2012 Sustainability Report

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NOTE TO PDF USER

This PDF utilizes interactive elements.

Click on contents and hyperlinks for easy navigation.

About This Publication

This is the 14th Sustainability Report for P&G's worldwide operations. Data in this report covers the period from July 1, 2011, through June 30, 2012. 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 are committed to delivering products and services that make everyday life better for people around the world. Our opportunity to touch and improve lives comes with a responsibility to do so in a way that preserves the planet and improves the communities in which we live and work. We focus our sustainability efforts on improvements that matter, to make the most meaningful impact we can. We're continuing to make progress in our focus areas of Products, Operations, and Social Responsibility, enabled by our employees and stakeholder partnerships.

Our Focus Areas

We have set specific strategies and goals to ensure we are delivering continuous improvement toward each of our focus areas.

Products:

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

Operations:

Improve the environmental profile of our own operations.

Social Responsibility:

Improve children's lives through our social responsibility programs.

Our Enablers

In order to deliver our environmental and social programs, we must engage our employees and stakeholders. Our objective is to equip all P&G employees to build sustainability thinking and practices into their everyday work. We will also work transparently with stakeholders to enable us continued freedom to innovate in a responsible way.

Employees

Stakeholders

We believe most of the sustainability challenges the world faces can be solved with innovation, and that this innovation can have a positive business impact.

CEO Statement

We're celebrating P&G's 175th anniversary this year, a milestone that very few companies have achieved. From our Company's founding by William Procter and James Gamble, we have invested in the communities where we sell our products, and we have embraced the responsibility of ethical and sustainable operations. To grow and thrive for another 175 years requires us to accelerate our sustainable innovation and resource efficiency so that we have less environmental impact and, at the same time, continue to invest in our communities to help create the conditions for future growth.

In 2010, we declared our long-term sustainability vision that inspires how we innovate our products. It includes powering our plants with 100 percent renewable energy, using 100 percent renewable materials or recyclate for all products and packaging, having zero waste go to landfills, and delighting consumers with products that meet their needs while enabling them to conserve resources.

This vision is being brought to life through our innovation and productivity programs. We believe most of the sustainability challenges the world faces can be solved with innovation, and that this innovation can have a positive business impact. We are proud to have exceeded our sales goal of sustainable innovation products, which you will read more about later on in this report. We are renewing our commitment to discontinuous innovation—innovation that obsoletes current products and creates new categories and new brands that have environmental improvements.

Tide PODS is a great example. The innovative, three-chamber, pre-measured packet can simply be dropped into the wash—no measuring, no worrying—and it dissolves in cold water. PODS save consumers both valuable personal time and money on energy costs, since there is no need to heat the water used in the laundry process. This is a sustainable innovation that enables the conservation of resources with no trade-off in product performance. P&G sales and Tide's market share have grown as a result.

Saved nearly
$1 billion
through sustainable operations

We're also finding ways to be more productive and use our resources and materials more efficiently, delivering cost savings that fuel our growth. In February, we announced a $10 billion productivity program—$6 billion of which comes from the cost to manufacture and ship our products. Our sustainability efforts are an important way we will deliver these cost savings. For example, in the past 10 years, we have delivered nearly $1 billion from sustainability efforts in our operations. This is significant, and we see even more opportunities to improve.

Finally, we are investing in our communities in ways our brands can uniquely contribute. Our disaster relief efforts provide our trusted brands to families when they have lost everything. Pampers, which focuses on babies' happy, healthy development, is working to end neonatal tetanus. We are using P&G's proprietary water cleaning technology to bring clean water to millions of people in the developing world. In December 2011, we celebrated providing four billion liters of clean drinking water. This has saved over 20,000 lives, and our goal is to be able to save one life every hour by 2020. These programs address everyday health issues to build stronger, more stable communities. This is a positive thing to do for our society, and it is a positive thing to do for our Company. It creates goodwill and brand recognition we can build on in the years to come.

Everyone at P&G is proud of what we have achieved so far. We know there is much more to be done, and we look forward to delivering our sustainability vision and continuing to support the communities where we live and work for another 175 years.

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

Our Vision and Goals

Today, P&G is the largest consumer packaged goods company in the world. Our size presents us with the responsibility to operate sustainably, and it also offers the opportunity to create scalable and sustainable innovations that grow our business. Our program is inspired by our long-term environmental vision.

This vision includes:

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

In this report, we share progress toward each of our 2012 and 2020 goals listed below.

	2007–2012 Goals	2020 Goals
Products	· Develop and market at least $50 billion in cumulative sales of "Sustainable Innovation Products," which are products that have an improved environmental profile.	· Replace 25 percent of petroleum-based materials with sustainably sourced renewable materials.* · Conduct pilot studies in both developed and developing markets to understand how to eliminate landfilled/dumped consumer solid waste. · Have 70 percent of all washing machine loads use cold water. · Reduce packaging by 20 percent per consumer use.*
Operations	· Deliver an additional 20 percent reduction (per unit of production) in energy consumption, CO_2 emissions, disposed waste, and water consumption from P&G facilities, leading to a total reduction over the decade of at least 50 percent.	· Increase use of renewable energy in our plants to 30 percent. · Reduce manufacturing waste to landfill to less than 0.5 percent of input materials. · Reduce truck transportation by 20 percent per unit of production.
Social Responsibility	· Enable 300 million children to Live, Learn and Thrive. · Prevent 160 million days of disease from unclean water and save 20,000 lives by delivering four billion liters of clean water through our P&G Children's Safe Drinking Water program.	· Save one life every hour by delivering two billion liters of clean water every year.

*vs. 2010 baseline

These operations results have led to nearly $1 billion in cost savings, representing an important contribution to our bottom line.

Leadership Statement

2012 is an important year for P&G relative to sustainability, as it marks the completion of our first sustainability goals, which we set five years ago. We are very proud of what we have achieved during this time.

With regard to products, we surpassed our goal of $50 billion in cumulative sales of Sustainable Innovation Products by $2 billion, for a total of $52 billion. We accomplished this by focusing on making meaningful sustainability improvements on our biggest brands, such as Tide, Ariel, Pampers, Pantene, and Gillette. These improvements were made without asking consumers to accept trade-offs in either cost or performance.

This approach was critical to our strategy of meeting the needs of the vast majority of consumers, who—our research has shown—are not willing to accept trade-offs in order to purchase sustainable products. This approach also leveraged our scale and innovation capabilities and drove top-line sales, which is an important component of ensuring environmental improvements are delivered in an economically sustainable way.

We have also made very strong progress over the past five years in improving the environmental profile of our operations. Our efforts have delivered absolute reductions in each one of our four footprints: 68 percent reduction in waste disposed, 14 percent reduction in water usage, 7 percent reduction in energy usage, and 5 percent reduction in direct CO_2 emissions. We have also achieved significant reductions on a production-adjusted basis (i.e., reduction per unit of production) in each of our footprints: 71 percent in waste, 22 percent in water, 16 percent in energy, and 14 percent in direct CO_2 emissions. Over the ten-year period of 2002–2012, we halved our environmental footprint on a production-adjusted basis, achieving a 74 percent reduction in waste, 58 percent in water, 52 percent in energy, and 54 percent in direct CO_2 emissions (Scope 1). All these operations results have led to nearly $1 billion in cost savings, representing an important contribution to our bottom line.

Our progress over the past five years in reducing CO_2 emissions would have been greater, but we made deliberate investments in a number of new cogeneration ("cogen") systems at our sites, which allow us to capture and reuse heat from on-site power generation. This has helped us achieve an 18 percent reduction in total CO_2 emissions since 2007 (i.e., Scope 1 + Scope 2). Although improving the environmental profile of our plants, these systems have also resulted in a net increase in the amount of fuel we consume on-site. This increased on-site fuel consumption was the primary reason we were only able to reduce Scope 1 emissions by 14 percent vs. our goal of 20 percent.

We remain committed to driving further reductions and, as shown later in this report (page 45), we have established new energy and CO_2 goals for our facilities.

Our social responsibility efforts continue to grow. We surpassed our goal of reaching 300 million children in need by 100 million, for a total of over 400 million children. We have also exceeded our goal of delivering four billion liters of clean water, due to the rapid expansion of partners and countries where P&G purification packets can be distributed.

As our 2007–2012 goals come to term, we look forward to continuing progress toward the goals we set for 2020. These goals are intended to put us on a path toward achieving our long-term environmental sustainability vision, which we announced in September 2010. Progress toward these goals—which are primarily focused on renewable materials, waste reduction, renewable energy, and packaging reduction—can be found throughout this report.

We cannot solve these challenges on our own. Addressing the issues we all face requires collaboration and collective responsibility. At P&G, we are committed to partnering with NGOs, governments, trade associations, academics, suppliers, and our retail partners to ensure we share expertise and focus on creating solutions. We believe that by working together, we can innovate to solve our sustainability challenges.

Len Sauers
Vice President, Global Sustainability

Our Final Results: 2007–2012 Sustainability Goals

This report card outlines our final results for the five-year goals we set in 2007. Our progress demonstrates how we have embedded our sustainability objectives into our business in order to reach our goals. Additional details of how we delivered these goals are found on the first page of the Products (p. 21), Operations (p. 38), and Social Responsibility (p. 52) sections of this report.

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 U.S. dollars)	Since July 2007
Cumulative sales of Sustainable Innovation Products	$52 billion

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

(1) Sustainable Innovation Products are included if they have launched in market since July 1, 2007, and have a >10% improvement compared to a previous or alternative version of the product 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 non-renewable energy or materials with renewable sources

Operations

Goal

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

Progress (percent reduction per unit of production)	Since July 2007	Since July 2002
Energy Usage	-16%	-52%
CO_2 Emissions	-14%	-54%
Waste Disposal	-71%	-74%
Water Usage	-22%	-58%

Social Responsibility

Goal

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

Progress	Since July 2002
LIVE, LEARN AND THRIVE	
Number of Children Reached	400 million
P&G CHILDREN'S SAFE DRINKING WATER PROGRAM	
Liters of Clean Water Delivered	4.22 billion
Days of Disease Prevented	>170 million
Lives Saved	>22,000

(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.

(3) Within Live, Learn and Thrive, our signature program is P&G Children's Safe Drinking Water. Methodology for calculating diarrheal days and mortality was developed with Population Services International and Aquaya Institute. Details are provided in the 2011 Sustainability Report found at www.pg.com/sustainability.

P&G Profile

P&G serves approximately 4.6 billion people around the world with its brands. The Company has one of the strongest portfolios of trusted, quality, leadership brands, including Pampers®, Tide®, Ariel®, Always®, Whisper®, Pantene®, Mach3®, Bounty®, Dawn®, Fairy®, Gain®, Charmin®, Downy®, Lenor®, Iams®, Crest®, Oral-B®, Duracell®, Olay®, Head & Shoulders®, Wella®, Gillette®, Braun®, Fusion®, Ace®, Febreze®, Ambi Pur®, SK-II®, and Vicks®.

P&G's world headquarters is located in Cincinnati, Ohio, U.S.A. The P&G community includes approximately 126,000 employees working in about 75 countries worldwide. Our products are sold in more than 180 countries, primarily through mass merchandisers, grocery stores, membership club stores, drug stores, department stores, salons and in high-frequency stores. We continue to expand our presence in other channels, including department stores, perfumeries, pharmacies, salons and e-commerce.

P&G is a publicly traded company. Its stock is listed and traded on the New York Stock Exchange and NYSE Euronext–Paris under the symbol "PG."

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

Leadership Brands

Brands with strong equities in the minds of consumers.
Brands that retailers want in their stores.
Brands that are platforms for innovation.

50
P&G's 50 Leadership Brands are some of the world's most well-known household names.

90%
These 50 brands represent 90% of P&G sales and more than 90% of our profits.

25
25 of these 50 brands are our Billion-Dollar Brands, each generating more than $1 billion in annual sales.

P&G at a Glance

Financial Highlights (unaudited)

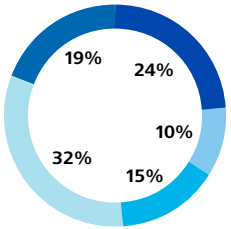
Amounts in millions, except per share amounts	2012	2011	2010	2009	2008
Net Sales	$83,680	$81,104	$77,567	$75,295	$77,714
Operating Income	13,292	15,495	15,732	15,188	15,743
Net Earnings attributable to Procter & Gamble	10,756	11,797	12,736	13,436	12,075
Net Earnings Margin from Continuing Operations	11.1%	14.4%	14.0%	14.1%	14.4%
Diluted Net Earnings per Common Share from Continuing Operations (1)	$ 3.12	$ 3.85	$ 3.47	$ 3.35	$ 3.36
Diluted Net Earnings per Common Share	3.66	3.93	4.11	4.26	3.64
Dividends per Common Share	2.14	1.97	1.80	1.64	1.45

(1) Diluted net earnings per share are calculated on net earnings attributable to Procter & Gamble.

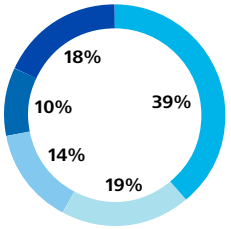
Reportable Segment	% of Net Sales*	% of Net Earnings*	Categories	Billion Dollar Brands
BEAUTY	24%	22%	Antiperspirant and Deodorant, Cosmetics, Hair Care, Hair Color, Personal Cleansing, Prestige Products, Salon Professional, Skin Care	Head & Shoulders, Olay, Pantene, SK-II, Wella
GROOMING	10%	16%	Blades and Razors, Electronic Hair Removal Devices, Hair Care Appliances, Pre and Post Shave Products	Braun, Fusion, Gillette, Mach3
HEALTH CARE	15%	17%	Feminine Care, Gastrointestinal, Incontinence, Rapid Diagnostics, Respiratory, Toothbrush, Toothpaste, Other Oral Care, Other Personal Health Care, Vitamins/ Minerals/Supplements	Always, Crest, Oral-B, Vicks
FABRIC CARE AND HOME CARE	32%	26%	Bleach and Laundry Additives, Air Care, Batteries, Dish Care, Fabric Enhancers, Laundry Detergents, Pet Care, Professional, Surface Care	Ace, Ariel, Dawn, Downy, Duracell, Febreze, Gain, Iams, Tide
BABY CARE AND FAMILY CARE	19%	19%	Baby Wipes, Diapers and Pants, Paper Towels, Tissues, Toilet Paper	Bounty, Charmin, Pampers

* Percent of net sales and net earnings from continuing operations for the year ended June 30, 2012 (excluding results held in Corporate).

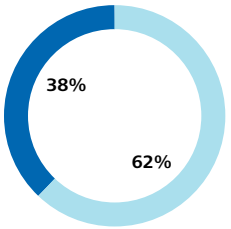
2012 Net Sales



By Business Segment
- Beauty
- Grooming
- Health Care
- Fabric Care and Home Care
- Baby Care and Family Care



By Geographic Region
- North America
- Western Europe
- Central & Eastern Europe, Middle East & Africa
- Latin America
- Asia



By Geographic Region
- Developed
- Developing

For more financial details, please see P&G's 2012 Annual Report available at http://annualreport.pg.com/annualreport2012/.

As part of P&G's initiative to optimize resources to fit a growing global business and to accelerate innovation and growth, the Company operates its business through Global Business Units (GBUs), as described under Organizational Structure on page 12. 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 $134 million of cash in 2012, primarily for the acquisition of New Chapter, a vitamins supplements business. In 2011, acquisitions used $474 million of cash, primarily for the acquisition of Ambi Pur, an air freshener business.

Proceeds from Asset Sales

Proceeds from asset sales contributed $2.9 billion to cash in 2012, mainly due to the sale of our snacks business. In 2011, proceeds from asset sales contributed $225 million to cash, mainly due to the sales of our Infasil brand in Western Europe and Zest brand in North America.

