2011 SUSTAINABILITY REPORT

Commitment to Everyday Life

P&G

www.pg.com/sustainability

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About this publication

This is the thirteenth Sustainability Report for P&G's worldwide operations. Data in this report covers the period from July 1, 2010, through June 30, 2011. 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**.

NOTE TO PDF USER

This PDF utilizes interactive elements.

Click on contents and hyperlinks for easy navigation.

At P&G, we're 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're continuing to make progress in our focus areas of Products, Operations and Social Responsibility, enabled by our employees and our stakeholders.

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 Reponsibility:
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

CEO Statement

P&G's Purpose is to touch and improve lives, now and for generations to come. Our growth strategy, which is inspired by our Purpose, is to touch and improve more consumers' lives, in more parts of the world, more completely.

One critical way we are executing this strategy is to reach and serve five billion people with our products and services by the midpoint of this decade, up from less than four billion just two years ago. We're confident we can improve these billions of lives if we can reach people where they shop with products and services they need and want. But we also know that we must achieve our growth sustainably and responsibly. To do otherwise would be inconsistent with our Purpose and what we stand for as a Company.

Last year, we announced a new long-term environmental sustainability vision to guide our efforts. This vision is challenging and far-reaching: 100% renewable energy to power all our plants, 100% renewable or recycled materials for our products and packages, zero consumer and manufacturing waste related to our products going into landfills. We don't yet have all the answers necessary to achieve this vision, but we are committed to making disciplined, step-by-step progress through a series of ten-year goals. We're confident that with P&G's size and scale, and with our capabilities and partnerships, we can make the difference in the world to which we're committed.

To ensure line of sight between our business and our sustainability goals, we created the P&G Sustainability Board, which includes executive officers from Product Supply, Research & Development, Marketing, External Relations, and our North America business. Each of these leaders is responsible for the systemic integration of our sustainability strategy across these functions.

I serve as the executive sponsor of Sustainability at P&G because I feel it is a critical leadership role that only the CEO can play. My sponsorship and the leadership of the Sustainability Board help ensure that our Purpose and our sustainability vision are integrated into each business unit and each of our key functions.

We see this integration most clearly in P&G innovation. The best way to solve sustainability challenges is to innovate, which is at the heart of our Company's business model. We are creating new materials, new technologies, and new ideas consumers will embrace. We want to provide consumers with the quality and value they deserve without having to make trade-offs to be more sustainable. Innovation is how we do this, with solutions that require fewer materials, use less energy and water, and produce less waste.

We are also leveraging the ongoing demand for increasing productivity as an accelerator of sustainability progress. Sustainability often enables productivity. For example, we operate more effectively and efficiently by increasing the eco-efficiency of our plants—reducing water usage, greenhouse gas emissions and waste. We are also advancing research in renewable materials to develop alternatives to petroleum, which is the most important thing we can do to reach our long-term vision of making 100% of our products and packaging with renewable or recycled materials. (In the Products section of this report, you will see two new items that are replacing petroleum with renewable materials.) To put it simply, what's good for business can also be good for the environment.

Touching and improving lives also gives us the responsibility to help the communities in which we operate to prosper. We do this through disaster relief and through programs that help children and families in need around the world to live, learn and thrive. All these programs allow us to help those who need help when and where they need it most. As a result, we not only improve life but also create positive relationships with people that ultimately build our business and allow us to do even more good.

The opportunity to make a difference that lasts generations—whether through our brands and services, our operations, our environmental sustainability efforts, or our philanthropy—is what attracts people of remarkable character and caliber to P&G. We are committed, together, to improving life every single day. We're proud of the progress we make year after year, and we are inspired by the challenge to do more.

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

Leadership Statement

In 2007, P&G established a series of five-year sustainability goals. In this annual report, we present the progress we have made over the past year and our cumulative progress since this program began.

We are pleased to report that we have already achieved several of our five-year goals and continue to make important progress against the others.

For our Products goal, we have delivered $40 billion in Sustainable Innovation Products, and we are well on our way to exceed our 2012 goal of $50 billion in cumulative sales. These products haveat least a 10% improvement in their environmental profile compared to a previous or alternative version of that product. The compaction of our powder laundry detergents in North America and the packaging changes we made in our Gillette Fusion ProGlide Razors in Western Europe are examples of our progress in this area.

In our Operations, we have achieved a reduction per unit of production of 16% in energy, 57% in waste, 12% in CO_2, and 22% in water usage. Our 2012 goal is a 20% reduction in each of these areas, so we have already achieved this goal for our water and waste reductions and continue to work toward achieving it for our CO_2 and energy reductions.

