced CO_2 emissions by

10,000

METRIC TONS LAST YEAR ALONE

To meet this target, we will need help from partners like Woodstone Energy. Woodstone has led multiple lighting upgrade projects and will be the lead partner for our South Boston plant's 2010 upgrade to a more energy-efficient electricity-generating turbine that will reduce CO_2 emissions by over 130,000 metric tons annually.

"P&G is committed to improving energy efficiency and reducing greenhouse gas emissions. We are happy to be a key partner in their efforts."

Doug Woodward
President

Innovating to Enable More Efficient Consumer Product Use and Energy Consumption

As the lifeblood of our Company, innovation plays a critical role in helping consumers reduce their own greenhouse gas emissions, whether through product innovations or education programs.

After examining the life cycles of our biggest product categories, we found that the energy used to heat water during laundering had the most potential for positive impact. In fact, if every U.S. household used cold water for laundry, the energy savings would amount to roughly 3% of the nation's total household energy consumption. This insight led to the development of laundry detergents specifically formulated to deliver great cleaning performance in cold water.

Cool Clean campaign helped save

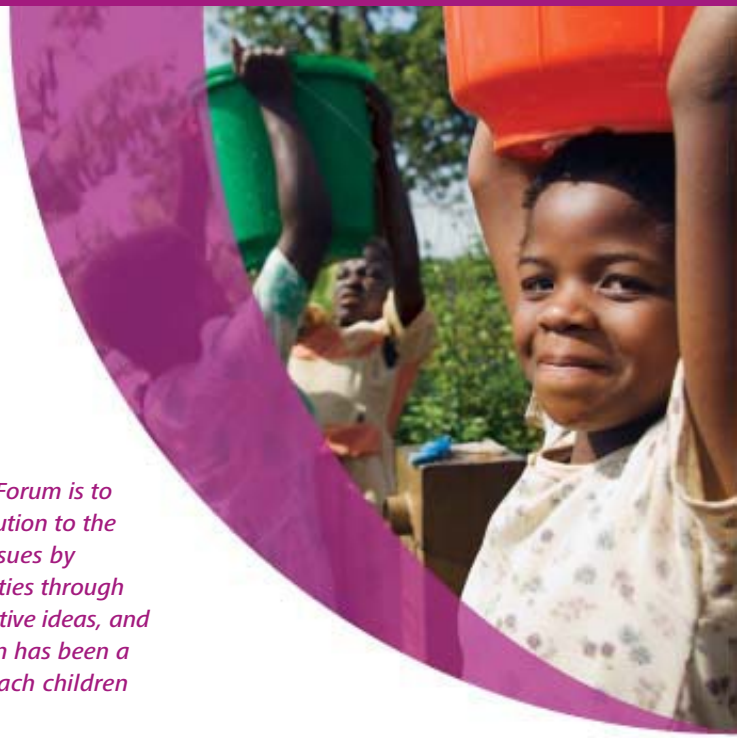
58,000

METRIC TONS OF CO_2 EMISSIONS

Of course, realizing the benefits of cold water washing requires consumers to change their behavior. A key partner for P&G in these efforts has been the Energy Saving Trust, an independent not-for-profit organization based in the U.K. In partnership with our Ariel brand, they developed and executed the Ariel Cool Clean campaign, which has helped consumers reduce their environmental impact by enabling them to get their clothes brilliantly clean at lower washing temperatures.

"The leading role we were able to play in the 'Cool Clean' campaign has successfully persuaded consumers to reduce washing temperatures and help the environment—a win-win for us, P&G, and consumers."

Philip Sellwood
Chief Executive Officer



Water

Availability of adequate quality water is essential to life. It is also hard to imagine any economic activity where water does not play a prominent role. For P&G, water is of crucial importance to both the production and use of our products, so our approach to water aims at responsible use by both our Company and our consumers. And because a lack of safe drinking water is a leading cause of debilitating disease and death in developing countries, especially for young children, we also want to help provide safe water to children in need.