Global Purchases

Continued price increases in materials and services around the globe resulted in Company external spend of approximately $54 billion (compared to approximately $46 billion last year).

We continue to engage our external business partners (suppliers, agencies, and trading partners) to help accelerate total supply chain sustainability improvements. We improved the effectiveness of our External Business Partner (EBP) Sustainability Scorecard by adding an analysis tool—enabling improved data analysis capability. We also made completing the assessment easier and more user-friendly.

In 2011, we noted that:

- Seventeen (17) of our scored partners earned the highest score possible and received public recognition from P&G.
- We are able to turn innovative ideas from the EBP Sustainability Assessment into tangible benefits. Acting on ideas submitted in the 2010 assessment, we reduced supply network costs by over $5 million.
- Our new analysis capability is enabling us to identify key trends that will drive improvement in a more targeted and effective manner.

Our Global Purchases Organization continues to play a critical role in advancing progress against our 2020 Sustainability Goals. This includes efforts to develop and commercialize new renewable materials, procure renewable energy, and ensure sustainable sourcing of pulp, palm oil, and paper packaging.

Economic Development

Innovation is a fundamental driver of P&G's growth. We invest about $2 billion a year in Research & Development. This level of investment is multiplied by our global network of external innovation partners, which leads to an effective investment in innovation that far exceeds the reported spending. Our External Business Development group and the Connect + Develop℠ organization manage thousands of active connections with other companies and institutions. These include 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.

$2 billion
invested in
Research & Development

Shareholders

As of June 30, 2012, there were approximately 2,367,000 common stock shareowners, including shareholders of record, participants in the P&G Shareholder Investment Program, participants in P&G stock ownership plans, and beneficial owners with accounts at banks and brokerage firms.

Contact

For more information:

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

Write to:

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

Organizational Structure

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

Global Business Units

Effective February 2011, our two GBUs are Beauty & Grooming and Household Care. The primary responsibility of the GBUs is to develop the overall strategy for our brands. They identify common consumer needs, develop new product innovations and upgrades, and build our brands through effective commercial innovations and marketing plans.

Global Operations

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

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

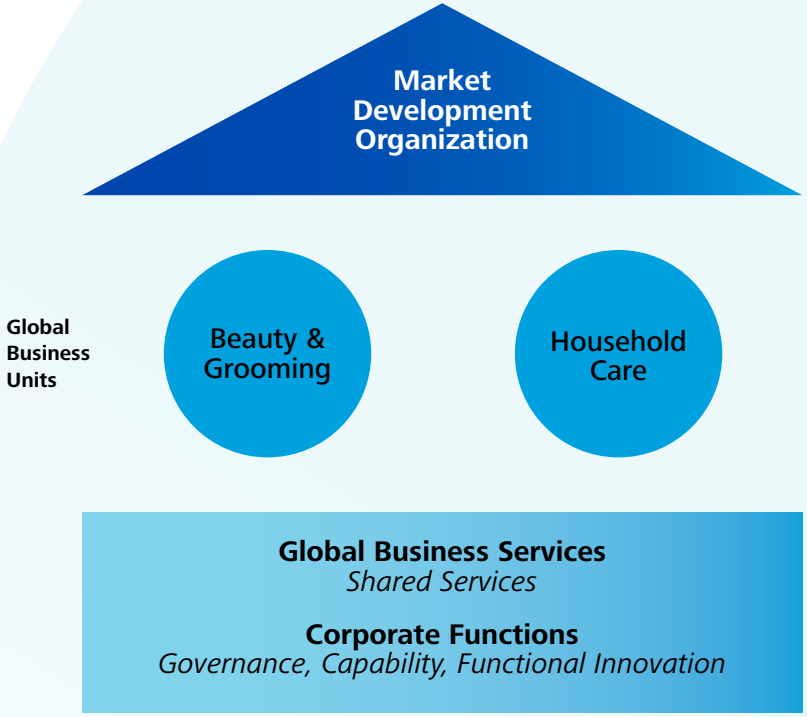
Asia is comprised of Japan, Greater China, and ASEAN/Australia/India/Korea (AAIK). We define developing markets as the aggregate of CEEMEA, Latin America, AAIK, and Greater China. Developed markets are comprised of North America, Western Europe, and Japan.

Global Business Services

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

Corporate Functions

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



Manufacturing and Outsourcing

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

Our primary focus is delighting consumers. To ensure that our products remain affordable, our manufacturing facilities must provide the best possible value for the Company. We conduct regular reviews to ensure that our facilities are highly competitive, and this process includes benchmarking versus third-party manufacturers. When it makes sense for the business and it is the most competitive solution, we may decide to use contract manufacturers. For example, when entering a new market, introducing a new product, or accessing a technology or process we don't currently have, we may rely on contract manufacturing so we can determine production needs prior to investing in new capacity at a P&G facility.

> To ensure that our products remain affordable, our manufacturing facilities must provide the best possible value for the Company.

Sometimes we use contract manufacturers on a longer-term basis for reasons of cost-effectiveness. In these instances, we are usually manufacturing in the region and for the region, as almost all of our third-party manufacturers are regional. In addition, many of our products simply do not lend themselves to shipping long distances. The exception to this would be where unique manufacturing capability exists in one region and we are able to economically ship across regions.

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

P&G Plants Locations

As of June 30, 2011

COUNTRY	CITY	PLANT NAME	REPORTING SEGMENT
Argentina	Pilar	Pilar	Fabric & Home Care
Argentina	Villa Mercedes	Villa Mercedes	Baby & Family Care
Belgium	Aarschot	Aarschot	Personal Power
Belgium	Mechelen	Mechelen	Fabric & Home Care
Brazil	São Paulo	Anchieta	Fabric & Home Care
Brazil	Louveira	Louveira	Health Care
Brazil	Manaus	Manaus	Grooming
Brazil	Rio De Janeiro	Rio	Beauty
Canada	Belleville	Belleville	Health Care
Canada	Brockville	Brockville	Fabric & Home Care
Chile	Santiago	Santiago	Baby & Family Care
China	Beijing	Beijing	Fabric & Home Care
China	Chengdu	Chengdu	Fabric & Home Care
China	Dongguan	Dong Guan	Personal Power
China	Guangzhou	Huangpu	Beauty
China	Minhang	Minhang	Grooming
China	Shanghai	Shanghai	Grooming
China	Taicang City	Taicang	Beauty
China	Tianjin	Tianjin	Beauty
China	Tianjin	Xiqing	Beauty
Colombia	Medellín	Medellín	Fabric & Home Care
Czech Republic	Rakovnik	Rakona	Fabric & Home Care
Egypt	Cairo	Cairo	Fabric & Home Care
France	Amiens	Amiens	Fabric & Home Care
France	Blois	Blois	Beauty
France	Poissy	Poissy	Beauty
France	Sarreguemines	Sarreguemines	Beauty
Germany	Berlin	Berlin	Grooming
Germany	Cologne	Cologne	Beauty

COUNTRY	CITY	PLANT NAME	REPORTING SEGMENT
Germany	Crailsheim	Crailsheim	Health Care
Germany	Euskirchen	Euskirchen	Baby & Family Care
Germany	Gross-Gerau	Gross-Gerau	Health Care
Germany	Hünfeld	Huenfeld	Beauty
Germany	Kronberg	Kronberg	Grooming
Germany	Marktheidenfeld	Marktheidenfeld	Health Care
Germany	Rothenkirchen	Rothenkirchen	Beauty
Germany	Walldürn	Wallduern	Grooming
Germany	Worms	Worms	Fabric & Home Care
Guatemala	Escuintla	Escuintla	Fabric & Home Care
Hungary	Csömör	Budapest	Health Care
India	District Solan	Baddi	Fabric & Home Care
India	Baddi	Baddi B&R	Grooming
India	Bhiwadi	Bhiwadi	Grooming
India	Ponda	Goa	Health Care
India	Bhopal	Mandideep	Fabric & Home Care
Ireland	Nenagh	Nenagh	Beauty
Ireland	Newbridge	Newbridge	Health Care
Italy	Campochiaro	Campochiaro	Fabric & Home Care
Italy	Gattatico	Gattatico	Fabric & Home Care
Italy	Pescara	Pescara	Health Care
Italy	Rome	Pomezia	Fabric & Home Care
Japan	Akashi	Akashi	Baby & Family Care
Japan	Yasu	Shiga	Beauty
Japan	Takasaki	Takasaki	Fabric & Home Care
Malaysia	Kuantan	Kuantan	Fabric & Home Care
Mexico	Naucalpan	Alce Blanco	Health Care
Mexico	Apizaco	Apizaco	Baby & Family Care
Mexico	Apaseo El Grande	Mariscala	Beauty
Mexico	Irapuato	Milenio	Grooming
Mexico	Naucalpan	Naucalli	Grooming
Mexico	Naucalpan	Naucalpan	Health Care
Mexico	Mexico City	Talisman	Beauty

COUNTRY	CITY	PLANT NAME	REPORTING SEGMENT
Mexico	Tepeji	Tepeji	Baby & Family Care
Mexico	Mexico City	Vallejo	Fabric & Home Care
Morocco	Casablanca	Casablanca	Fabric & Home Care
Morocco	Mohammedia	Mohammedia	Fabric & Home Care
Netherlands	Coevorden	Coevorden	Fabric & Home Care
Nigeria	Ibadan	Ibadan	Fabric & Home Care
Pakistan	Karachi	Hub	Beauty
Pakistan	Karachi	Port Qasim	Fabric & Home Care
Peru	Lima	Materiales	Fabric & Home Care
Philippines	Cabuyao	Cabuyao	Fabric & Home Care
Poland	Aleksandrow Lodzki	Aleksandrow	Beauty
Poland	Lodz	Lodz–LMC (Jozefow Street)	Grooming
Poland	Lodz	Lodz–PLMC (Wodna Street)	Grooming
Poland	Warsaw	Targowek	Baby & Family Care
Portugal	Guifões	Porto	Fabric & Home Care
Puerto Rico	Cayey	Cayey	Beauty
Romania	Timişoara	Timişoara	Fabric & Home Care
Romania	Urlați	Urlați	Beauty
Russia Federation	Dzerzhinsk	Capella	Beauty
Russia Federation	Novomoskovsk	Novomoskovsk	Fabric & Home Care
Russia Federation	St. Petersburg	St. Petersburg	Grooming
Saudi Arabia	Dammam	Dammam	Fabric & Home Care
Saudi Arabia	Jeddah	Jeddah	Baby & Family Care
Singapore	Singapore	Pioneer Perfume	Fabric & Home Care
South Africa	Johannesburg	Johannesburg	Baby & Family Care
South Korea	Ch'onan	Ch'onan	Health Care
Spain	Jijona	Jijona	Baby & Family Care
Spain	Mataró	Mataró	Fabric & Home Care
Spain	Mequinenza	Mequinenza	Baby & Family Care
Spain	Montornès del Vallès	Montornès	Health Care
Spain	Santa Perpetua De Mogoda	Santiga Ambi-Pur	Fabric & Home Care

COUNTRY	CITY	PLANT NAME	REPORTING SEGMENT
Thailand	Bangkok	Bangkok	Beauty
Turkey	Gebze	Gebze	Fabric & Home Care
Ukraine	Boryspil	Boryspil	Health Care
Ukraine	Ordzhonikidze	Ordzhonikidze	Fabric & Home Care
United Arab Emirates	Dubai	Dubai	Fabric & Home Care
United Kingdom	London	London	Fabric & Home Care
United Kingdom	Manchester	Manchester	Baby & Family Care
United Kingdom	Reading	Reading	Beauty
United Kingdom	Whitley Bay	Seaton Delaval	Beauty
United States	Albany	Albany	Baby & Family Care
United States	Pineville	Alexandria	Fabric & Home Care
United States	Andover	Andover	Beauty
United States	Auburn	Auburn	Health Care
United States	Augusta	Augusta	Fabric & Home Care
United States	Aurora	Aurora	Fabric & Home Care
United States	Avenel	Avenel	Fabric & Home Care
United States	Boston	Boston	Grooming
United States	Bear River City	Box Elder	Baby & Family Care
United States	Jackson	Cape Girardeau	Baby & Family Care
United States	Cincinnati	Cincinnati	Fabric & Home Care
United States	Cleveland	Cleveland	Fabric & Home Care
United States	Dover	Dover	Baby & Family Care
United States	Fremont	Fremont	Fabric & Home Care
United States	Green Bay	Green Bay	Baby & Family Care
United States	Greensboro	Greensboro	Health Care
United States	Henderson	Henderson	Fabric & Home Care
United States	Cockeysville	Hunt Valley	Beauty
United States	Iowa City	Iowa City	Beauty
United States	Iowa City	Iowa City (Oral Care)	Health Care
United States	Jackson	Jackson	Fabric & Home Care
United States	Kansas City	Kansas City F&HC	Fabric & Home Care
United States	LaGrange	LaGrange	Fabric & Home Care

COUNTRY	CITY	PLANT NAME	REPORTING SEGMENT
United States	Lancaster	Lancaster	Fabric & Home Care
United States	Leipsic	Leipsic	Fabric & Home Care
United States	Lima	Lima	Fabric & Home Care
United States	Mehoopany	Mehoopany	Baby & Family Care
United States	North Chicago	North Chicago	Fabric & Home Care
United States	Oxnard	Oxnard	Baby & Family Care
United States	Phoenix	Phoenix	Health Care
United States	Russellville	Russellville	Fabric & Home Care
United States	Sacramento	Sacramento	Fabric & Home Care
United States	St. Louis	St. Louis	Fabric & Home Care
Venezuela	Barquisimeto	Barquisimeto	Fabric & Home Care
Venezuela	Guatire	Guatire	Baby & Family Care
Vietnam	Tan Uyen District	Ben Cat	Baby & Family Care
Vietnam	Binh Duong	Binh Duong	Fabric & Home Care

P&G Plant, Crailsheim, Germany

Governance

Everything we do is done with our commitment to "doing the right thing" in mind.

Governance Structure

We believe that good governance practices contribute to better results for shareholders. Our objective is to maintain corporate governance principles, policies, and practices that support management and the Board of Directors accountability. These are in the best interest of the Company and our shareholders, and they are consistent with the Company's Purpose, Values and Principles.

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' By-laws. In exercising its fiduciary duties, the Board of Directors represents and acts on behalf of the Company's shareholders.

Although the Board of Directors does not have responsibility for the day-to-day management of the Company, it stays informed about the Company's business and provides guidance to Company management through periodic meetings, site visits and other interactions. The Board is deeply involved in the Company's strategic planning process, leadership development and succession planning. The Board also takes an active approach to risk management by overseeing the Company's strategic plans, the associated risks and the steps that senior management is taking to manage and mitigate those risks.

Additionally, the Board has adopted guidelines for determining the independence of its members. As of June 30, 2012, ten of our eleven directors qualified as being independent from the Company.

The Company's Worldwide Business Conduct Manual is its code of conduct, which is approved by the Board. This conduct manual applies to all directors, officers and employees and is designed to help ensure compliance with all applicable laws and Company policies, including those related to sustainable development.

Shareholders may communicate with the Board of Directors and submit shareholder proposals as described in the Company's proxy statement.

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

Management's Responsibility for Financial Reporting

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

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

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

Communicating expectations to employees—Every employee—from senior management on down—receives mandatory training on the Company's Worldwide Business Conduct Manual. Every employee is held personally accountable for compliance with the standards contained in the manual and is provided several methods for reporting any concerns about violations of the Worldwide Business Conduct Manual.

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

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

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

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

Engaging our Disclosure Committee— We maintain disclosure controls and procedures designed to ensure that information required to be disclosed is recorded, processed, summarized, and reported accurately and in 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. The Committee and the Board of Directors are charged with the consistent and fair application of these principles. Over time, we believe this has helped to develop and retain talented employees who are committed to the Company's success.

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

Political Involvement

P&G's political involvement is an important way to bring P&G's Purpose to life through public policy.