Relative to our social investments, we have already surpassed our goal of enabling 300 million children to live, learn and thrive, reaching a total of 315 million by June 2011. We have delivered 2.9 billion liters of clean drinking water, and are well on our way to reach our goal of 4 billion liters. Key to this progress was the expansion of our P&G Children's Safe Drinking Water program, which provides clean drinking water through use of our PUR technology, into four new countries. We are now delivering PUR packets in 65 countries, with the help of 119 partners.

In September 2010, P&G announced a new long-term environmental sustainability vision. We also announced a series of additional 2020 goals, focused on Products and Operations. We have made important strides to integrate our new vision into each business unit and across all of P&G's operations, and we are making significant progress towards the new goals. Highlights of this work include research into the development of renewable materials for our major material classes, including development of plastic bottles made from sugarcane that are now used for Pantene Nature Fusion sold in Western Europe. We have also expanded our renewable energy portfolio by building our first wind turbine, which provides 17% of the power for our Iams pet food plant in the Netherlands.

Solid waste continues to be an important issue to address for our industry. Our comprehensive solid waste strategy includes: (1) creating less solid waste by designing waste out of our packaging and products, (2) driving the waste generated at our manufacturing facilities that goes to landfill to zero, and (3) working with governments and industry partners to catalyze the development of waste management systems that divert solid waste from landfills or dumps to recycling and incineration with energy recovery systems.

We could not reach our vision and goals without the help of P&G employees. Their passion, dedication, and expertise is inspiring. They are the ones taking the small and large steps to make our Company more sustainable. Whether they are working directly on our strategies and goals, initiating grassroots efforts to undertake important sustainability projects, or passionately serving in their communities outside of work, their stories are inspiring. I hope you, too, will be inspired as you read about a few of them in this report.

Len Sauers
Vice President, Global Sustainability

To learn more about our long-term sustainability vision and goals, please see page 69 of this report.

P&G Report Card
2012 Sustainability Goals

We set five-year goals in 2007 across our focus areas of Products, Operations and Social Responsibility. In year four, we are continuing our efforts to achieve each of our goals, and as shown on the next page, we have already achieved three of them.

Our long-term environmental vision and 2020 goals can be found on page 69.

P&G Report Card
2012 Sustainability Goals

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

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	$40 billion

(1) Sustainable Innovation Products are included if they have launched in market since July 1, 2007, and have a >10% improvement compared to the previous or alternative 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% 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%.

PROGRESS (percent reduction per unit of production)

	Since July 2007	Since July 2002
Energy Usage	-16%	-52%
CO_2 Emissions	-12%	-53%
GOAL MET Waste Disposal[1]	-57%	-61%
GOAL MET Water Usage	-22%	-58%

(1) Total waste disposed includes non-hazardous and hazardous solid waste, air emissions, and strength of effluent measured as chemical oxygen demand.

Social Responsibility

GOAL

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

PROGRESS

	Since July 2007
LIVE, LEARN AND THRIVE — GOAL MET — Number of Children Reached	315 million
P&G CHILDREN'S SAFE DRINKING WATER PROGRAM — Liters of Clean Water Delivered	2.9 billion
Days of Disease Prevented	115 million
Lives Saved	>14,000

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

(2) 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 on page 51 of this Report.

P&G Profile

P&G touches and improves the lives of about 4.4 billion people around the world with its portfolio of trusted, quality brands. The Company's leadership brands include Pampers®, Tide®, Ariel®, Always®, Whisper®, Pantene®, Mach3®, Bounty®, Dawn®, Fairy®, Gain®, Pringles®, Charmin®, Downy®, Lenor®, Iams®, Crest®, Oral-B®, Duracell®, Olay®, Head & Shoulders®, Wella®, Gillette®, Braun®, Fusion®, Ace®, Febreze®, and Ambi Pur®.

P&G's world headquarters is located in Cincinnati, Ohio, U.S.A. The P&G community includes approximately 127,000 employees working in about 80 countries worldwide. Our products are sold in more than 180 countries primarily through mass merchandisers, grocery stores, membership club stores, drug stores, and "high frequency stores", the neighborhood stores which serve many consumers in developing markets. We continue to expand our presence in other channels including department stores, perfumeries, pharmacies, salons, and e-commerce.

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

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

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

Leadership Brands

Brands that endure. Innovation for every day.

50 Leadership Brands Worldwide

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

24 Billion-Dollar Brands

24 of these 50 brands each generate more than one billion dollars in annual sales.