Sustainable Water Management

P&G has formed a multidisciplinary Water Council internally. The group examines risks and opportunities related to our products and plants, and is renewing our corporate water strategy.

Product Innovation

Water efficiency is an important element in our product innovation. We are working on technologies that require less water when the consumer uses our products. In addition, we collaborate with external partners, like the Japan Water Forum, to educate consumers about opportunities to save water.

Operational Improvement

Within our plants and other sites, we continue to work on increasing our water efficiency and savings. We also focus on continually improving the quality of the water leaving our plants.

Social Commitment

P&G's Children's Safe Drinking Water program helps address the critical need for safe drinking water. P&G is committed to long-term, not-for-profit provision of our PŪR Purifier of Water technology in the developing world in an effort to reduce illness and death, particularly in children. Through June 30, 2009, we have provided more than 1.6 billion liters of safe drinking water since inception of this program in 2004.

External Engagement

As a member of the Working Group WATER of the World Business Council for Sustainable Development (WBCSD), we support external efforts to better understand key water-related issues. WBCSD is a founding member of the Water Footprinting Network, which is working on developing cross-sector relevant water footprint methodologies. Also, through WBCSD, P&G is involved in the recently started development of an ISO standard looking at harmonizing terminology and parameters for water footprinting initiatives.

"The vision of Japan Water Forum is to make a substantial contribution to the solution of global water issues by engaging people and societies through dynamic movement, innovative ideas, and resolute actions. P&G Japan has been a great partner in helping reach children in schools.

P&G's water education program in elementary schools promotes children's understanding about the meaning of water for life, international water issues, and how Japan depends on water from other countries through its imports.

We continue to work together with P&G to drive water education in schools, training the next generations to take action in solving water-related issues and building a sustainable society."

Kotaro Takemura
Secretary General

Japan Water Forum
日本水フォーラム

Product Safety

In today's media environment, concerns have heightened around the safety of consumer products and their ingredients. So it's not surprising that many of our consumers look for reassurance that P&G treats their concerns seriously.

Every day, over four billion consumers use our products, so there is nothing more important to us than assuring the safety of our products for our consumers and the environment. 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. P&G also consistently promotes research that enhances understanding of product safety. Our scientists have helped to develop numerous new methods and approaches to advance the science of safety assessment, and they are currently leading new research in the application of genomics to that field.

Safety doesn't stop once a product is in the marketplace. We also conduct extensive studies to understand real consumer use of our products. Through consumer e-mail and telephone hotlines, we are available to help address any consumer questions or concerns that arise.

And we believe that transparency helps the consumer make better decisions, so we keep consumers informed through sites such as www.pgbeautyscience.com.

"As a member of P&G's scientific External Advisory Board, I've seen firsthand P&G's commitment to safety and leading research. Safety is a key component of every P&G product, even though most consumers just see outstanding and trustworthy products that work every time."

Kimberly Thompson
Adjunct Associate Professor of
Risk Analysis and Decision Science
Harvard School of Public Health

Animal Research

Many of our consumers also want to know our position on animal research. P&G firmly believes that ending animal research is beneficial for consumers, animal welfare, and industry. P&G has invested more than $250 million in helping to develop more than 50 non-animal alternative methods.

More than **99%**
OF SAFETY ASSESSMENTS UTILIZE ALTERNATIVE, NON-ANIMAL METHODS

Today, more than 99% of our safety assessments are done with alternatives. By continuing to innovate, we are able to assess acute effects of most new ingredients with alternatives only.

P&G is working with many partners and lawmakers globally (e.g., CAATs (The Johns Hopkins Center for Alternatives to Animal Testing), EPAA (The European Partnership for Animal Alternatives), etc.) to continue to advance science and technology in this area. For example, in the U.S., the EPA is working with P&G and other companies to pilot a new program to evaluate the usefulness of non-animal alternative testing approaches for the labeling of antimicrobial cleaning products. If the program is successful, the EPA will update its product registration requirements to allow manufacturers to use non-animal alternative tests in assessing the eye irritation potential of these products.