Guided by our Purpose, Values and Principles, P&G participates in the political process to help shape public policy and legislation that helps us touch more lives, in more parts of the world, more completely. 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 & Public Policy team (P&G GGRPP) 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 GGRPP 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 GGRPP engages and educates policy makers and key stakeholders on issues that impact our business; facilitates the exchange of information between key decision-makers and public policy organizations in the U.S. and abroad; and leads Company actions on policy matters both unilaterally and in industry coalitions and associations.

P&G complies with all U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act that require reporting on lobbying activities and certification of compliance with Congressional gift rules. For the 2011 calendar year, P&G reported U.S. lobbying expenditures of $4.04 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, and a total of $362,362 in lobbying expenditures in U.S. states. In fiscal year 2010–2011, P&G reported lobbying activity in the range of €400,000 in the European Union under voluntary guidelines issued by the EU Commission.

In FY 2010–2011, P&G paid roughly $8.3 million in dues to U.S. trade and industry associations with annual dues of $25,000 or more, of which $1.5 million, roughly 18 percent, was identified by 50 associations as funds spent on lobbying and political activities.

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

U.S. Corporate Political Activity

P&G engages in the political process by providing financial support to selected state ballot initiatives and issue advocacy campaigns that have a direct impact on our ability to touch and improve consumers' lives. P&G's involvement in these campaigns is overseen by P&G's Public Policy Team, a multifunctional team comprised of representatives from Global Government Relations & Public Policy, Legal, Human Resources, Corporate Communications, and other functions related to the specific issue under consideration. The team makes recommendations to the Chief Legal Officer for approval, and for further review and approval by the Chairman and CEO as appropriate. As with all other aspects of our political involvement, our participation in such efforts is guided by our Purpose, Values and Principles and by our business strategies, and is fully reported in accordance with governing laws.

P&G's policy is to not use corporate funds to support "Super PACs," "527" organizations or candidates in states where it is legally permissible to do so. Further, P&G has no plans to use corporate funds to support other independent political expenditures to influence federal elections, nor do we plan to make contributions to trade associations for that purpose. Beginning in 2012, we will notify our key associations on an annual basis that our annual dues cannot be used for electioneering or independent political expenditures.

In 2011, P&G made $60,000 in contributions to ballot initiatives and other issue advocacy campaigns that had a direct impact on the business or our employees. A listing of these initiatives can be found via: www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml.

The P&G Good Government Fund (P&G GGF)

The P&G GGF is P&G's political action committee. As with all other aspects of P&G's business, the P&G GGF is guided by our Purpose, Values and Principles (PVPs). The P&G GGF 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 P&G employees live and work.

The P&G GGF supports candidates at all levels of government. Support of candidates is generally based on any or all of the following criteria: support of P&G business issues (federal voting records can be found via www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml); sustained constituent relationships with P&G facilities or employees; and positions in leadership or on Committees of particular importance to the Company. We also consider whether a candidate's public positions and statements are congruent with our Purpose, Values and Principles.

Consistent with our Company's Values and Principles, the P&G GGF shows respect for all individuals including our employees, consumers, business partners, and shareholders. We also value differences of opinion. Therefore, we realize that there will be diverse, divergent, and often strongly held views on candidates the P&G GGF should support, and what issues should determine that support. Further, we realize that individual candidates and elected officials may be supportive on some issues and opposed on others. That is why we use a data-driven approach that looks holistically at the implications a donation may have on the business.

While this can be hard to quantify, we rely on a diverse group of Company managers, government relations personnel, and legal counsel, which make up the P&G GGF Board, to evaluate candidates and make recommendations that will best support our purpose of touching and improving lives.

All P&G GGF activity is available on the Federal Elections Commission and state elections websites, and a full listing of 2011 P&G GGF contributions can be found via: www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml.

Policies and Management Systems for Reporting Performance

Policies

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

Management Systems

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

Performance

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

Acquisitions

Acquisitions have been included in the metrics presented herein. Acquisitions differ in performance expectations in that we allow a six-year glide path to meet the audit performance score of 8.0 out of a ten-point scale. A midpoint expectation of 6.5 is expected to be achieved within three years. Typically, 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 their 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. Data is presented in metric units and published in English, with local translation performed where necessary. To ensure the standard collection of data, the Company established the following processes:

- 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.

Products

At P&G, we combine a deep understanding of consumer habits and preferences with a science-based approach to deliver environmental improvements in our products. We know that a majority of consumers are unwilling to accept trade-offs in price or performance to be more sustainable. We combine this insight with a second factor called life-cycle thinking—an approach that examines the environmental impacts of our products from raw materials through manufacturing, consumer use, and disposal. This analysis helps us identify steps in the cycle where a sustainable improvement can have the most significant impact.

2012 Goals Results

In 2007, we set a goal to develop $50 billion in Sustainable Innovation Products (SIPs), which are products that have a significantly reduced (>10%) environmental footprint compared to a previous or alternative version of the product, yet still deliver great product performance. We are proud to report that we have developed and marketed over $52 billion in cumulative sales of SIPs. We have focused on our biggest brands, which deliver significant environmental improvements due to their size and global reach—brands like Pampers, Tide, and Ariel. Most importantly, the focus of Sustainable Innovation Products is to achieve all this without any trade-offs for the consumer. The products featured here are a few of the Sustainable Innovation Products that P&G has launched over the past five years.

Streamlining Whitestrips

Since their introduction in 2001, Crest Whitestrips have become the best-selling tooth-whitening product in the U.S. Their upper and lower strips initially came in separate foil pouches. But in 2007, we combined them into a single pouch, reducing the amount of material used by 190 tons per year. This change also made the assembly line more efficient and increased consumer satisfaction.

Innovating to Use Less

Over the past two decades, Pampers has consistently focused on developing materials and designs that use fewer resources while delivering a high-performing product. In 2009, P&G developed a new innovation called Airfelt-free, which allowed all fluff pulp to be removed from the core of the Cruisers/ ActiveFit diaper. In 2010, changes to the packaging of this product led to more efficient distribution, allowing us to take hundreds of trucks off the road.

Putting Compaction to Work

In 2007, P&G introduced compacted liquid versions of our North America laundry brands—Tide, Gain, Cheer, ERA, and Dreft. This innovation has been the largest contributor to the Company's $50 billion commitment to SIPs. Due to improvements in the manufacturing of these compact detergents, sustainability benefits per unit of production include a 20 percent reduction in CO_2 emissions, 15 percent less solid waste production, 20 percent reduction in energy consumption, and 15 percent reduction in water consumption.

$52 billion

Renewable Materials

OUR VISION 100 Percent Renewable or Recycled Materials in All Products and Packaging

2020 GOAL PROGRESS

When we established our Renewable Materials goal, we knew that developing renewable materials would require significant research to ensure that our solutions were technically, environmentally, and economically viable. Since announcing our goal, we have conducted a detailed analysis of our petroleum-derived raw materials and identified the material classes that best deliver our goal. For most of these materials, we've established a clear development pipeline, and we are now moving toward pilot scale production of several key materials. We have already incorporated plant-based plastic in some shampoo bottles, but we anticipate the bulk of our new renewable material replacements will be commercialized between 2015 and 2020.

2020 GOAL

Replace 25% of petroleum-based materials with sustainably sourced renewable materials

Renewable Materials (cont.)

Expanding the Reach of Pantene's Bio Bottle

The Pantene brand has continued to increase its use of renewable materials by further expanding its Nature Fusion bio-resin bottle—constructed of up to 45 percent plant-based materials, excluding the cap. Having first launched the bio-resin bottle in Western Europe and the United States in 2011, Pantene recently launched it in Russia, Turkey, and Poland. Nature Fusion has grown to be the third-largest Pantene collection among these countries. Pantene plans to expand its bottle with bio-resin to the Middle East, North Africa, and Pakistan in late 2012.

Partnering for Renewable Plastics

P&G is a proud member of the Plant PET Technology Collaborative (PTC). Established in April 2012, the Collaborative is a strategic working group focused on the research and development of plastic polymers made entirely from plant-sourced materials. The five-member Collaborative consisting of The Coca-Cola Company, Ford Motor Company, H.J. Heinz Company, NIKE, Inc., and P&G was created with the intent of increasing sustainable production of plant-based polyethylene terephthalate (PET). This lightweight and durable plastic is used by all PTC companies in a variety of products and packaging—representing a significant opportunity to reduce environmental impacts by developing PET that is derived from renewable materials.

Waste

OUR VISION Zero Consumer Waste Going to Landfill

2020 GOAL PROGRESS

We continue to evaluate waste reduction pilot opportunities in both developed and developing regions. On the following page, we highlight one pilot program already under way, and we plan to continue to explore additional pilot opportunities between now and 2020. Importantly, we anticipate that many of these pilots will be multi-stakeholder efforts, with P&G as a key contributor. This is consistent with our belief that successful, scalable solutions require the collaboration of multiple stakeholders.

2020 GOAL

Conduct pilot studies in both developed and developing markets to understand how to eliminate landfilled/dumped consumer solid waste

Waste (cont.)

From Waste to Worth

P&G created the Waste to Worth (W2W) team, which was tasked with designing a solution to waste infrastructure in the developing world. The team conducted a comprehensive study in the Philippines, with the cooperation of government stakeholders, to understand the tonnage and composition of the waste stream, including the percent that is biodegradable, recyclable and residual. All of this data led to the design of an integrated, profitable, and replicable waste management business model that extracts value from the waste stream—materials that would otherwise be thrown away. We are partnering with the Asian Development Bank with the goal of piloting this business model in Antipolo, Philippines, and we have just offered the project to a company that will own and operate the facility under the business model created. Anticipated start of operations begins in 2013 with the creation of the Material Recovery Facility.

Antipolo, Philippines

"We are grateful that P&G has chosen the Philippines to pilot its Waste to Worth project. Its noble objectives coincide with the Department of Environment and Natural Resources' (DENR) serious and relentless pursuit of our mandate on solid waste management. We are committed to extending all the necessary assistance to those helping us implement the solid waste management systems that will reduce the volume of waste that goes to landfill and promote reusing and recycling of solid waste for valuable purposes. We hope that the successful implementation of this project will enable the Philippines to become a premier green country in Asia."

Ramon J.P. Paje,
DENR Secretary, Philippines

Cold-Water Washing

OUR VISION Designing Products That Conserve Resources

2020 GOAL PROGRESS

We continue to make excellent progress in developing cold-water laundry detergents that meet consumers' expectations for performance and value, and we have technologies in development that will extend our performance in even colder wash temperatures. We're continuing our consumer education efforts around cold water and are seeing positive trends, estimating that up to 40 percent of global machine loads are being washed in cold water today. While this is encouraging, we know that in order to reach our target of 70 percent, we will need to better scale and coordinate our efforts across multiple stakeholders. This will be a key focus area during the coming year.

2020 GOAL

Have 70% of all washing machine loads use cold water

Cold-Water Washing (cont.)

Achieving Efficiency Together

Based on the insight that 90 percent of the energy used in a traditional washer goes to heating the water, Tide teamed up with Maytag to promote the launch of the new line of Bravos XL Top Loading High Efficiency Washers, which feature a new cold wash cycle. When used with Tide Coldwater HE, the system delivers a better clean than the normal warm cycle with the leading competitor HE detergent. The system works by using a concentrated solution of surfactants and other cleaning agents found in Tide Coldwater HE during the cold wash cycle, which includes an "Active Soaking Phase." The combination of the Maytag cold wash cycle and Tide Coldwater HE not only gives an amazing clean in cold water, but the cold wash cycle can also save consumers $2,000 in lifetime energy costs and uses 78 percent less energy when compared to a pre-2004 traditional top-load washer, using a normal wash cycle, based on an 11-year average appliance life. This is a great win for both consumers and the environment.

Taking a Load Off the Energy Grid

Our U.S. Future Friendly program marked Earth Day 2012 with "Take a Load Off"—a campaign designed to show consumers how using a product like Tide Coldwater can help take a load off the energy grid, their wallets, and the environment. In just four weeks, the campaign generated significant traditional and social media coverage, translating into strong consumer engagement and over 35,000 commitments to "go cold."

MAYTAG + Tide

78% less energy used per household and a better clean than the leading competitor HE detergent in warm water.

Designing for All Temperatures

Tide PODS launched in North America in February 2012 as a breakthrough single-unit dose of laundry detergent. We wanted to ensure that the product worked effectively in cold water, as nearly 40 percent of consumers wash in cold to save energy and money and to preserve their clothes. We needed to overcome the challenge of chemistry working slower in colder temperatures, so we optimized our highly concentrated formula for great performance in cold water, even when water was nearly freezing. We also partnered with a leading film supplier to jointly develop a new best-in-class film that was designed for strength and fast "dissolve-ability," even in cold water.

Packaging Reductions

OUR VISION Zero Consumer Waste Going to Landfill

2020 GOAL PROGRESS

Our packaging reduction efforts have continued to deliver cost savings from avoided material usage while still ensuring that our packaging protects the product and meets consumers' needs. While there are practical limits to how far packaging can be reduced, innovations like Tide PODS and our continued focus on design optimization make us confident that we will achieve our 2020 goal.

Over the last year, we've focused on developing packaging reduction plans for key product categories and have improved our global measurement and tracking systems. We're committed to maintaining our focus on executing these product category packaging reduction plans and evaluating new technologies and materials that can move us closer to achieving our goal.

2020 GOAL

Reduce packaging by 20% per consumer use

Packaging Reductions (cont.)

Delighting Consumers and Helping the Planet

Our Blades and Razors category switched its high-volume North America club packaging from plastic thermoform clamshells to a paperboard primary carton—a reduction of 164,000 kg of packing material per year. This new carton made the product more than 50 percent more efficient to ship and resulted in over $1 million in annual cost savings. Consumers like it better because it's easier to open, and our retail partners like it because it's more visually appealing on the shelf.

External partnerships are a key part of our efforts to reduce material usage and increase recycled content in our products.

"I lead P&G's partnership efforts with the Association of Postconsumer Plastic Recyclers (APR). APR has helped P&G test new package designs prior to market entry to ensure they are compatible with existing recycling infrastructure. More recently, P&G helped support an APR pilot project focused on recovering grocery store plastic packaging which identified more than 350 million pounds of plastic material that can be used by plastic recycling facilities across the country."

Stephen Sikra,
Global Packaging Development

New 2020 Product Goals

SUSTAINABLY SOURCED RENEWABLE MATERIALS

As a member of the Consumer Goods Forum, P&G joined other member companies in a pledge to mobilize resources within their respective businesses to help achieve Zero Net Deforestation by 2020.

We have already committed that by 2015 we will confirm that all palm oil purchases originate from responsible and sustainable sources. We are also establishing two new goals related to our use of wood fiber:

- By 2015, 100 percent of the virgin wood fiber used in our tissue/towel and absorbent hygiene products will be third-party certified; 40 percent of the virgin wood fiber used in our tissue/towel products will be Forest Stewardship Council (FSC) certified.
- By 2020, 100 percent of our paper packaging will contain either recycled or third-party certified virgin content.

Collectively, these three goals help demonstrate our commitment to working toward zero net deforestation by 2020. For additional information on our efforts in these areas, please see page 34 of this report. For additional information on the Consumer Goods Forum Pledge, please go to www.theconsumergoodsforum.com.

100%
third-party certified
pulp by 2015

Using Forest Resources Responsibly

Over the last five years, we've deepened our partnership with the World Wildlife Fund (WWF), the WWF-led Global Forest & Trade Network (GFTN), and the Forest Stewardship Council® (FSC) in order to ensure we support critical programs that help us, and others, meet the challenges of responsibly using forest resources.

One example of this is a project P&G is helping to finance through WWF Brazil to enable small landowners in Brazil achieve FSC Certification of their wood supply. The complexity and cost of achieving FSC certification for these landowners is a barrier to our primary suppliers' ability to pursue certification, but we are collaborating with WWF Brazil and FSC to help develop systems that will allow the landowners to ultimately achieve FSC certification. In addition, the project will also restore fragmented Atlantic Forest present on the properties of these small landowners.