Innovation Leadership

In the past 16 years, P&G has had 132 products on SymphonyIRI Group's list of each year's 25 most successful new products, more than our six largest competitors combined.*

Generating Sales and Profits

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

*Source: SymphonyIRI Group 2010 New Product Pacesetters™ report (non-food brands), March 22, 2011 (measured as total year-one dollar sales across food, drug, and mass channels, excluding Walmart).

P&G at a Glance

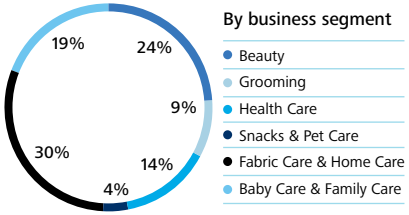
Financial Highlights (unaudited)

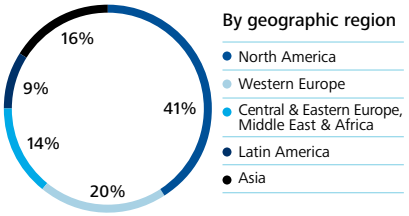
Amounts in millions, except per share amounts	2011	2010	2009	2008	2007
Net Sales	$82,559	$78,938	$76,694	$79,257	$72,441
Operating Income	15,818	16,021	15,374	15,979	14,485
Net Earnings	11,797	12,736	13,436	12,075	10,340
Net Earnings Margin from Continuing Operations	14.3%	13.9%	13.9%	14.2%	13.3%
Diluted Net Earnings per Common Share from Continuing Operations	$3.93	$3.53	$3.39	$3.40	$2.84
Diluted Net Earnings per Common Share	3.93	4.11	4.26	3.64	3.04
Dividends per Common Share	1.97	1.80	1.64	1.45	1.28

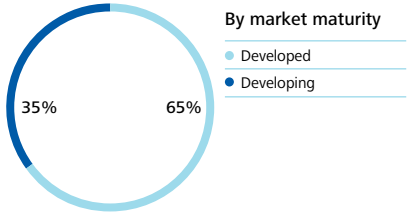
Reportable Segment	% of Net Sales*	% of Net Earnings*	Categories	Billion Dollar Brands
BEAUTY	24%	24%	Cosmetics, Female Antiperspirant and Deodorant, Female Personal Cleansing, Female Shave Care, Hair Care, Hair Color, Hair Styling, Pharmacy Channel, Prestige Products, Salon Professional, Skin Care	Head & Shoulders, Olay, Pantene, Wella
GROOMING	9%	14%	Electronic Hair Removal Devices, Home Small Appliances, Male Blades and Razors, Male Personal Care	Braun, Fusion, Gillette, Mach3
HEALTH CARE	14%	16%	Feminine Care, Gastrointestinal, Incontinence, Rapid Diagnostics, Respiratory, Toothbrush, Toothpaste, Water Filtration, Other Oral Care	Always, Crest, Oral-B
SNACKS AND PET CARE	4%	2%	Pet Care, Snacks	Iams, Pringles
FABRIC CARE AND HOME CARE	30%	27%	Laundry Additives, Air Care, Batteries, Dish Care, Fabric Enhancers, Laundry Detergents, Surface Care	Ace, Ariel, Dawn, Downy, Duracell, Gain, Tide, Febreze
BABY CARE AND FAMILY CARE	19%	17%	Baby Wipes, Diapers, Paper Towels, Tissues, Toilet Paper	Bounty, Charmin, Pampers

* Percent of net sales and net earnings from continuing operations for the year ended June 30, 2011 (excluding results held in Corporate).

2011 Net Sales







For more financial details, please see P&G's 2011 Annual Report available at http://annualreport.pg.com/annualreport2011/.

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 $474 million of cash in 2011, primarily for the acquisition of Ambi Pur, an air freshener business. In 2010, acquisitions used $425 million of cash, primarily for the acquisition of Natura, a leading producer and distributor of branded premium natural pet foods.

Proceeds from Asset Sales

Proceeds from asset sales contributed $225 million to cash in 2011, mainly due to the sale of our Infasil brand in Western Europe and Zest brand in North America. In 2010, proceeds from asset sales contributed $3.1 billion to cash, mainly due to the sale of our global pharmaceuticals business.

Global Purchases

The rise in materials costs and the growth of our brands increased our external spend to approximately $46.3 billion dollars spent on materials and services to manufacture and market our products (vs. approximately $43.8 billion last year). In April 2010, we introduced an upgraded version of our Supplier Environmental Sustainability Scorecard. The Scorecard was developed with supplier and agency input and is designed to track and encourage improvement on key environmental sustainability measures in P&G's supply chain. The goals for the scorecard initiative include:

- Enhancing collaboration with our external business partners
- Improving key environmental indicators
- Encouraging the sharing of ideas and capabilities to deliver more sustainable products and services to our consumers

Importantly, we will now measure year-on-year improvements in environmental sustainability of our external business partners and recognize those who excel in this area.