We are committed to continuing our leadership in developing non-animal alternatives, which we believe will ultimately result in the elimination of all animal research.

To read more about our ongoing efforts, visit our website: http://www.pgbeautyscience.com/animal-testing-alternatives.html.

"The Humane Society of the United States has collaborated with P&G for nearly twenty years to successfully press for national and international changes in animal testing regulations and practices. Working together, animal protection groups and committed corporations can make eliminating animal testing a reality."

Andrew Rowan
Executive Vice President
of Operations

THE HUMANE SOCIETY OF THE UNITED STATES

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 legislation that is 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 8 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—whatever best meets the business team's need, and therefore gives our consumer the best chance to be heard. We use reports and data, but we also use carefully edited sections of some actual

Stakeholder Engagement
(continued)

consumer calls, e-mails and letters—edited to ensure that none of the consumer's personal information is disclosed—so we feel the power of a "real" consumer's voice.

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. What are some situations that raise concerns?

- Exaggerated or unsupported advertising claims are made to compete with a competitor that is doing the same.
- Incomplete, inadequate or misleading disclosures in Company advertising leading consumers to infer an incorrect, unsupported conclusion.
- Advertising is distributed to the public before testing supporting the claims made in the advertising has been completed.

What are P&G's Worldwide Business Conduct Standards for Advertising?

- 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.

Principles for Developing Environmental Sustainability Claims

These principles are intended to provide guidance for the development of environmental sustainability claims.

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 (including other P&G brands).
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. Claims must avoid sensitive External Relations issues.
12. All claims must comply with relevant local regulatory/legal requirements.
13. 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 Statement of 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.

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

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. Emphasis is placed on suppliers that are high-risk because of country of operation or potential hazard. During 2008 we participated in a benchmarking assessment of our program with other multinational companies. There were several areas of improvement which we are taking steps to address. Some of the changes we are implementing will be a transition to third-party auditors as well as subscribing to a database where audit results and corrective action plans are shared with other companies.

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.

Supplier Diversity Program

In 1976, P&G established a program to identify and work with minority-owned businesses in the United States. Today, the Supplier Diversity Initiative is a fundamental business strategy which identifies and works with minority- and women-owned businesses. The Global Vice President–Purchasing serves as Executive Sponsor. Minorities continue to become a more substantial part of America's population and women continue to be P&G's key consumer base.

As such, P&G is committed to remain at a leadership level because it is good for our business and good for the health of the U.S. economy. In 2008–2009, spending was over $2 billion with more than 1,000 minority- and women-owned suppliers. Since 2005, P&G has been a member of the Billion Dollar Roundtable, a forum of 16 corporations that spend more than $1 billion annually with diverse suppliers.

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 a 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.

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

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 recently made our online marketing statement available in 39 languages.

For more information on P&G's global privacy principles, please visit: www.pg.com/company/our_commitment/privacy_policy/privacy_policy.shtml.

P&G adheres to U.S./European Union Safe Harbor principles. For more information, visit: www.export.gov/safeharbor/.

In the United States, P&G is an active participant in the Better Business Bureau's Accredited Business Program.

Principal Industry and Business Associations

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

Europe, Middle East and Africa

- Advertising Associations: WFA—World Federation of Advertisers
- Chemical Industry Associations: CEFIC—European Chemicals Industry Association; DUCC—Coalition of Downstream Users
- 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; CIES—Food Business Forum
- Grocery/Brand Associations: AIM—European Brands Association
- Multistakeholder Associations: EPE—European Partners for the Environment
- 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: AESGP/OTC Manufacturers Association; FPIA—Pharmaceutical Industry Association

North America

- American Chemical Society
- American Chemistry Council
- American Legislative Exchange Council
- Association of National Advertisers
- Business for Social Responsibility
- Business Roundtable
- Canadian Consumer Specialty Products Association
- Canadian Cosmetic, Toiletry and Fragrance Association
- Consumer Specialty Products Association
- Consumer Health Products Association
- CSR Canada—Corporations Support Recycling
- Food and Consumer Products Manufacturers 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
- Pharmaceutical Researchers and Manufacturers of America
- Soap & Detergent Association
- Soap & Detergent Association of Canada
- The Council of State Governments
- U.S. Council for International Business
- Water Environment Research Foundation