"P&G's support of this project is fostering FSC certification among small landowners and increasing the scale of WWF-Brazil's efforts to restore Atlantic Forest fragments in these properties. These small landowners will benefit not only from ensuring a market for their FSC certified eucalyptus, but also from other ecosystem services, such as water recharge and carbon storage."

Maria Cecilia Wey de Brito, *WWF Brazil's Chief Executive Officer*

FSC®

As demonstrated on the previous pages, we are committed to improving people's everyday lives by making products that are better for the environment. Our employees bring this commitment to life—inspired by our Purpose and guided 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.

> P&G continually strives to improve the environmental quality of its products, packaging, and operations around the world.

- 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

P&G is committed to improving lives with high-quality products while ensuring the safety of both the people who use them and the world where we live. Household consumer products use a variety of ingredients to improve our everyday lives, with cleaner homes and clothing as well as improved health and well-being, enabling an overall better quality of life.

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

+700
in-house experts devoted globally to ensure safety

Our commitment to safety is reflected in the more than 700 in-house experts devoted globally to ensuring the environmental and human safety of all our ingredients and products before they go to market, as well as ensuring that they comply with laws and regulations in each of the markets where they are sold.

Our approach to safety is based on the same practices and science-based methods that are used by numerous regulatory agencies around the world.

- We first evaluate the intrinsic potential for an ingredient to cause harm using published and accepted scientific methods. We also consider the potential effects across the entire population, including children. This information is used to determine what levels of an ingredient are safe for humans and the environment.
- We then evaluate how much of the product or ingredient people use under normal and exaggerated use, including uses from multiple sources, and how much is released to the environment based on our understanding of how consumers use products in their daily routines.
- Only products that result in uses that are well within safe levels make it through our evaluation process.
- Our efforts go beyond safety and include product life cycle issues such as energy and resource use, and waste management.

Some believe that it might be better to base decisions about an ingredient's safety solely on its potential to cause harm, even if that harm would never occur when the ingredient is used in a consumer product. This has been coupled with calls for the far-reaching use of the "precautionary principle," whereby substances that are classified in certain "hazard" categories would be broadly restricted or banned outright, with little further evaluation of whether they are currently being used safely. 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 limiting the use of innovative new ingredients that are more effective, utilize fewer natural resources and are safer. Furthermore, experience has shown that even chemicals that could be considered "non-hazardous" (e.g., salt) can cause harm under certain circumstances, while potentially "hazardous" chemicals can be safely used (e.g., ethanol).

Thus, there is no simple shortcut to deciding whether an ingredient is safe or harmful. This type of decision should only be made after application of the robust science-based approach that we, and regulatory agencies, use every day.

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. We have over 700 professionals worldwide dedicated to this task. PS&RA also addresses other environmental aspects of products and packages, such as their compatibility with waste management systems and natural resource use. To accomplish this mission, the PS&RA organizations in each business unit work closely with product development teams in the selection and formulation of product ingredients and mixtures with acceptable safety profiles.

A primary role of PS&RA is advancing the science used to evaluate the human and environmental safety of our products. This includes developing new methods from the latest advancements in science and technology. We are helped in this process by an External Advisory Board of distinguished academic scientists.

We conduct studies in human and environmental toxicology with an in-depth understanding of how people actually use our products and dispose of them across the globe. This knowledge allows us to develop robust human and environmental safety evaluations for every product worldwide before they go to market, and also guides in the development of new technologies.

PS&RA experts participate in scientific, professional, and industry association activities related to safety as well as 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. We also share our safety research information and establish principles for promoting the safe and responsible use of chemicals through our more than 1,000 publications in leading scientific journals.

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

P&G Product Safety:
www.pg.com/en_US/sustainability/product_safety.shtml.

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

P&G Beauty and Grooming:
www.pgbeautyscience.com/safety.php.

Eliminating Research Involving Animals

Our Progress

P&G is committed to improving lives with high-quality products while ensuring the safety of both the people who use them and the world where we live. At the same time, we firmly believe that ending animal research is the right thing to do. To that end, we've invested more than $300 million in developing alternative methods to replace animal research. Today, we complete more than 99 percent of all safety evaluations without testing on animals. The remaining tiny percentage comes from studies required by law or the rare cases where there are no alternatives available.

We are passionate about continuing our progress in alternatives to research involving animals, so that animal testing can be eliminated. Highlights of our progress include:

- We are a leader in alternatives to animal testing, helping to develop more than 50 alternative methods, which we use today.

> We are passionate about continuing our progress in alternatives to research involving animals, so that animal testing can be eliminated.

- We actively share our discoveries so that others can benefit from our progress; our work has appeared in more than 1,000 scientific publications.
- Our focus on developing non-animal test methods has led to even more predictive approaches using human cell lines, genomics, and the latest in computer modeling and informatics.
- We collaborate with universities, scientists from other companies, and governments to develop and promote acceptance of alternative test methods and change regulations that still require testing with animals.

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

Or visit: www.pgbeautyscience.com/animal-testing-alternatives.php.

Sustainable Forestry

As a member of the Consumer Goods Forum, P&G joined other member companies in a pledge to mobilize resources within their respective businesses to help achieve Zero Net Deforestation by 2020. To act on this commitment, P&G has developed goals for wood pulp, palm oil, and paper packaging:

- By 2015, 100 percent of pulp used in tissue/towel and absorbent hygiene products will be third-party certified and 40 percent of pulp in tissue/towel will be FSC certified.
- By 2015, 100 percent of palm oil purchases will be confirmed to originate from responsible and sustainable sources.
- By 2020, 100 percent of paper packaging will contain either recycled or third-party certified virgin content.

The following sections provide additional detail on the efforts.

Wood Pulp

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 tracks and reports annually the amount of wood pulp it purchases and relevant information on certification status.

Core Principles for Sustainable Forest Management

P&G purchases wood pulp from suppliers that:

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

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

Forest Certification

P&G requires pulp suppliers to certify their forest operations, or fiber procurement activities, for sustainable forest management. By 2015, 100 percent of the virgin wood fiber in our tissue/towel and absorbent hygiene products will be third-party certified.

For these goals, we recognize the following third-party certification systems:

- Forest Stewardship Council (FSC)
- Sustainable Forestry Initiative (SFI)
- Programme for the Endorsement of Forest Certification (PEFC)
- Brazilian National Forestry Certification Scheme (CERFLOR)
- Canada's National Standard for Sustainable Forest Management (CSA-SFM)

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 have set a target of 40 percent FSC certified virgin fiber for our tissue-towel products by 2015. We will also utilize FSC-controlled wood as part of a stepwise approach to progressively increase the amount of pulp from FSC-certified sources. We also require that all pulp come from sources that have undergone an FSC Controlled Wood Risk Assessment. For more information on FSC Controlled Wood Assessments and their role in sustainable forestry, visit www.fsc.org.

Pulp Sources

In fiscal year 2011–2012, P&G bought ~1.6 million air dried metric tons of pulp for use in our tissue/towel, diaper, and feminine hygiene products. The pulp was sourced from the following regions:

Country	Volume (%)
Brazil	31%
Canada	32%
United States	36%

Supporting Forest Stewardship Council and Certification (FSC)

The Forest Stewardship Council (FSC) is an independent, nonprofit, nongovernmental organization that was established to promote the responsible use of the world's forests. Our policy explicitly states that we have a preference for fiber from forest certified under FSC's certification system. P&G has been a member of FSC since 2009 and actively participates in the FSC standard setting process.

The path to full FSC certification can require significant resource and time commitments from our suppliers. One of the intermediate steps along that path is for suppliers to conduct an "FSC controlled wood risk assessment." Controlled Wood certification allows our suppliers to demonstrate that their sources of wood meet basic requirements for legality and avoid unwanted sources described in our policy. Since becoming members of FSC, 100% of the fiber for our tissue and towel products has been assessed as FSC controlled wood.

FSC is currently conducting a U.S. National Controlled Wood Risk Assessment. P&G is providing monetary support for this effort, and when complete, the Assessment will provide a chamber-balanced and data-driven foundation of our claims associated with Controlled Wood.

"Procter & Gamble's support of the Forest Stewardship Council's US National Controlled Wood Risk Assessment demonstrates their commitment to the mission of the FSC. Through this support for FSC, along with a strong procurement policy and specific goals for FSC certified fiber, Procter & Gamble is making significant strides to ensure the health of the world's forests for future generations."

– Corey Brinkema, President, Forest Stewardship Council U.S.

To learn more about FSC, please go to www.fsc.org.

Efficient Use of Resources Through Innovation

P&G believes that we should invest our resources where we can make the greatest sustainability improvements and has made a number of commitments:

- Focus on technology innovations that allow us to use fiber efficiently, allowing consumers to accomplish tasks with less.
- Evaluate the use of non-forest-derived sources of fiber, recognizing that these alternatives must also meet principles of environmental sustainability.
- Use recycled fiber when it has no negative impact on product performance, manufacturing efficiency, energy usage, and waste generation.
- Continuously explore and implement energy and water conservation opportunities in our papermaking operations. We will also make a meaningful contribution to the Company's goals for renewable energy usage.

Palm Oil

P&G is committed to the sustainable sourcing of palm oil. By 2015, we will confirm that all palm oil purchases 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 are members of the Roundtable for Sustainable Palm Oil (RSPO) and recognize their criteria and certification as evidence of sustainable palm oil sourcing. We will continue to partner with both known suppliers with whom we have long-standing relationships and trust, as well as with emerging suppliers who embrace and support our corporate sustainability principles and expectations.

Stakeholder Partnerships

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

Industry Influence

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

To learn more about RSPO, please go to: www.rspo.org.

Results

Nine percent of our total 2011 annual consumption of palm oil and palm kernel oil was certified palm oil on a mass-balance basis. Our sites at Mechelen, Belgium (Pringles Production prior to divestiture), and Kuantan, Malaysia, achieved RSPO supply chain certification in 2011 and we are on track to meet our 2015 commitment.

Paper Packaging

P&G continually strives to optimize the design of our packaging to use the minimum amount and type of material that will ensure adequate protection, delivery, and safe use of our products. Our paper-based packaging is derived from wood fiber and, as a result, we have a responsibility through our procurement practices to ensure the wood fiber in our packaging has been responsibly sourced.

Therefore, for our paper-based packaging, we will:

- Identify source reduction opportunities to decrease material usage.
- Use recycled paper when it offers the best option to meet performance requirements and competitive market conditions.
- Avoid packaging derived from unwanted sources of wood and work collaboratively with suppliers of virgin paper to progressively increase the percentage from certified sources. We give preference to FSC-certified materials and post-consumer recycled content when they are available and meet product performance requirements and competitive market conditions.
- Expect our suppliers to be in compliance with all applicable laws.

This year, we established a new goal of having 100 percent of paper packaging be either recycled or third-party certified virgin content by 2020. The third-party certifications recognized for this goal include Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), Programme for the Endorsement of Forest Certification (PEFC), Brazilian National Forestry Certification Scheme (CERFLOR) and Canada's National Standard for Sustainable Forest Management (CSA-SFM). Over the course of this year, we will be working with suppliers to collect baseline data and begin to define plans to close any gaps. Given the complexity of the packaging supply chain, we do not anticipate this being an easy journey, but we will be reporting our progress in future sustainability reports.

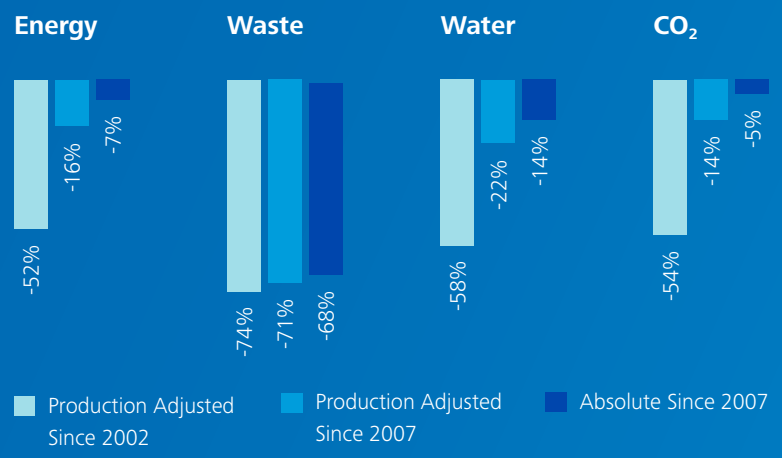
> **This year, we established a new goal of having 100% of paper packaging be either recycled or third-party certified virgin content by 2020.**

Operations

Our operations sustainability improvements take a holistic view of the supply chain, including our suppliers, our own manufacturing processes, and finished product logistics. Our conservation efforts within our manufacturing facilities are targeted on three specific strategies, consistent with how we approach our overall operational efficiency: getting our equipment back to optimal condition, reapplying best-in-class processes across our business units, and implementing breakthrough technologies.

2012 Goals Results

We are pleased to have made significant absolute reductions in our Energy, Waste, Water, and CO_2 footprints by delivering 7 percent, 68 percent, 14 percent, and 5 percent reductions, respectively, since 2007. We also delivered production-adjusted improvements for all four footprints. We achieved our goal of a 50 percent reduction (per unit of production) for Energy, CO_2, Waste, and Water since 2002. We also achieved our goal of a 20 percent reduction (per unit of production) for Water and Waste since 2007, but we fell short of our 20 percent reduction goal for CO_2 and Energy. We remain committed to driving future reductions and provide additional details on the following pages.



Energy

Over the past five years we have reduced energy usage by 7 percent on an absolute basis, and we achieved our ten-year goal of at least a 50 percent reduction per unit of production. Since 2007, we reduced energy use by 16 percent on a production-adjusted basis, but we did not reach our five-year goal of a 20 percent reduction.

Waste

We have delivered very strong results in waste reduction over the past five years, reducing our waste by 68 percent on an absolute basis and 71 percent on a production-adjusted basis—more than tripling our goal of 20 percent. Particularly impressive results came from two of our Mexican plants which increased their recycling to 99 percent and 95 percent. The Apizaco plant identified three separate outlets to recycle/reuse their reject paper fibers while the Vallejo plant installed new equipment that allows waste-water to be donated for irrigating parks and green spaces.

Water

We have delivered strong results in reducing water consumption over the past five years, reducing water consumption by 14 percent on an absolute basis and 22 percent on a production-adjusted basis, exceeding our goal of a 20 percent reduction.

CO_2

Since 2007, we have reduced our CO_2 emissions by 5 percent on an absolute basis and by 14 percent on a production-adjusted basis. We did not reach our goal of a 20 percent reduction (production-adjusted), primarily due to deliberate investments we made in cogeneration technology. These investments lowered our combined emissions from Scope 1 and Scope 2 (from purchased electricity) by 18 percent and delivered significant savings to the business, but did not enable us to reach our Scope 1 emissions goal.

Renewable Energy

OUR VISION 100 Percent Renewable Energy Powering Our Plants

2020 GOAL PROGRESS

Today, roughly 7 percent of our energy comes from renewable sources. We have a renewable energy team dedicated to implementing a plan to profitably power our plants with 30 percent renewable energy by 2020. This team is building strong partnerships with leading companies and university experts and is in the process of prioritizing technologies and projects that are both economically and environmentally sustainable. We anticipate having a diverse mix of renewable energy sources, both on-site and off-site, across all aspects of our operations. Overall, we're confident that we have the correct strategies in place to achieve our 2020 goal.

2020 GOAL

Increase use of renewable energy in our plants to 30%

Renewable Energy (cont.)