Economic Development

Innovation is a fundamental driver of P&G's growth. We invest about $2 billion a year in Research & Development—about 60% more than our next closest competitor and more than most of our closest competitors combined. This leadership level of investment is multiplied by our global network of external innovation partners, which leads to an effective investment in innovation that far exceeds the reported spending. Our External Business Development group and the Connect & Develop organization manage thousands of active connections with other companies and institutions. 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.

Shareholders

As of June 30, 2011, there were approximately 2,259,000 common stock shareowners, including shareholders of record, participants in the P&G Shareholder Investment Program, participants in P&G stock ownership plans, and beneficial owners with accounts at banks and brokerage firms.

Contact

For more information:

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

Write to:

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

For more information on our supplier sustainability guidelines, please see page 65.

For more information on our supplier environmental scorecard, please see page 35.

For more information on our supplier diversity efforts, please see page 66.

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

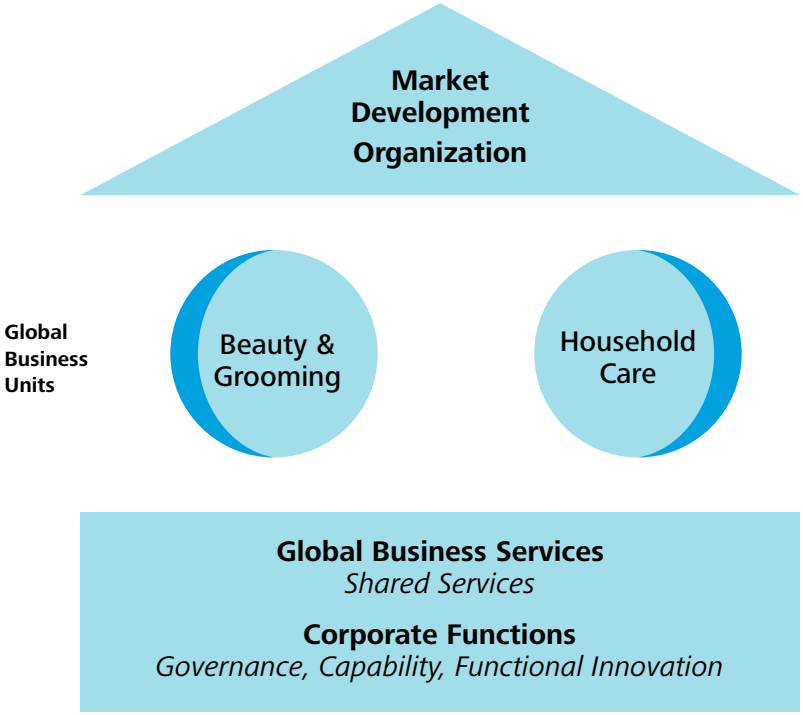
Asia is comprised of Japan, Greater China, and ASEAN / Australia / India / Korea (AAIK). We define developing markets as the aggregate of CEEMEA, Latin America, AAIK, and Greater China. Developed markets are comprised of North America, Western Europe, and Japan.

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.

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, 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	Fabric & Home Care
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	Fabric & Home Care
China	Guangzhou	Huangpu	Beauty
China	Minhang	Minhang	Grooming
China	Shanghai	Shanghai	Grooming
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
Germany	Crailsheim	Crailsheim	Health Care

COUNTRY	CITY	PLANT NAME	REPORTING SEGMENT
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	Snacks & Pet 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	Urlaţi	Urlaţi	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

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	Snacks & Pet 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	Snacks & Pet Care
United States	Green Bay	Green Bay	Baby & Family Care
United States	Greensboro	Greensboro	Health Care
United States	Henderson	Henderson	Snacks & Pet 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	Snacks & Pet 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	Snacks & Pet 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	Snacks & Pet 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

Governance

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

Governance Structure

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, 2011, 82 percent of our 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 means of building and protecting our business.

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

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

Lobbying Activity

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

P&G complies with all U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act that require reporting on lobbying activities and certification of compliance with Congressional gift rules. P&G reported U.S. lobbying expenditures of $4.13 million in the lobbying disclosure reports filed with the Clerk of the U.S. House of Representatives and the Secretary of the U.S. Senate for the 2010 calendar year. In fiscal year 2009–2010, P&G reported lobbying activity in the range of €350,000 to €400,000 in the European Union under voluntary guidelines issued by the EU Commission.