Latin America

- ABIPLA—Brazilian Association of Household Cleaning Products
- ANALJA—Colombian Soaps and Detergent Manufacturers Association
- Argentinian National Industry Association
- ASOQUIM—Venezuelan Association of the Chemical Industry
- CANIPEC—Mexican Association of the Cosmetics and Perfumes Industry
- Cámara Nacional de la Industria de Aceites, Grasas, Jabones y Detergentes, Mexico
- Cámara Nacional de las Industrias de la Celulosa y del Papel
- Confederación Patronal de la República Mexicana
- CONCAMIN—Confederación de Cámaras Industriales
- Asociación Nacional de la Industria Química, Mexico
- AMECE—Asociación Mexicana de Estandares para el Comercio Electronico
- Asociación Mexicana de Fabricantes de Pañal Desechable y Similares, A.C. (AMPADE)
- CONAR—Consejo de Autorregulación y Etica Publicitaria, Mexico
- COMCE—Consejo Mexicano de Comercio Exterior
- CONMEXICO—Consejo Mexicano de la Industria de Productos de Consumo
- CAVEME—Venezuelan Pharmaceutical Products Association
- CEVEDES—Venezuelan Business Council for Sustainable Development
- ANDA—Venezuelan Association of Advertisers
- CONINDUSTRIA—Industrial Confederation of Venezuela
- CONAR—Chilean Advertising Self-Regulation and Ethics Council
- SOFOFA—Manufacturers Industry Association
- Chamber of the Cosmetic Industry of Chile
- AmCham—Chilean American Chamber of Commerce
- Chilean—Brazilian Chamber of Commerce
- ANDA—National Advertisers Association Chile
- Latin America Federation of Waste Management
- Peru—Sociedad Nacional de Industrias

Asia

- State Committee of Cosmetic Industry
- Asia/Pacific Economic Cooperation
- Australian Consumer & Specialty Products Association
- China—AmCham
- China—CC of Foreign Invested Enterprises GZ
- China—Academy of Environment Science
- China—Association of Enterprises with Foreign Investment
- China—Association of Fragrance, Flavor and Cosmetic Industry
- China—Daily Use Groceries Association
- China—Detergent Products Industry Association