Supporting Local, Renewable Energy Sources

Our biomass boiler in Albany, Georgia, produces steam to power our plant by using renewable resources. The boiler uses locally purchased wood, supporting local jobs and decreasing the net CO_2 production that would have resulted from burning fossil fuels. Wood is delivered to the boiler, where combustion takes place on vibrating grates. A Wet Electrostatic Precipitator then scrubs particulate emissions from the boiler and its leftover ash is beneficially reused to enhance farmlands.

Innovating Solutions with Experts

In July of 2011, we invited sustainability experts from outside P&G to help us develop renewable energy solutions for three of our most energy-consuming plants in the U.S., Mexico, and Malaysia. The partners brought innovative ideas that helped us see the issues in new ways, while P&G's own experts brought a wealth of experience that would help us turn those ideas into concrete plans. Following the ideation session, we have continued to foster the relationships we formed with these experts, and we have entered into formal working relationships with several individuals. They are helping us understand how to evaluate and prioritize projects and how to develop investment and action plans while also helping us conduct scenario-planning sessions to evaluate our project portfolio.

We invited sustainability experts from outside P&G to help us develop renewable energy solutions for three of our most energy-consuming plants.

Biomass Boiler
Albany, Georgia

Manufacturing Waste

OUR VISION Zero Manufacturing Waste Going to Landfill

2020 GOAL PROGRESS

We continue to make excellent progress towards our manufacturing waste reduction goals. Over the past year, more than 99.2 percent of all materials entering our plants were beneficially used in our products and through recycling, reuse, and conversion of waste to energy. This result is only 0.3 percent away from our 2020 goal. Additionally, over 10 percent of our sites have achieved zero manufacturing waste to landfill. These results have been delivered primarily by a strong partnership between our Global Asset Recovery & Purchases team (GARP), our manufacturing plants, our distribution centers, and our recycling vendors, who all continue to find new, innovative and cost-effective solutions for our manufacturing waste.

2020 GOAL

Reduce manufacturing waste to landfill to less than 0.5% of input materials

Waste (cont.)

Making Zero Manufacturing Waste a Reality

In an effort to motivate employees to reduce waste, the team at our plant in Cape Girardeau, Missouri, created an internal rallying cry: "The Power of Zero." The program focused on delivering zero defects and zero losses with the goal of "starving landfills." Using innovative solutions, they recaptured 100 percent of all manufacturing materials, recovering enough paper each year to cover the earth ten times. Employees recycled aerosol cans, batteries and light bulbs and even used liquid waste as an alternative fuel. By looking at waste as Company loss and finding opportunities to make sustainable changes, Cape Girardeau now sends zero manufacturing waste to landfills.

P&G's Crailsheim plant in Germany is another example of our commitment to zero manufacturing waste to landfill across the Company.

"We needed to change our culture to reach zero manufacturing waste to landfill, so we created an interactive tool to educate employees about the proper disposal methods for every type of waste. Then we created a center that collects specified materials at designated times, which enabled 45 different materials to be recycled. Today, we ship 13,000 tons of waste from the plant to be recycled, reused, or converted to energy, and we send zero manufacturing waste to landfills!"

Michael Hagemeyer
Crailsheim Plant Waste Business Leader

Transportation

2020 GOAL PROGRESS

We have continued to optimize our distribution networks, which has brought significant efficiency gains and cost savings. We have plans in place for each region that will help us achieve our truck transportation goal by 2020. The plans include optimizing transportation modes and routes as well as operational excellence.

2020 GOAL

Reduce truck transportation by 20% per unit of production

Transportation (cont.)

Improving Lead Times, Inventory, and Environmental Impact

We reinvented P&G's distribution center in Colón, Panama, collapsing smaller product categories into common shipments and combining inventories of two or more countries. This approach not only achieved 40 percent lower lead times and lowered inventory by 11 percent, but it also resulted in 580 fewer containers in transit. Removing these containers decreased the center's shipping by 5 million kilometers and reduced CO_2 emissions by 5,906 metric tons. The program was such a success that the distribution center is continuing its efforts to increase efficiency and sustainability for 2013 and beyond.

We design our supply chains to eliminate inefficiencies, improve customer satisfaction, better utilize assets, and also be environmentally responsible.

"In our CEEMEA region [Central and Eastern Europe, Middle East and Africa], we wanted to reduce our CO_2 emissions from transportation, so we put our focus on improving equipment fill rates, reducing empty miles, and extending usage of intermodal. We also realized that because so much of our supply chain is owned or operated by other companies, we couldn't do it alone. So we teamed up with our carriers, suppliers, and customers to combine shipment contents at every leg of the product supply and delivery journey. Thanks to all of those efforts, we eliminated excessive truck trips and reduced CO_2 emissions by 3,500 metric tons."

Ania Polczynska,
Central and Eastern Europe Transportation

New 2020 Operations Goals

REDUCING OUR FOOTPRINT

We continue to focus on sustainability in our operations by announcing new 2020 goals to help achieve our long-term vision of powering our plants with 100 percent renewable energy by delivering footprint reductions of 20 percent per unit of production in Energy Usage and Total CO_2 Emissions (Scope 1 and Scope 2).

Our footprint sub-team that is focused on energy and CO_2 will identify a glidepath to reach our goals. We will continue to focus on our conservation efforts which are fully embedded in our overall operations business strategy, with an approach called "Back to Base." This approach focuses on restoring the operation of our equipment to its optimal state, identifying energy losses and fixing them to their most efficient condition. Secondly, we benchmark and reapply energy best practices by identifying which sites have the best results and reapplying these practices across sites with similar technology. The last strategy requires the collaboration of multifunctional teams to deliver the "breakthrough" technology of the future.

With respect to our CO_2 goal, we are expanding the scope of emissions on which we measure ourselves. While our 2007–2012 CO_2 goal was only for Scope 1 emissions, we are now measuring ourselves on a combined Scope 1 and Scope 2 emissions goal. We believe this gives a fuller picture of the total emissions from our operations.

While we don't yet have all the answers necessary to achieve our goals, we are committed to making disciplined, step-by-step progress through the conservation and breakthrough work that is already under way.

20% Reduction in CO_2 and energy

Resource and Waste Summary

The table below reports environmental statistics for Manufacturing Operations in the Global Business Units, Technical Centers and Distribution Centers. It reflects divestiture of Coffee and Pharmaceutical Businesses.

	Totals (absolute units x 1,000)			2012 Global Business Unit Detail[1] (absolute units x 1,000)						
	2012	2011	2010	Beauty	Grooming	Health Care	Fabric Care and Home Care	Baby Care and Family Care	Technical Centers	Distribution Centers
Production (metric tons)										
Product Shipped	**25,618**	26,021[6]	24,213	2,154	660	1,076	16,682	5,046	0	0
Raw Materials from Recycled Sources	**646**	593	784	137	51	49	250	159	0	0
Waste (metric tons)										
Generated Waste	**985**	1,025	1,048	135	29	97	353	325	20	26
Percent Recycled/Reused Waste	**79%**	69%	63%	73%	95%	88%	69%	89%	31%	79%
Disposed Waste (metric tons)										
Waste Disposed	**212**	315	363	36	1	12	110	34	14	5
Solid Waste—Non-Hazardous	**157**	250	287	31	1	10	77	23	11	4
Solid Waste—Hazardous	**20**	23	28[2]	1	0	1	16	0	0	2
Effluents (excluding water)	**22**	27	34	3	0	0	12	4	3	0
Air Emissions[3]	**13**	15	15	1	0	1	4	7	0	0
Other										
Energy Consumption (gigajoules)	**72,306**	73,998	71,842	4,104	2,509	2,895	19,123	40,743	2,378	554
Direct Greenhouse Gas Emissions (metric tons)[4]	**2,799**	2,906	2,795	122	64	44	607	1,888	58	16
Total Greenhouse Gas Emissions (metric tons)[7]	**5,827**	6,123	6,200	434	228	273	1,562	3,008	266	55
Water Consumption (cubic meters)	**78,564**	79,999	80,914	7,248	867	1,888	17,843	43,738	6,980	0
SARA Releases (metric tons)[5]	**1.65**	2.57	1.83	0.03	0.00	0.00	1.56	0.06	0.00	0.00

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

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

(2) Reflects corrected information listed in the 2010 report.

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

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

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

(6) Reflects corrected information listed in the 2011 report.

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

Operational Efforts

As demonstrated previously, we want to be and be recognized as the leading global supply chain organization for end-to-end sustainability—from raw material suppliers through finished product logistics. We are focused on driving continuous progress toward the operational elements of our long-term sustainability vision:

- **100 percent renewable energy powering our plants**
- **Zero manufacturing waste sent to landfills**
- **Releasing effluent water quality that is greater than or equal to influent water quality, with no contribution to water scarcity**

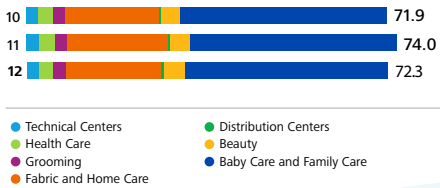
While it will take many years to achieve this vision, stating our intentions enables us to develop long-range plans for realizing our vision, and establishing short-term goals allows us to measure progress along the way. The following content contains additional details on our operational efforts.

Energy

The Energy Consumption graph (in gigajoules, GJ) shows the addition of Technical Centers and Gillette for all three years. Energy consumption over the last three years has been 71.9 million GJ, 74.0 million GJ, and 72.3 million GJ in 2010, 2011, and 2012, respectively.

As noted earlier in this report, we achieved a 7 percent absolute reduction in energy consumption vs. 2007; we exceeded our 10-year goal to reduce half of the energy consumption for the period of 2002–2012 by delivering a 52 percent reduction in energy consumption on a production-adjusted basis; but we fell short of the 2012 goal of a 20 percent energy footprint reduction. The primary driver was the introduction of a number of new cogeneration ("cogen") systems at our sites. The introduction of co-gen systems has been key to helping us achieve a significant reduction in total CO_2 (Scope 1 + Scope 2); it has also resulted in a net increase in the amount of fuel we consume on-site. This increased on-site fuel consumption was the primary reason we fell short of our Energy Consumption goal. We remain committed to reducing energy consumption and have established a new goal to reduce energy consumption by 20 percent by 2020.

ENERGY CONSUMPTION BY GBU
(Millions of gigajoules)



REDUCTION IN ENERGY CONSUMPTION
(Percent reduction versus 2002 level, per unit of production)

What is Cogen?

Cogen, also referred to as combined heat and power (CHP), is an efficient and clean approach to generating electrical power and thermal energy from a single fuel source. Instead of purchasing electricity from the local utility and burning fuel in an on-site boiler to produce steam or hot water, CHP can provide both energy services in one energy-efficient step. CHP recovers thermal energy from electricity production that would otherwise be wasted to produce useful thermal energy; as such, CHP can provide significant energy efficiency and environmental advantages over separate heat and power systems. The increase in fuel use efficiency of CHP combined with the use of lower carbon fuels such as natural gas generally translates into reductions in GHG and criteria emissions compared to separate heat and power. CHP can also provide lower energy costs for the user by displacing higher-priced purchased electricity and boiler fuel with lower-cost self-generated power and recovered thermal energy.

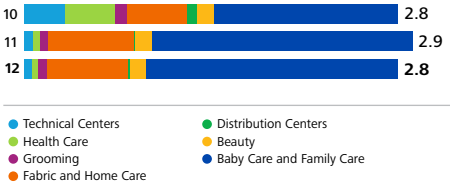
Adapted from: U.S. EPA and U.S. Department of Energy August 2012 Report, "Combined Heat & Power: A Clean Energy Solution." For additional information on Combined Heat & Power please see the full publication available at www1.eere.energy.gov/manufacturing/distributedenergy/.

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. Our operational focus has been on direct CO_2 emissions (i.e., Scope 1), and emissions data for the last three years has been 2.8 million metric tons, 2.9 million metric tons, and 2.8 million metric tons in 2010, 2011, and 2012, respectively.

We achieved a 5 percent absolute reduction in direct CO_2 emissions since 2007; we exceeded our 10-year goal to reduce half of the direct CO_2 emissions for the period of 2002–2012 by delivering a 54 percent reduction in CO_2 emissions on a production-adjusted basis; but we fell short of the 2012 goal of a 20 percent reduction in direct CO_2 emissions. Consistent with our energy consumption results, the primary driver was the introduction of a number of new cogeneration ("cogen") systems at our sites. As described on the prior page, cogen has several benefits and has been key to helping us achieve a significant reduction in total CO_2 emissions (Scope 1 + Scope 2). However, it has also resulted in a net increase in the amount of fuel we consume on-site. This increased on-site fuel consumption was the primary reason we fell short of our direct CO_2 emissions goal. We remain committed to reducing energy consumption and total CO_2 emissions and have established new goals for 2020 to drive additional reductions in both CO_2 and Energy. Importantly, our new 2020 goal is based on total CO_2 emissions as we feel this will better reflect our comprehensive efforts to reduce energy consumption and CO_2 emissions while also transitioning to less carbon intensive energy sources.

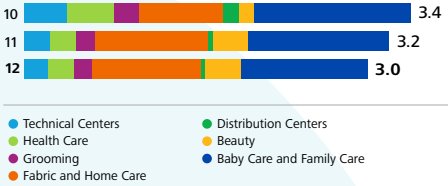
SCOPE 1 GREENHOUSE GAS EMISSIONS*
(Million metric tons)



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
(Million metric tons)



SCOPE 2 GREENHOUSE GAS EMISSIONS
(Percent reduction versus 2002 level, per unit of production)

Climate Change Policy

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

We will focus our efforts in two main areas:

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

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

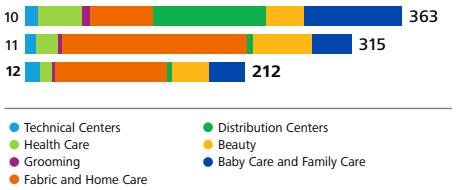
Waste Disposed

Total Waste for Disposal

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

The past three years, results have been encouraging on a production-related basis. Total waste disposed for the last three years has been 363 thousand metric tons, 315 thousand metric tons, and 212 thousand metric tons in 2010, 2011, and 2012, respectively.

TOTAL WASTE DISPOSED
(Thousand metric tons)

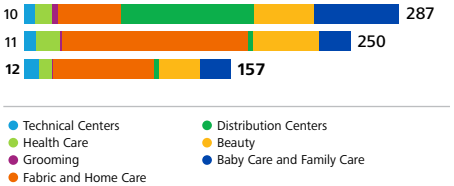


REDUCTION IN WASTE DISPOSED
(Percent reduction versus 2002 level, per unit of production)

Non-Hazardous Solid Waste Disposed

Overall, the non-hazardous solid waste disposed to landfill decreased from last year to 157 thousand metric tons. P&G continues to find innovative recycling methods.

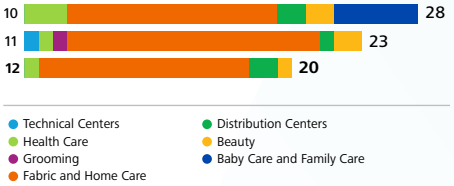
NON-HAZARDOUS SOLID WASTE DISPOSED
(Thousand metric tons)



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 plants use has remained limited. Hazardous solid waste disposed decreased to 20 thousand metric tons. We remain focused on trying to minimize hazardous waste disposal.

HAZARDOUS SOLID WASTE DISPOSED
(Thousand metric tons)



Waste Recycled

The total percentage of waste recycled increased to 79 percent.

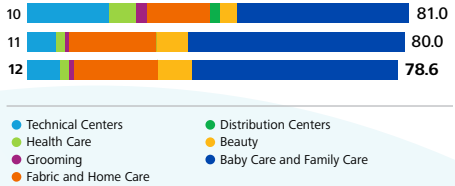
WASTE RECYCLED
(Percentage)

Water

Water Consumption

Baby and Family Care and Fabric and Home Care segments are our largest water users. Water consumption over the past three years has been 81 million m^3, 80 million m^3, and 78.6 million m^3 in 2010, 2011, and 2012, respectively.