In 2010, 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 percentage of dues attributable to political activities at www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml.

U.S. Corporate Political Activity

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

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

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

In 2010, P&G gave $150,000 in contributions to ballot initiatives and other issue advocacy campaigns that had a direct impact on the business.

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

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

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

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

Support of candidates is based on their support of P&G issues and sustained constituent relationships. The PAC generally does not contribute to Presidential candidates, national political parties, trade and industry association or leadership PACs, or multiple candidates running in the same race. In 2010, the P&G PAC made 224 contributions to political candidates or committees totaling $224,380. The average contribution was about $1,000.

P&G PAC activity is available on the FEC and state elections websites. You can access a listing of all 2010 PAC contributions at www.pg.com/en_US/company/global_structure_operations/governance/governance_political.shtml.

Policies and Management Systems for Reporting Performance

Policies

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

Management Systems

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

Performance

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

Acquisitions

Acquisitions have been included in the metrics presented herein. 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.

Commitment through Our Products

We are committed to improving people's everyday lives by making products that are better for the environment.

To understand how we can make a product more environmentally sustainable, we analyze its footprint throughout its entire life cycle—from the creation of raw materials, to manufacturing, to consumer use, to disposal. This helps us focus where we can make the most significant impact.

For example, by rethinking the raw materials phase of some of our products and how the products are designed and formulated, we've been able to reduce the amount of materials we use, the energy it takes to produce them and the waste at the end of consumer use. We've also begun to replace petroleum-based raw materials in some of our products with sustainably sourced renewable materials.

Sustainable Innovation Products (SIPs) 2010–2011

These products have a significantly reduced (>10%) environmental footprint versus a previous or alternative version of the product without negatively impacting the overall sustainability profile of the product. These SIPs were identified in Fiscal 10/11.

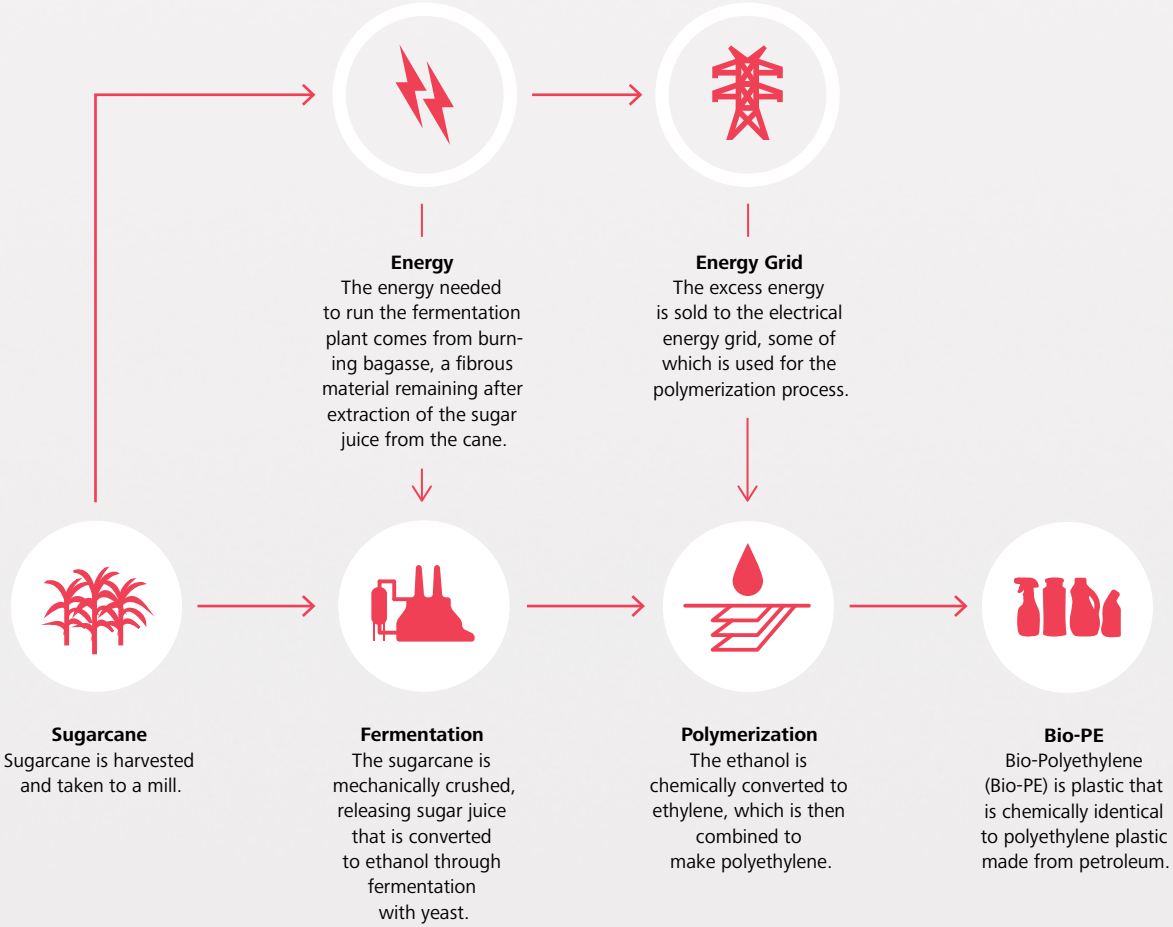
Product	Region	Innovation
Swiffer Sweep-n-Vac	North America	Optimization of packaging design delivered a significant reduction in overall packaging.
Powder Laundry Detergents (Cheer, Dreft, Era, Gain, Ivory Snow, Tide)	North America	Compaction of powder detergents delivered savings in packaging and energy.
Pantene Nature Fusion	Western Europe	The introduction of plant-based materials reduced the use of non-renewable resources.
Gillette Fusion ProGlide Razors	Western Europe	The introduction of plant-based materials reduced the use of non-renewable resources, and changes to the package structure achieved an overall reduction in packaging.
Pampers Cruisers	North America	Changes to packaging increased the number of units that could be placed on a truck, delivering an overall reduction in transportation.
Pampers Baby Dry, Swaddlers, New Baby, Active Fit, Active Baby, Juegos and Sueños, Cruisers with Dry Max	North America, Western Europe, Latin America	Changes to product formulation and package design delivered reductions in material usage.
Pampers Wipes Sensitive	North America, Western Europe	Changes to product design delivered a reduction in material usage.
Always & Naturella	Latin America, Asia, CEEMEA*, Western Europe	Significant reduction of the polyethylene bag delivered an overall. reduction in packaging.
Always	Western Europe	Shelf-ready box with open front and back panels significantly reduced overall packaging usage.
Braun–Oral-B New Generation Charger	Western Europe, CEEMEA	Changes to product design delivered a reduction in material usage.