- China—Environmental Health Safety Roundtable
- China—Association of Surfactant, Soap and Detergent Industries
- China—Hygiene Supervision Magazine
- China—Hygienic Material & Technology Association
- China—National Household Paper Industry Association
- China—Standardization Association
- China—Standardize Technological Consulting Service Center
- China—China Toothpaste Industry Association
- China—GD Associated Net for Anti-Counterfeit & High-Quality Protection
- China—GD Fragrance Flavor Cosmetic Branch of GD Light Industry Association
- China—Guangdong Quality Magazine
- China—Guangdong Quality Management Association
- China—Guangzhou Municipal Foreign Trade Investment Law Association
- China—Guangzhou Municipal Lawyers' Association
- China—Guangzhou Quality Inspection Association
- China—Guangzhou Trademark Association
- China—GZ "Three" Associations of Economic & Technological Development District
- China—GZ Association of Enterprises with Foreign Investment
- China—GZ Education Fund Association
- China—GZ Industry & Commerce Administration Management Institute Branch of Foreign Investment
- China—Living Use Paper Specialized Committee of China Paper Making Institute
- China—National Bar Code Association
- China—National Environment Hygiene Standard Specialized Committee (MOH)
- China—Perfume / Fragrance Magazine
- China—Quality Management Association
- China—State Committee of Cosmetics Industry Standardization (SBQTS)
- China—State Technical Committee of Paper Making Industry Standardization
- China—State Technology Committee of Food Industry Standardization
- China—Tianjin Association of Enterprises with Foreign Investment
- Hong Kong—The Cosmetic and Perfumery Association of Hong Kong
- Hong Kong—The Hong Kong Association of the Pharmaceutical Industry
- India—Associated Chambers of Commerce and Industry of India
- 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
- Indonesia—Indonesian Food & Beverage Industry Association
- Indonesia—Indonesian Moslem Scholar Association
- Indonesia—Indonesian Pulp & Paper Association
- Indonesia—Indonesian Tissue Paper Association
- Indonesia—National Standardization Body
- Indonesia—Pharmaceutical Industry Association
- Japan—Japan Cosmetic Industry Association
- Japan—Japan Health and Nutrition Food Association
- Japan—Japan Hygiene Product Industry Association
- Japan—Japan Soap and Detergent Association
- Japan—Pharmaceutical Association of Japan
- Korea—American Chamber of Commerce
- Korea—Association for Fair Trade of Tissue & Hygiene Products
- Korea—EU Chamber of Commerce
- Korea—Korea Chemical Management Association
- Korea—Korea Cosmetics Industry Association
- Korea—Korea Food Industry Association
- Korea—Korea Food Traders Association
- Korea—Korea Hygiene Paper Product Association
- Korea—Korea Paper Manufacturers' Association
- Korea—Korea Pharmaceutical Trade Association
- Malaysia—American Malaysian Chamber of Commerce (AmCham)
- Malaysia—Federation of Malaysian Manufacturers—FMM Food Manufacturer
- Malaysia—Malaysian International Chamber of Commerce and Industry—MICCI
- Malaysia—The Cosmetic, Toiletry & Fragrance Association of Malaysia—CTFA
- Philippines—Soap & Detergent Association of the Philippines
- Philippines—Cosmetic, Toiletry & Fragrance Association of the Philippines
- Singapore—The Cosmetic, Toiletry & Fragrance Association of SIngapore—CTFAS
- Taiwan—Taiwan Cosmetic Industry Association
- Taiwan—Taiwan Paper Industry Association
- Taiwan—Taiwan Soap & Detergent Industry Association
- Thailand—Federation of Thai Industries
- Thailand—Thailand Soap & Detergent Association

Worldwide

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

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

MOST SUSTAINABLE CORPORATIONS GLOBAL 100

FTSE4Good

Dow Jones Sustainability Indexes
Member 2009/10

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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 http://www.pg.com/company/who_we_are/ppv.shtml*	55
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, 62
LA9	Health and safety topics covered in formal agreements with trade unions. (Additional) *Also see http://www.pg.com/company/who_we_are/ppv.shtml*	59–61

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LA10	Average hours of training per year per employee-by-employee category. (Core)	52, 56, 61
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)	52, 56, 61
LA12	Percentage of employees receiving regular performance and career development reviews. (Additional)	56, 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)	54, 56

8. HUMAN RIGHTS

Investment and Procurement Practices

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening. (Core)	70
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	70
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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HR4	Total number of incidents of discrimination and actions taken. (Core)	56
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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 http://www.pg.com/company/who_we_are/ppv.shtml*	70
Child Labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	70
Forced and Compulsory Labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor. (Core)	70
Security Practices		
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)	41
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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/company/our_commitment/corp_gov*	16–17
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures. (Core) *Also see Worldwide Business Conduct Manual www.pg.com/company/our_commitment/corp_gov*	16–17
SO4	Actions taken in response to incidents of corruption. (Core) *Also see Worldwide Business Conduct Manual www.pg.com/company/our_commitment/corp_gov*	16–17
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SO5	Public policy positions and participation in public policy development and lobbying. (Core)	18
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	18
Anti-Competitive Behavior		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional)	N/A
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GRI INDICATOR	DESCRIPTION	PAGE(S)
10. PRODUCT RESPONSIBILITY		
Consumer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)	25–26
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
Product and Service Labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	10
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
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)	68–69
Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	69
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		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (Additional)	N/A
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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