WATER CONSUMPTION BY GBU
(Million cubic meters)

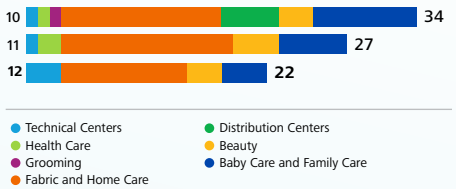


REDUCTION IN WATER CONSUMPTION
(Percent reduction versus 2002 level, per unit of production)

Effluents to Water

Wastewater COD (Chemical Oxygen Demand) disposed has decreased versus last year to 22 thousand metric tons.

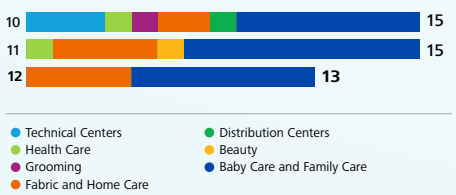
WASTEWATER COD DISPOSED BY GBU
(Thousand metric tons COD)



Air Emissions

Each site monitors total suspended particulates, volatile organic compounds (VOCs), carbon monoxide (CO), nitrogen oxides (NOx), and sulfur oxides (SOx). Overall, the total air emissions decreased versus last year to 13 thousand metric tons.

AIR EMISSIONS
(Thousand metric tons)



SARA 313 Releases

(United States only)

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

The amount of SARA 313 releases decreased versus last year. The decrease reflects efforts at key sites to reduce releases.

SARA 313 U.S.
(Total metric tons released or transferred)

SARA is reported one year behind; 2012 entry reflects 2011 data.

Compliance with Laws and Regulations

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

Notices of Violation (NOVs)

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

	2012	2011	2010
Number	**34**	36	46
Fines	**$93,760**	$53,259	$112,340

The following is a more detailed breakdown of global Notices of Violation (NOVs) for fiscal year 2012.

	Number	Fines
Water-Based	10	$41,584
Air-Based	5	$2,267
Solid Waste–Based	3	$12
Paperwork	0	$0
Transportation–Based	5	$17,125
Other	0	$0
Worker Safety	11	$32,772
Total	**34**	**$93,760**

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

We focus our social responsibility efforts in ways that enable our Company, our brands, and our people to make a unique and lasting impact on the people we serve. Our programs operate where we currently reach consumers and in communities where we hope to someday serve consumers. We see our social responsibility efforts as an expression of the good that our brands can do in the world today, as well as an investment in the future.

2012 Goals Results

In 2007, P&G announced two ambitious social responsibility goals to accomplish by 2012. The first was to help 300 million children around the world with programs that enable them to live, learn and thrive. The second was to deliver 4 billion liters of clean water to prevent 160 million days of disease and save 20,000 lives.

We are pleased to report that we have exceeded both of these goals. Between 2007 and 2012, we helped over 400 million children around the world, and we delivered 4.22 billion liters of clean water, which prevented more than 170 million days of disease and saved over 22,000 lives.

LIVE, LEARN AND THRIVE

Number of Children Reached

400 million

P&G CHILDREN'S SAFE DRINKING WATER PROGRAM

Liters of Clean Water Delivered

4.2 billion

Number of Lives Saved

22,000

Days of Disease Prevented

170 million

Live, Learn and Thrive Locations

Asia
- Australia
- Bangladesh
- Cambodia
- China
- East Timor
- Hong Kong
- India
- Indonesia
- Japan
- Laos
- Maldives
- Malaysia
- Myanmar
- Nepal
- New Zealand
- North Korea
- Papua New Guinea
- Philippines
- Singapore
- South Korea
- Sri Lanka
- Taiwan
- Thailand
- Vietnam

Central & Eastern Europe, Middle East & Africa
- Afghanistan
- Angola
- Algeria
- Azerbaijan
- Botswana
- Bulgaria
- Burkina Faso
- Cameroon
- Chad
- Côte d'Ivoire
- Croatia
- Czech Republic
- Democratic Republic of the Congo
- Djibouti
- Egypt
- Estonia
- Ethiopia
- Gabon
- Georgia
- Ghana
- Guinea-Bissau
- Hungary
- Iceland
- Iran
- Iraq
- Israel
- Jordan
- Kazakhstan
- Kenya
- Kyrgyzstan
- Latvia
- Lebanon
- Liberia
- Lithuania
- Madagascar
- Malawi
- Mali
- Mauritania
- Mongolia
- Morocco
- Mozambique
- Namibia
- Niger
- Nigeria
- Pakistan
- Poland
- Romania
- Russia
- Rwanda
- Saudi Arabia
- Senegal
- Sierra Leone
- Slovenia
- Slovakia
- Somalia
- South Africa
- South Sudan
- Syria
- Tajikistan
- Tanzania
- Turkey
- Turkmenistan
- Uganda
- Ukraine
- Uzbekistan
- Zambia
- Zimbabwe

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

North America
- Canada
- Puerto Rico
- United States

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

Our programs can be found in over 120 countries and in every region in the world. The number of countries where we have programs has grown 100 percent since we began our Live, Learn and Thrive program in 2005.

■ Live, Learn and Thrive Locations

Includes data on the P&G Children's Safe Drinking Water Program.

Improving Babies' Lives in Africa

As part of a global commitment to healthy baby development, Pampers provides assistance to new mothers and babies in sub-Saharan Africa through a variety of programs. For instance, the brand's "One Pack = One Vaccine" partnership with UNICEF has been providing vaccines against Maternal and Newborn (Neonatal) Tetanus (MNT) for more than five years. With help from Pampers, six African countries have been validated by the World Health Organization as having eliminated MNT—Burkina Faso, Ghana, Guinea-Bissau, Liberia, Senegal, and Uganda.

Pampers is also committed to healthy baby development in other ways. For example, through its Point of Market Entry (POME) programs, Pampers has enabled more than 8 million mothers to receive free health advice at immunization clinics and hospitals across Nigeria. In South Africa, a Pampers partnership with the Department of Home Affairs has helped register 450,000 newborns, giving them better access to social benefits like healthcare and education.

Reaching a Milestone with Children's Safe Drinking Water

The P&G Children's Safe Drinking Water Program (CSDW) reached a major milestone in late 2011 when it provided its 4 billionth liter of clean drinking water since its inception in 2006. This occurred during a relief effort in Thailand, where flooding took the lives of 500 people and displaced millions more. Dr. Greg Allgood, Director of the P&G CSDW Program, visited families affected by the flooding and demonstrated the use of P&G Purifier of Water.

P&G Children's Safe Drinking Water

6
African Countries have eliminated Maternal and Newborn Tetanus

Supporting the Education of India's Children

Close to half of India's children lack access to primary school. We're helping address this through a multi-brand cause-related marketing program known as Shiksha (meaning "Education") established in 2005. Through the Shiksha program, P&G has built and supported more than 200 primary schools, which has helped give 385,000 underprivileged children access to education since its inception. We know that access to education can improve the future for children, and we are pleased to report such encouraging results.

Along with Shiksha initiatives, P&G is committed to improving life in additional ways throughout India. For example, Whisper's *Parivartan* program (meaning "Transformation") has empowered 2.5 million girls by delivering timely menstrual hygiene education—helping to keep them from missing an average of 50 days of school a year due to inadequate feminine protection.

Promoting Hand Washing in Mexico

Since 2009, the Escudo brand (also known as "Safeguard" in many parts of the world) has worked hard in Mexico to promote a culture of hand washing, which is among the most effective ways to prevent diarrheal diseases and pneumonia. Escudo's support of UNICEF's Global Hand Washing Day has enabled the education of nearly 1 million children about proper hand washing practices to prevent disease.

In 2012, Escudo teamed up with Save the Children to develop workshops in schools across Mexico. The preliminary outcomes collected by Save the Children have been extraordinary. After the intervention of more than 13,000 children in southeastern states of Mexico, the data showed that diarrhea-related diseases decreased by 50 percent and disease-related school absences were down 11 percent.

"If I had known how easy and simple it is to wash my hands, I wouldn't have had stomachaches. Now I know I can prevent diseases."

Aranza
13 years old

Donating Products to Those in Need

We believe our products play an integral part in serving people in need. Just this year, P&G donated more than 2,000 pallets of product to In Kind Direct, a charity established by H.R.H. The Prince of Wales to redistribute donations across the UK. One such recipient—Darnall Community Nursery—is helping 130 families every month with support from P&G and In Kind Direct. According to Nursery Manager Claire Ward, "You only have to look around the nursery, from the kitchens and bathroom to the main play areas, to see the range of Procter & Gamble products we get." The unique product benefits we offer are important in providing the everyday basics people need for themselves, their families, and their homes. Brands like Pampers, Gillette, Duracell, Pantene, Ariel, and Oral-B are important to helping improve health and confidence for people in need.

Preventing Pneumonia in Bangladesh

In early 2012, the Vicks brand in Spain launched the first Vicks Breathe for Life program to benefit Save the Children's pneumonia project in Bangladesh. The program allowed consumers to "donate a breath to a child who needs it." By purchasing Vicks products or participating in an online campaign, consumers helped Vicks donate critical funding for education, supplies, and medications that helped treat Bangladeshi children and protect them from pneumonia. The donations from the Vicks Spain program have already enabled more than 7,000 children in Bangladesh to get treatment for pneumonia, helping them breathe a little easier.

7,000
children in Bangladesh received treatment for pneumonia

Clean Drinking Water

2020 GOAL PROGRESS

In order to reach our 2020 goal of saving one life every hour, we will provide 2 billion liters of clean drinking water every year. We'll accomplish this by providing 200 million P&G water purification packets every year in the developing world where 4,000 children die every day from unclean water. Each packet quickly turns ten liters of potentially deadly water into clean, drinkable water. The packets will be produced at a dedicated manufacturing facility we will open in Singapore in November 2012.

As a sign of our commitment to the P&G Children's Safe Drinking Water Program, we literally put our Company name on the packets. This coincided with the sale of our PUR water filtration business in December 2011, and we changed the name from "PUR Purifier of Water" to "P&G Purifier of Water." This was the first time the Company logo has appeared prominently on a product since P&G Naphtha Soap launched in 1904. It's been over 100 years, and we felt that now was the right time and this was the right product to make this statement of the Company's support.

P&G Purifier of Water Facts:

- Removes more than 99.99999 percent of common waterborne bacteria (including those that cause cholera), 99.99 percent of common waterborne viruses (including those that cause hepatitis A) and 99.9 percent of protozoa.
- Proven to reduce diarrheal disease incidence in the developing world by up to 90 percent.

2020 GOAL

Save one life every hour by delivering 2 billion liters of clean water every year

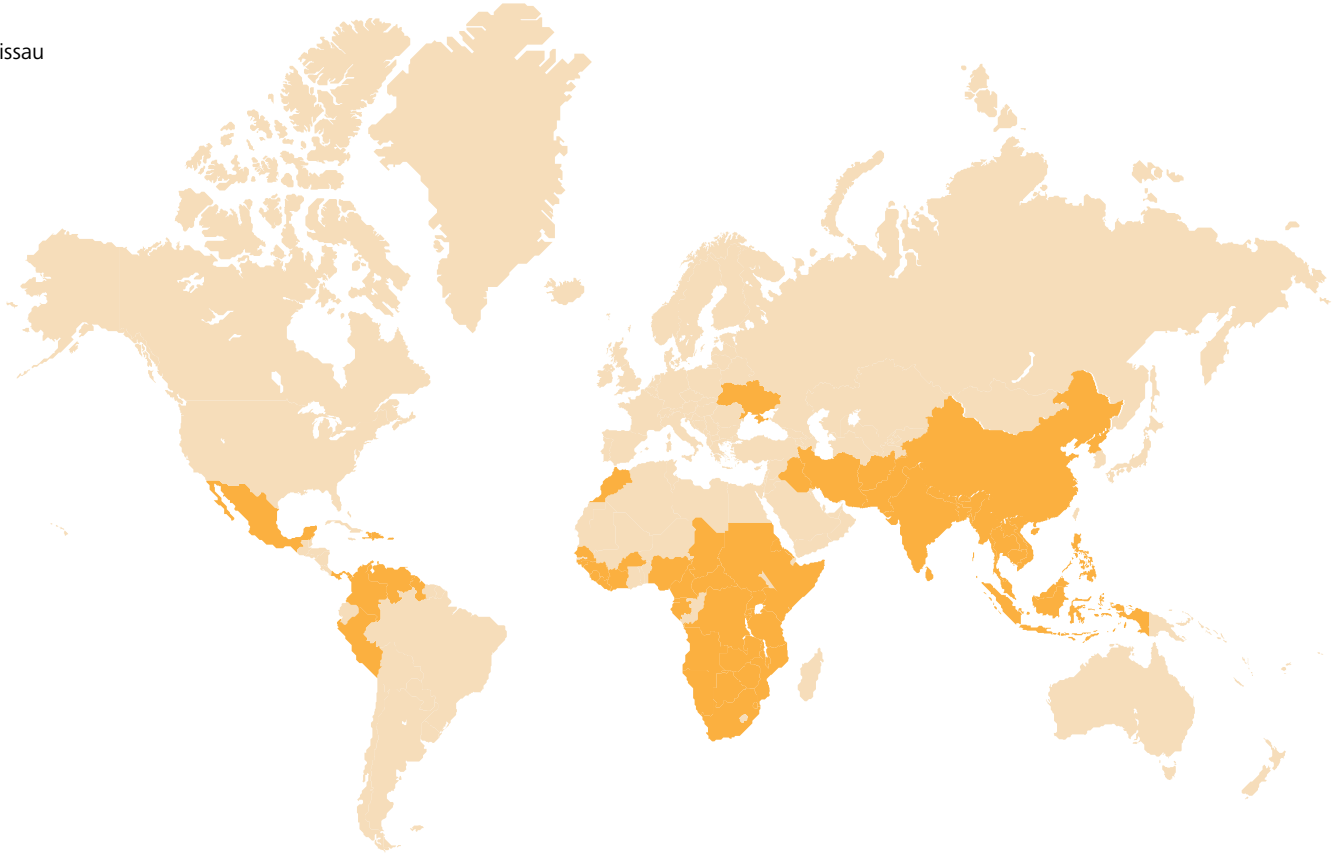
Children's Safe Drinking Water Emergency Relief and Social Market Countries

Americas
- Chile
- Colombia
- Dominican Republic
- Guatemala
- Guyana
- Haiti
- Honduras
- Mexico
- Nicaragua
- Panama
- Peru
- St. Lucia
- Venezuela

Africa
- Angola
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Côte d'Ivoire
- Democratic Republic of the Congo
- Djibouti
- Ethiopia
- Ghana
- Guinea-Bissau
- Kenya
- Liberia
- Malawi
- Mali
- Mauritania
- Morocco
- Mozambique
- Namibia
- Nigeria
- Republic of the Congo
- Rwanda
- Senegal
- Sierra Leone
- Somalia
- South Africa
- Sudan
- Tanzania
- Uganda
- Zambia
- Zimbabwe

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

■ Relief and Social Market Countries



P&G 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 P&G Purifier of Water (formerly PUR) usage.

The number of P&G water purification packets that are provided are tracked on a monthly basis by country.

From this, we calculate the liters of clean 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 P&G packets 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 P&G Purifier of Water and proven that it significantly reduces diarrheal illness in children and the total population.

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

Assumptions

General

- Each P&G Purifier of Water packet treats 10 liters of water.
- An average of one and a half liters of drinking water is used per child per day and two liters of drinking water per adult per day.

Diarrhea

- 60 percent of water treated with P&G packets 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 percent of water treated with P&G packets is used by adults.
- The number of episodes of diarrhea per adult per year is:
  - 0.49 episodes in sub-Saharan Africa
  - 0.56 episodes in Latin America
- P&G Purifier of Water use averts 50 percent of the diarrhea episodes.
- A diarrhea episode lasts an average of 7.3 days.