*The CEEMEA region includes Central and Eastern Europe, Middle East, and Africa

Committed to Renewable Materials

A bottle that balances nature. Pantene is piloting the use of plant-based plastic in its packaging. This innovative material made from sugarcane—a first for the mass hair care industry—debuted in the Pantene Pro-V Nature Fusion collection last April in Western Europe, and is expanding to North America in Fall 2011.

Sourced from our supplier Braskem® in Brazil, the sugarcane is converted into ethanol and eventually into plastic utilizing a by-product from the rest of the plant to provide some of the energy needed to fuel this process.



Committed to Renewable Materials
(continued)

TOM FEDERLE, *Research Fellow, P&G Environmental Stewardship Organization*

"We felt that a highly productive plant like sugarcane could be a sustainable feedstock for producing next-generation renewable plastic containers. Due diligence dictated that we understand the specific agricultural practices being used and potential environmental impacts associated with the entire life cycle of this new plastic. Given World Wildlife Fund's expertise in sugarcane and its sourcing, we sought their guidance as we took this first step in a longer journey toward more sustainable packaging materials. Furthermore, we conducted a number of comprehensive studies, including a life cycle assessment and a food impact analysis. Then we went to Brazil, not only to talk to the manufacturer, but to visit fields to see how farmers grow and harvest the crop and to visit the mills to see how it's processed. In that way, we could observe first-hand how potential environmental impacts were avoided or minimized. As a result of these efforts, we were able to confirm that the sugarcane being used is definitely sustainably sourced and the plastic itself provides tangible sustainability benefits."

In 2011, Dr. Tom Federle was presented the prestigious Samuel Rosen Memorial Award by the American Oil Chemists' Society (AOCS) in recognition of his accomplishments in surfactant chemistry.

Plant-based plastic is a significant environmental innovation. When compared to traditional petroleum-based (HDPE) plastic, it:

170% Reduces greenhouse gas (GHG) emissions by more than 170% because (1) as sugarcane grows, it absorbs CO_2 that is stored in plastic when it is recycled or landfilled, and (2) a large portion of the energy used to produce Bio-PE is from renewable biomass, which emits less GHG.