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

Employees & Stakeholders

As highlighted throughout this report, Employees & Stakeholders are critical enablers of our sustainability program. We also recognize our responsibilities to our employees and stakeholders. Our efforts to meet these responsibilities are guided by our Purpose, Values and Principles (PVP).

Purpose, Values and Principles

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

Our Purpose

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

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

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.

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 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 incorporate Sustainability into our products, packaging, and operations.

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 Seek to Be The Best

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

Mutual Interdependency Is a Way of Life

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

To learn more about our Purpose, Values and Principles, please go to: www.pg.com/en_US/company/purpose_people/index.shtml.

Human Rights

Respect for human rights is implemented through our existing policies, practices, and due diligence systems (e.g., employee rights; employee benefits; health, safety, and environment; water; health services; HIV/AIDS; product safety; worldwide business conduct manual; Sustainability Guidelines for Suppliers' Relations; and Live, Learn and Thrive cause).

During the last year, P&G has continued its involvement in a number of human rights and other related social responsibility initiatives:

1. Continued to monitor the work of the UN Working Group on Business and Human Rights including meeting Mr. Puvan Selvanathan, the current Chair of the Working Group.
2. Presented P&G's Water Policy at the UN Water Day Conference at Rio+20 in June.
3. Participated in several U.S. State Department discussions on CSR and human rights.
4. Complied with the California Transparency Act disclosing the Company's effort to eradicate human trafficking in the supply chain.
5. Participated in the annual Human Rights seminar sponsored by The Coca-Cola Company. This year's focus was on human trafficking.
6. Led the Human Rights Work Stream effort within AIM-Progress to build the capability of members to conduct HR due diligence of their supply chains focusing on assessing actual and potential HR impacts.

We have also developed a draft human rights policy statement and action plan based the UN Guiding Principles for Business and Human Rights. We have vetted the draft policy with both internal and external stakeholders and plan to issue a final policy during Fiscal Year 12/13.

> "Respect for human rights is implemented through our existing policies, practices, and due diligence systems"

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

Procter and Gamble is committed to maintaining the principles of integrity and trust with respect to our employees' privacy. We will only collect personal information about our employees where it is necessary to carry out legitimate business objectives and to provide employee services. Access to employee data will be limited to only those that have a legitimate business need or to fulfill a legal requirement.

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 contribution and mastery, we provide employees the opportunity to develop their skills and capabilities to enhance their ability to succeed in their career, consistent with the needs of the business.

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, vacation and holiday time, and other work/family balance benefits, including flextime, child care leave, and less-than full-time schedules.

Diversity & Inclusion

We have an organizational strategy to touch and improve the lives of our employees. We want to **Be and Be recognized as the Global Leader for Diversity and Inclusion**.

Diversity & Inclusion is more than a strategy at P&G. It is part of our DNA and all we do. We see the power of diversity as a competitive advantage and want to realize its full potential by fully leveraging the unique strengths and talents of our employees.

Inclusion is at the core of P&G's strategy, thus empowering employees to put their passion behind it and bring it to life in meaningful ways. Fostering a culture of inclusion ensures that every employee feels valued and included, and can perform at their peak every single day.

Focus Areas

Diverse Talent Throughout
Trusting, Open, and Inclusive Culture
Flexible Environment

Our Mission

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

Our Vision

Diversity & Inclusion is in P&G's DNA—at the heart of our Purpose and critical to growth.

Business Case for Diversity & Inclusion

Diversity & Inclusion at P&G brings together individuals from different backgrounds, cultures, and working and thinking styles, providing remarkably different talents, perspectives, and life and career experiences. Diverse groups are more innovative than homogenous groups of people. And innovation is our lifeblood. It is how we touch and improve lives.

By design, Diversity & Inclusion is top of mind and embedded into our systems and processes, for sustained change. For example, our North America Affinity Groups are closely linked to internship programs and recruiting efforts, and our global on-boarding program now has Diversity & Inclusion embedded in all phases. And our Ethnic Marketing center of excellence can call upon our ethnic Affinity Groups for consumer insights.

Attracting and Retaining a Diverse Workforce

Diverse Talent Throughout

P&G is a build-from-within Company. Just as our consumers are global and diverse, so are our employees. By design, we ensure that leadership has broad, global perspectives. We recruit top talent from diverse backgrounds and cultures around the world. Our employees need to reflect the diverse markets and consumers we serve. P&G employees represent more than 145 nationalities worldwide, and we have the most globally diverse and experienced leadership team in the Company's history.

Trusting, Open, and Inclusive Culture

At the core of our strategy, we want to foster a culture of inclusion so that everyone is valued, included, and performing at their peak.
To support our diverse and global workforce, we have seven corporate affinity groups. P&G's affinity groups offer an internal forum for employees to connect and build a strong sense of community as well have the opportunity to be in service to the Company to deliver better business results. Affinity groups also aim to ensure we attract, develop, and maintain a diverse workforce.

> We want to foster a culture of inclusion so that everyone is valued, included, and performing at their peak.

Structurally, each group is sponsored by a senior leader in the Company and regularly meets with executive leadership on key areas and opportunities. Additionally, there are also numerous grassroots employee resource groups throughout the Company, representing a large variety of diverse interests throughout our entire employee population.

P&G's affinity groups began in the early 1960s and have continually evolved, formalizing in the 1990s, and continuing on a journey to help P&G further foster a culture of high inclusivity.

Embedded in Our Culture for Lasting Change

Diversity & Inclusion capabilities aim to foster and grow an open and inclusive culture through a blended learning approach (classroom, webinars, assessment tools, and employee interest groups). Topics include flexibility, culture, affinity (People with Disabilities, Gender and Lesbian/Gay/Bisexual/Transgender), generations, and understanding differences in working and thinking styles. Understanding differences enables employees to build collaborative diverse relationships to successfully drive business growth.

Foundational Diversity & Inclusion capability focuses on key concepts such as micro-inequities, unconscious bias, benefits in leveraging diversity, and intent versus impact on others.

By understanding these types of differences, it enables our employees to be in touch and build collaborative diverse relationships so that we can all successfully grow our business together.

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	2012	2011	2010
% Female			
Management	43.0	42.3	41.6
All Other Employees [1]	37.1	37.2	38.5

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

U.S. Enrollment	2012	2011	2010
% Minorities			
Management	23.9	23.7	23.1
All Other Employees [1]	18.1	18.7	18.8
% Female			
Management	41.7	41.4	41
All Other Employees [1]	38.3	37.8	38.2

(1) Administrative, Technical, and Plant Technicians

Recognized as a top 10 company for executive women

External Recognition

Working Mother

- NAFE Top 10 Companies for Executive Women (2012—Top 10)
- Top 5 Companies for Multicultural Females (2012—Top 5)
- Top 100 Companies for Working Mothers (2011—100 Best)

DiversityInc

- Top Companies for Diversity (2012 #5)
- Top Global Diversity Companies (2012 #3)
- Top 10 Companies for People with Disabilities (2012 #3)
- Top 10 Companies for Latinos (2012 #2)
- Top 10 Companies for Asian Americans (2012 #1)
- Top 10 Companies for Recruitment and Retention (2012 #2)
- Top 10 Companies for Executive Women (2012 #5)
- Top Company for Cultural Competence (2010)

Fortune

- Most Powerful Women (Mel Healey #13; Deb Henretta #20)

Nikkei Woman's Best Place to Work

- P&G Japan #2

Human Rights Campaign

- Rated "100" on Corporate Equality Index (2011)
- 2011 Greater Cincinnati Corporate Equality Award

Society of Hispanic Professional Engineers

- 2010 Company of the Year Award

ABILITY Magazine

- 2010 Best Practices Award

Disability Matters

- 2012 Disability Matters Workforce Award (second consecutive year)
- 2012 Disability Matters Disability Champion Award—Miguel Garcia

Women Corporate Directors

- 2011 Visionary Award for Leadership in Governance—Bob McDonald

Women's Business Enterprise Hall of Fame

- Corporate Advocate Category—2011 Inductee

DiversityBusiness.com

- Top 50 Organizations for Multicultural Business Opportunities (2012)

Global Medical

We touch and improve the lives of our employees with focused delivery of our five Global Medical Priorities.

The simple four-word Vision of P&G's Global Medical organization is "Healthy People, Healthy Business." 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. As a result, our people become our most important asset.

During the past year, Global Medical delivered in times of regional crisis, assisting our employees and local health providers with medical guidance, supplies, and support.

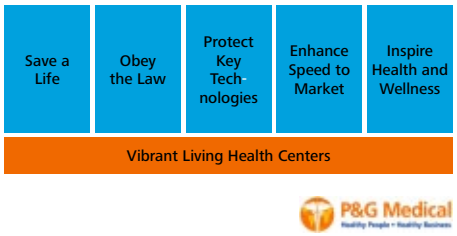
Our P&G Health Services/Vibrant Living Health Centers sites worldwide had over 336,000 visits by employees in the past fiscal year. Our programs are making a difference. Employees who utilized Health Services or on-site health programs reported better work-life effectiveness (flexibility, job demands, and energy) and personal well-being scores of 10 percentage points or higher compared to those not using these services and programs as measured by the 2012 P&G Employee Survey.

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

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

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

GLOBAL MEDICAL SYSTEMS



P&G Vibrant Living

In 2012, we continued the global rollout of the 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's Vibrant Living strategy reflects these three focus areas:

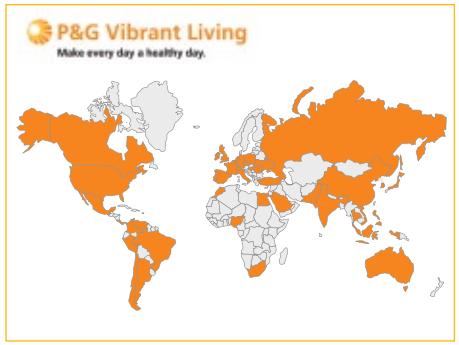
Culture of Health—through emphasis on nutrition, fitness, easy access to our health information, and an environment that encourages healthy choices and personal management of health risks.

Health Education and Training—through programs like Corporate Athlete and WorkLife Solutions/EAP Programs.

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

Highlights of our progress include:

- Vibrant Living branded programs have been rolled out to 168 P&G sites in 46 countries (see map below for Vibrant Living program countries in ORANGE).
- Over 152 Vibrant Living Health Coaches (nurse specialists) have been trained across four regions (North America, Latin America, CEEMEA, and Asia).
- The Vibrant Living Site Certification Program was developed and deployed globally to ensure that our Culture of Health goals are met. Eleven sites have attained Vibrant Living Certification, and many more applications are currently under review.



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 & Environment Organization

Health, Safety & Environment (HS&E) is a global community of resources responsible for ensuring that all sites worldwide—including Innovation Centers, Distribution Centers, acquisitions, and established plants—are operated safely and legally; that process hazards are minimized or eliminated; that health risks are identified and managed or eliminated; and that waste from sites is reduced as much as possible. Several thousand employees spend all or a portion of their time on HS&E management. This year, 1,783 full-time equivalents were involved in HS&E activities. This is up from 1,688 FTEs last year and reflects the start-up of P&G HS&E systems into new operations.

There are three major components to a site's HS&E organization: Environmental, Technical Safety, and Industrial Hygiene & Safety leaders; Fire Protection Systems leaders; and an overall HS&E leader. The HS&E site organization also closely partners with the site Health Service, or Medical leader. 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 has verified 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 0.5 cases per year, per 100 employees. To achieve such rates, programs to address employee safety, such as safe behaviors, ergonomics, and confined space entry have been implemented. No target has been set for LWDC. Instead, incidents that potentially could lead to lost workdays are managed. The following data is based on criteria established by P&G for use at all sites including acquisitions, plants, and technical centers. This year's TIR was lower, at 0.36 versus 0.38 incidents per 100 employees, while the lost workday rate was also lower at 0.19 versus 0.21 cases per 100 employees. Both are lower than industry averages.

TOTAL INCIDENT RATE
(Injury and illness per 100 employees)

TOTAL LOST WORKDAY CASE RATE
(Lost and restricted workday cases per 100 employees)

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 plants, innovation centers, and distribution centers, worldwide. The fundamental philosophy is to use standards worldwide, implemented by trained professionals at facilities 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 8.0 or better on a 10-point scale. The percentage of sites audited this year was 97 percent.

SITES CONDUCTING ANNUAL AUDITS
(Percentage)

HS&E Audit Scores

P&G HS&E resources have been working through a rigorous calibration exercise across all geographies to ensure an appropriate calibration and focus on potential high-risk areas. This calibration exercise is helping to ensure we are holding ourselves to the highest standards and has resulted in a decrease in the number of sites with scores > 8.0.

In addition, we also included a number of recent acquisition sites this year. As is typical with many acquisitions, it takes time for them to reach an HS&E audit score > 8.0 and several sites are still short of that target. Both of these factors contributed to the decrease in the percentage of sites with HS&E audit scores > 8.0 (66 percent vs. 77 percent from last year).

SITES WITH HS&E AUDIT SCORES > 8.0
(Percentage)

Fire Protection

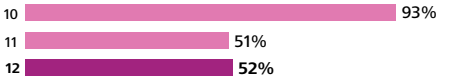
P&G operates its fire protection program on the basic principle that each facility is unique and should have a program designed to meet its specific requirements. Working with the Insurance Division, HS&E has developed a checklist-based assessment process that evaluates the fire protection equipment, maintenance and inspection, and emergency response capability of a site versus the appropriate level of fire protection required at that site. Each plant, innovation center, and major distribution center is assessed annually. The target performance is 8.0 or better on a 10-point scale.

Fire Protection Audit Scores

The fire protection assessment program was changed significantly this past year even though we continue to have a historically low number of fire losses and no regulatory issues. The new audit process is designed to be much clearer and calibrated relative to our internal fire protection standards. These process changes resulted in a more rigorous and globally calibrated approach to conducting these assessments. This process change resulted in a decrease in the number of sites with scores > 8.0.

This year, 52 percent of sites had Fire Protection audit scores over 8.0. This is slightly up versus last year. Sites are working against action plans to improve scores based on the new audit program implemented in 2010–11.

SITES WITH FIRE PROTECTION AUDIT SCORES > 8.0
(Percentage)



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, 92 percent of sites worldwide have HS&E leaders qualified by Corporate/GBU staffs, and 87 percent 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

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.

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 2011–2012 were approximately $76.4 million, which is up 58 percent versus last year's $48.4 million. HS&E capital 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 2011–2012, were $146.7 million, which is up 8.6 percent versus last year's $135.1 million. Efforts to reduce the amount of waste disposed have increased our overall quantity of recycling, and revenue generated from these recycling activities was $58 million, up 11 percent from last year.

HIV/AIDS

All employees, including those who are HIV-infected or have AIDS, are treated consistent 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 has 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.

P&G Purifier of Water and HIV/AIDS

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

As discussed earlier in this report, P&G has exceeded its goal of providing 4 billion liters of clean drinking water by 2012 and is now focused on its commitment to save one life every hour by 2020 by providing 2 billion liters of clean drinking water each year. People living with HIV/AIDS are a major focus of our work to deliver this increased impact, and we are currently working at a large scale in Democratic Republic of Congo, Ethiopia, Kenya, Malawi, Nigeria, Tanzania and Uganda to help people living with HIV/ AIDS.

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, industry associations, residential and business neighbors, 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. These could include, for example, a reception for immediate neighbors, where information about 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. P&G scientists and legal experts review existing and proposed regulations that are relevant to the Company and work with authorities to ensure that policies take the needs and experience of business into account. This is done via meetings with the authorities and comments on their position papers and industry position papers. Activities like these can be very important to ensure that the Company's needs are understood and considered when decisions are being made that can influence P&G's business.

NGOs: Local—Regional—Global

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

Consumers

At P&G, we are committed to providing products and services that can help improve the lives of our consumers, all over the world. In developing and marketing our products we adopt a "Consumer is Boss" approach, to ensure that we 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 researchers strive to understand consumer needs, in detail, in order to identify those needs that are not fully met today.

Once a product is launched, our commitment to our consumers does not stop there. For P&G, every individual 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 actively encourage consumers to contact our Global Consumer Relations team. We want to hear about our consumers' experiences with our products—both good and bad.

Last year we heard from over eight 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!). Over the last two years we have invested extensively to enable our consumers to engage with us through social media, in addition to our established Carelines. Many of the people in our Global Consumer Relations team are now responsible for establishing online communities in which consumers can ask questions about our Company and our products. 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 ultimately 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 to improve our brands. So we need to make sure that our consumer's voice is heard in P&G. We do this by using a range of different tools and technologies that provide our business teams with key learnings from consumer comments. In Global Consumer Relations, we recognize that the world is changing and we are investing in innovative technology to better serve our consumers. We feel very privileged that consumers care enough about our products to contact us.

Advertising and Promoting to Consumers Appropriately

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

P&G's Worldwide Business Conduct Standards for Responsible Sales and Marketing Practice states:

We are expected to compete vigorously and effectively, but never unlawfully. For this reason, we are truthful in all of our sales and marketing. We must make only truthful statements about our Company and its products and services. All marketing claims must be substantiated and live up to their promises.

For additional information, please see P&G's Worldwide Business Conduct Manual available via: www.pg.com/en_US/company/global_structure_operations/governance/governance_policies.shtml.

Principles for Developing Environmental Sustainability Claims

All claims are required to pass through a formal claims approval process. In addition to this formal approval process, we have developed principles to help guide the development of environmental sustainability claims. These principles have been deployed to relevant functions and include:

1. All claims must comply with all applicable regulatory/legal requirements.
2. All environmental sustainability claims must pass through formal claim approval systems and obtain Legal review.
3. Claims must be truthful, data-based and defensible.
4. Claims should be specific statements of facts.
5. Claims should not exaggerate attributes or benefits.
6. While the exact wording of a claim may be defensible, the evaluation of claims should also be based on consumer understanding of the claim.
7. Claims should reflect life-cycle thinking and environmental trade-offs.
8. Any environmental benefit claimed for a product must be meaningful for consumers, customers, or external stakeholders.
9. Claims should not exploit environmental requirements needed for regulatory or legal compliance.
10. Environmental benefits may be translated into other indicators that 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.
11. Environmental claims must not be worded in a way that denigrates products not carrying the claim.
12. Claims based on the overall environmental quality of a product must be supported by an appropriate Life Cycle Analysis ("LCA") type tool or other technically sound data.

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.

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 our assessment process. 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.

  Last year, purchasing personnel who interface with suppliers received forced labor/human trafficking awareness training. This training focused on definitions, why it is important to combat these practices, and what our personnel can do to eradicate it.

- **Check:** Ongoing periodic performance assessments are conducted using third-party auditors. Emphasis is placed on suppliers that are high risk because of the country of operation or potential hazard. This strengthens our compliance program by using professional auditors while refocusing P&G resources on collaborating with suppliers on appropriate corrective actions.

  Our supplier assessment program stems from our membership in a trade association, AIM-PROGRESS, where 23 member companies are working together to increase the efficiency of the supplier auditing process. Half of the members, including P&G, are using a common assessment and data sharing platform hosted by the Supplier Ethical Data Exchange (Sedex). This approach should lower costs for our suppliers by allowing them to reapply others' audits for P&G and P&G audits for other customers through a mutual recognition program enabled by following an industry standardized methodology.

  In 2011/2012, our preferred third-party audit firm continued to conduct assessments of our high-risk suppliers. In addition, P&G conducted quality assurance assessments of the auditor company to be sure that they are adequately trained and following our procedures.

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

The Sustainability Guidelines for Suppliers can be downloaded at: www.pgsupplier.com/en/pg-values/sustainability.shtml.

Supplier Diversity

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

P&G makes a significant and ongoing investment in supplier diversity, spending more than $2 billion with minority- and women-owned suppliers in 2011–2012. This is the fifth consecutive year we have exceeded $2 billion in supplier diversity spending. P&G is one of just 18 corporations on the Billion Dollar Roundtable, an exclusive group of companies that invest a billion dollars a year or more with minority- and women-owned agencies, suppliers, or external businesses.

$2B
in spending with minority- and women-owned 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 high priority on safeguarding people's personal information. Even in countries without privacy legislation, we still adhere to our privacy policy. We want to have the trust of consumers and all others who do business with us, including employees, shareholders, retail customers, and recruitment candidates.

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

Externally, P&G has been a strong advocate of work within the industry to protect the privacy of consumers. For example, P&G has been a leader in the effort to make privacy notices more consumer-friendly and has made our online marketing statement available in 42 languages.

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

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

In the United States, P&G is an active participant in the Better Business Bureau's Accredited Business Program. For more information, visit: www.bbb.org/online/consumer/cks.aspx?ID=292000103.

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

Principal Industry and Business Associations

P&G holds membership in many industry, business and environmental associations whose activities are related to the Company's. During fiscal year 2011–2012, these included:

Europe, Middle East and Africa

- CEFIC—European Chemicals Industry Association
- COLIPA—Cosmetics & Fragrances Industry
- AISE—Association Internationale de la Savonnerie de la Detergence et des Produites d'Entretien
- ECETOC—European Center for Ecotox and Toxicology of Chemicals
- EUROPEN—The European Organization for Packaging and the Environment
- EU Committee of AmCham
- AIM—European Brands Association
- EDANA—European Industry of Non-Woven Products
- HAPCO—European Industry of Hygiene Paper Products
- PFMA—Pet Food Manufacturers Association
- AESP—Association of European Self-Medication Industry

North America

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

Latin America

- CAPA—Argentinean Chamber of Cosmetics & Perfume Industry
- ALPHA—Argentinean Personal Cleaning Products Chamber
- ABIPLA—Brazilian Association of Household Cleaning Products
- ABIHPEC—Brazilian Association of Personal Hygiene, Perfumery and Cosmetics Industry
- ABA—Brazilian Association of Advertisers
- CEMPRE—Brazilian Recycling Association
- AmCham—Brazilian American Chamber of Commerce
- ANDI—Colombian Association of Industries and Entrepreneurs
- ANDA—Colombian National Advertisers Association
- AmCham—Colombian American Chamber of Commerce
- CONAR—Chilean Advertising Self-Regulation and Ethics Council
- SOFOFA—Chilean Manufacturers Industry Association
- AmCham—Chilean American Chamber of Commerce
- ANDA— National Advertisers Association Chile
- CANIPEC—Mexican Association of the Cosmetics and Personal Care Industry
- AMECE—Mexican Association of Standards for Electronic Commerce
- COMCE—Mexican Council of International Trade and Investment
- CONMEXICO—Mexican Association of Consumer Goods
- AmCham—Mexican American Chamber of Commerce
- SNI—Peruvian Association of National Industry
- CAVEINCA—Venezuelan Association of Cosmetics
- ASOQUIM—Venezuelan Association of the Chemical Industry
- ANDA—Venezuelan Association of Advertisers
- CONINDUSTRIA—Industrial Confederation of Venezuela

Asia

- Australia—ACCORD—Consumer, Cosmetic, Hygiene & Specialty Products Association
- Australia—AFGC—Australia Food & Grocery Council
- Australia—APC—Australia Packaging Covenant

- China—AmCham
- China—European Chamber of Commerce in China
- China—Academy of Environmental Science
- China—Association of Fragrance, Flavor and Cosmetic Industry
- China—Daily Use Groceries Association
- China—China Society of Toxicology
- China—Environmental Health Safety Roundtable
- China—Association of Surfactant, Soap and Detergent Industries
- China—Hygiene Supervision Association
- China—National Household Paper Industry Association
- China—China Oral Care Industry Association
- China—Guangdong Fragrance Flavor Cosmetic and Laundry Industry Association
- China—Guangdong Quality Inspection Association
- China—National Bar Code Association
- Hong Kong—The Cosmetic and Perfumery Association of Hong Kong
- Hong Kong—Hong Kong Suppliers Association
- 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 (Perkosmi)
- Indonesia—US-ASEAN Business Council (USABC) (Indonesia office)
- Indonesia—Indonesia Advertisers Association (APPINA)
- Indonesia—American Chamber of Commerce and Industry (AMCHAM)
- Indonesia—Indonesian Importers Association (GINSI)
- Indonesia—Indonesian Anti-Counterfeit Association (MIAP)
- Japan—Japan Cosmetic Industry Association
- Japan—Japan Hygiene Product Industry Association
- Japan—Japan Soap and Detergent Association
- Japan—American Chamber of Commerce in Japan
- Korea—American Chamber of Commerce Korea (AmCham)
- Korea—EU Chamber of Commerce Korea (EUCham)
- Korea—Korea Chemical Management Association (KCMA)
- Korea—Korea Cosmetics Association (KCA)
- Korea—Korea Pharmaceutical Trade Association (KPTA)
- Korea—Korea Plastic Recycling Association (KPRA)
- Korea—Korea Battery Recycling Association (KBRA)
- Malaysia—American Malaysian Chamber of Commerce (AmCham)
- Malaysia—MAFMAG—Federation of Malaysian Manufacturers
- Malaysia—MICCI—Malaysian International Chamber of Commerce and Industry
- Malaysia—CTFA—The Cosmetic, Toiletry & Fragrance Association of Malaysia (CTFA-Malaysia)
- Philippines—Soap & Detergent Association of the Philippines
- Philippines—Cosmetic, Toiletry & Fragrance Association of the Philippines (CTFAP)
- Singapore—The Cosmetic, Toiletry & Fragrance Association of Singapore (CTFAS)
- Singapore—US-ASEAN Business Council (USABC) (Singapore (regional) office)
- Taiwan—TWCIA—Taiwan Cosmetic Industry Association
- Taiwan—Taiwan Paper Industry Association
- Taiwan—Taiwan Soap & Detergent Industry Association
- Thailand—F.T.I.—Federation of Thai Industries
- Thailand—Thailand Soap & Detergent Association
- Vietnam—Vietnam Cosmetics, Toiletry and Fragrance Association
- Vietnam—AmCham
- Vietnam—Vietnam Chamber of Commerce and Industry
- Vietnam—Vietnam Advertising Association

Worldwide

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

2020 Goals Chart

The following represents a summary of our 2020 goals, some of which are newly announced in this report. The products and operations goals are inspired by our long-term environmental vision, which can be found on page 5.

Products

Renewable Materials	Replace 25 percent of petroleum-based raw materials with sustainably sourced renewable materials for our products and packaging.*
	Confirm that all palm oil purchases have originated from responsible and sustainable sources by 2015.
	NEW Have 100 percent of the virgin wood fiber used in our tissue/towel and absorbent hygiene products be third-party certified by 2015. Have 40 percent of the virgin wood fiber used in our tissue/towel products be FSC certified.
	NEW Have 100 percent of our paper packaging contain either recycled or third-party certified virgin content by 2020.
Waste	Conduct pilot studies in both developed and developing markets to understand how to eliminate landfilled/dumped consumer solid waste.
Cold Water Washing	Have 70 percent of all washing machine loads use cold water.
Packaging Reductions	Reduce packaging by 20 percent per consumer use.*

Operations

Renewable Energy	Increase use of renewable energy in our plants to 30 percent.
	Reduce energy use at P&G facilities and total CO_2 (Scope 1 and Scope 2) by 20 percent per unit of production by 2020.*
Manufacturing Waste	Reduce manufacturing waste to landfill to less than 0.5 percent of input materials.
Transportation	Reduce truck transportation by 20 percent per unit of production.*

Social Responsibility

Save One Life Every Hour	Save one life every hour by delivering 2 billion liters of clean water every year.

* vs. 2010 baseline

Awards and Recognition

Recognition: P&G is consistently recognized as a leading global company, earning a variety of awards and recognition in areas such as reputation, leadership, and innovation. Gartner recognized P&G at #5 on its "Top 25" list of global Supply Chain Leaders. Our commitment to creating a diverse workplace has been recognized by *DiversityInc*, *Working Mother* and the National Association for Female Executives, which ranked P&G in its "Top 50 Companies for Executive Women."

Sustainability: For the fourteenth consecutive year, P&G earned a spot on the Dow Jones Sustainability Index. Corporate Knights ranked us #66 on its "Global 100 Most Sustainable Corporations in the World."

FTSE4Good

Dow Jones Sustainability Indexes
Member 2011/12

Index

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3.3	Reporting cycle (annual, biennial, etc.).	Annual
3.4	Contact point for questions regarding the report or its contents.	*sustainrep.im@pg.com*

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4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	4
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4.14	List of stakeholder groups engaged by the organization.	70, 74–75
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GRI Indicator	Description	Page(s)
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EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)	26–27, 30, 47–48
EC3	Coverage of the organization's defined benefit plan obligations. (Core) *Also see financial report www.pg.com/investors/annualreports.jhtml*	63
EC4	Significant financial assistance received from government. (Core) *See financial report www.pg.com/investors/annualreports.jhtml*	N/A

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GRI Indicator	Description	Page(s)

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EN2	Percentage of materials used that are recycled input materials. (Core)	46

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EN8	Total water withdrawal by source. (Core)	46, 49
EN9	Water sources significantly affected by withdrawal of water. (Additional)	N/A
EN10	Percentage and total volume of water recycled and reused. (Additional)	N/A

Biodiversity

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)	N/A
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	31, 34–35
EN13	Habitats protected or restored. (Additional)	N/A
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)	31, 34–35

GRI Indicator	Description	Page(s)
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations by level of extinction risk. (Additional)	N/A

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EN16	Total direct and indirect greenhouse gas emissions by weight. (Core)	46, 48
EN17	Other relevant indirect greenhouse gas emissions by weight. (Core)	46, 48
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)	4–7, 26–27, 38–48
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EN20	NO_x, SO_x, and other significant air emissions by type and weight. (Core)	46, 50
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EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)	46, 49
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. (Additional)	N/A
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)	4–7, 20–28
EN27	Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	46, 49
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. (Core)	50

GRI Indicator	Description	Page(s)
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. (Additional)	43–44
EN30	Total environmental protection expenditures and investments by type. (Additional)	68

7. LABOR PRACTICES AND DECENT WORK

Employment

LA1	Total workforce by employment type, employment contract, and region. (Core)	8
LA2	Total number and rate of employee turnover by age group, gender, and region. (Core) *Note: We do not track this information globally*	N/A
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)	N/A

Labor/Management Relations

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

Occupational Health and Safety

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)	67–68
LA7	Rates of injury, occupational diseases, lost day's, absenteeism and total number of work-related fatalities, by region. (Core)	67

GRI Indicator	Description	Page(s)
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)	66, 69
LA9	Health and safety topics covered in formal agreements with trade unions. (Additional) *Also see www.pg.com/en_US/downloads/company/governance/PG_Values_Policies.pdf*	67–68
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LA10	Average hours of training per year per employee-by-employee category. (Core)	66, 68
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)	63, 66
LA12	Percentage of employees receiving regular performance and career development reviews. (Additional)	63
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*	65
LA14	Ratio of basic salary of men to women by employee category. (Core)	63
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)	63, 72
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	72
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)
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken. (Core)	63
Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights. (Core) *Also see www.pg.com/en_US/downloads/company/governance/PG_Values_Policies.pdf*	72
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)	72
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)	72
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)
9. SOCIETY		
Community		
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)	50, 70
Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption. (Core) *Also see Worldwide Business Conduct Manual* *www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf*	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/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf*	16–17
SO4	Actions taken in response to incidents of corruption. (Core) *Also see Worldwide Business Conduct Manual* *www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf*	16–17
Public Policy		
SO5	Public policy positions and participation in public policy development and lobbying. (Core)	17–18
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	17–18
Anti-Competitive Behavior		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional)	N/A
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. (Core)	50

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)	32
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)	70
Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	71
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
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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