70% Consumes over 70% less fossil fuels than petroleum-based plastic

Can be recycled in traditional facilities that recycle petroleum-based plastic

Committed to Packaging Reduction

Rethinking packaging from source to shelf. P&G partnered with Be Green® Packaging, a molded fiber supplier, to develop a breakthrough package for Fusion ProGlide, Gillette's newest high-performance razor. The new package launched in Western Europe with a 57% reduction in plastic compared to the originally launched Fusion outer pack and razor tray and a 20% reduction in gross weight compared to the Fusion launch package. To minimize plastic, the design uses fiber material made from bamboo, sugarcane, and bulrush. The innovation stretches the boundaries of what moldable pulp can do, delivering a breakthrough package out of fiber material. Its structure stays strong under compression, sealing and opening forces, and distribution and transportation stresses, while also maintaining a strong visual presence on the shelf. And, like the Fusion packaging in Western Europe, this new ProGlide packaging is 100% free of Polyvinyl Chloride (PVC). P&G plans to begin introducing this package in North America in 2012.

MIKE MARCINKOWSKI, *Principal Engineer, Gillette*

"To deliver this materials-reduction project, about a dozen of us literally locked ourselves in a room and worked on it until the design was complete. We focused where we could make the biggest impact on materials by looking at alternatives to plastics—fiber-based materials such as bamboo, sugarcane, and bulrush. Be Green was an instrumental partner, and together we were able to deliver a 57% reduction in the amount of plastic. We feel like we're leading our industry with this approach."

The new design significantly reduces materials by minimizing the internal tray and simplifying the design.

Old New

57% Reduction in plastic*

100% PVC free

20% Reduction in gross weight**

* vs. Fusion launch outer pack and razor tray
** vs. Fusion launch package

Committed to Compaction

Creating a triple win for customers, retailers and the planet. Building on previous years' success in liquid laundry compaction and advances in powder compaction in Western Europe, this past winter we compacted our entire portfolio of U.S. and Canadian carton powder laundry detergents by 33%. Compaction provides meaningful benefits for the consumer, the retailer, and the environment.

The compacted powder formulas of Tide, Gain, Cheer, Dreft, and Ivory Snow use a higher proportion of dense active cleaning agents, resulting in the same great performance using less product. The environment benefits from a smaller carton size that produces less waste. The retailer benefits because fewer trucks, fewer pallets, and less inventory space allow for a more efficient supply chain.

NICOLE BOSLEY, *Marketing Manager, P&G Fabric Care*

"Consumers today know that compaction means a smaller-sized package. So we focused our brand marketing on the improved cleaning power of Tide and the enhanced freshness of Gain. We utilized coupons and informational inserts placed in pre-compacted and compacted formulas to educate consumers on the product upgrades behind Tide and Gain and the smaller packaging. We also leveraged P&G's Future Friendly platform to communicate the environmental benefits of powder compaction. Consumers have reacted positively to the product being lighter to carry and easier to store. These changes are just a few of the ways that sustainability can create more benefits for the consumer."

New

Old

Up to 6% fewer trucks*
(5,900 Trucks)

Up to 28% less corrugate*
(6.3 Million Square Meters)

Up to 5–8% less fuel*
(3,360,000 Diesel Liters)

*Based on recommended dosage.

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.
- 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 & 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.

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, and how much is released to the environment based on our understanding of how our products are actually used.
- 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.pgbeautygroomingscience.com/safety.html.

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 $285 million in developing alternative methods to replace animal research. Today, we complete more than 99% 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 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.pgbeautygroomingscience.com/animal-testing-alternatives.html.

Wood Pulp Procurement Policy

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

Sustainable Forest Management

P&G purchases wood pulp from suppliers that:

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

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

Forest Certification

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

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

Forest Conversion

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

Efficient Use of Resources

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

- Focus on source reduction in the long term or use of less fiber through development of innovative technologies that provide maximum product performance using minimal fiber.
- Evaluate the use of non-forest-derived sources of fiber, recognizing that alternatives must also meet principles of sustainable management.
- Explore and implement energy and water conservation opportunities in our papermaking operations.
- Use recovered fiber when it has no negative impact on product performance, manufacturing efficiency, resource and energy usage, and waste generation. We will continue to invest in research to identify the technical breakthroughs needed to allow us to use recovered fiber in our premium products without an impact on product performance, manufacturing efficiency, resource and energy usage, and waste generation.

Wood Pulp Procurement Policy
(continued)

P&G bought a total of 1.62 million ADMT (air dried metric tons) of pulp in 2010–2011 for use in our tissue/towel products, diapers, and feminine hygiene products. The pulp was sourced from the following regions:

United States	**32.7%**
Canada	**33.3%**
Brazil	**34.0%**

All of our pulp suppliers who own their own forests have certified their forestry operations f or sustainable forest management under one of the following certifications schemes: SFI, CERFLOR, PEFC, or CSA. P&G has a goal of increasing FSC certified fiber as acceptable sources are available that meet our product and process requirements. P&G is actively working with suppliers to obtain credibly certified material via a stepwise approach. At the end of Fiscal Year 2010/2011, 81% of our pulp supply was FSC Controlled Wood Certified. This represents an increase from the 68% we reported last year.

Definition of Key Terms in Wood Pulp Procurement Policy

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

Palm Oil

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

Supplier and Partner Coaching

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

Stakeholder Partnerships

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

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

Results

3.4% of our total 2010 annual consumption of palm oil and palm kernel oil was certified palm oil on a mass basis. Our first site will be RSPO supply chain certified in 2011 and we are on track to meet our 2015 commitment.

Consumer Goods Forum Commitment on Deforestation

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.

Members companies will achieve this both by individual company initiatives and by working collectively in partnership with governments and NGOs. Together they will develop specific, time bound and cost effective action plans for the different challenges in sourcing commodities like palm oil, soya, beef, paper, and board in a sustainable fashion.

Member companies will also work with other stakeholders – NGOs, Development Banks, Governments etc – to create funding mechanisms and other practical schemes that will incentivize and assist forested countries to conserve their natural assets and enable them to achieve the goal of zero net deforestation, whilst at the same time meeting their goals for economic development.

To learn more about the Consumer Goods Forum's efforts, please go to www.ciesnet.com.

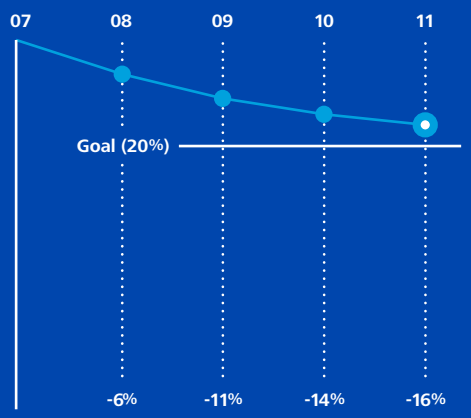
Commitment through Our Operations

Our commitment to improving everyday lives begins with our own day-to-day operations. And we're making progress—reducing energy usage and water consumption, and reducing the amount of manufacturing waste going to landfills. We've expanded this focus on efficient and environmentally responsible operations across our end-to-end supply chain. We're collaborating with suppliers on the front end and our finished product logistics on the back end to make steady, lasting improvements in our operations.

Progress at-a-glance

Energy Usage
(Per Unit of Production)

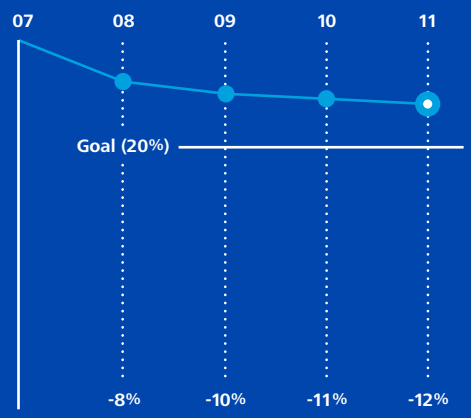
Reduction since July 2007 **-16%**



We are making excellent progress towards the energy footprint reduction goal. Energy usages are derived from purchased energy, purchased fuels, and alternative and renewable energy. Key elements to delivering the goal are our efforts to conserve energy and reapply best-in-class approaches.

CO_2 Emissions
(Per Unit of Production)

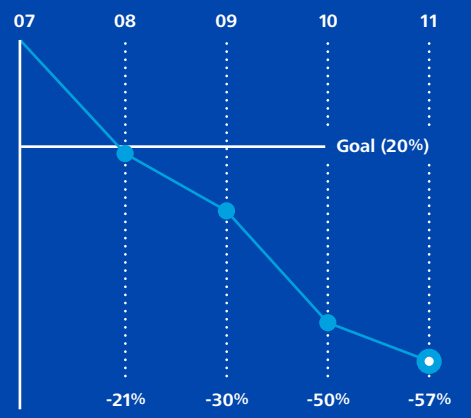
Reduction since July 2007 **-12%**



While P&G is not an energy intensive company, we still have a role in controlling greenhouse gas emissions, and we are making progress. Our focus has been on direct CO_2, which is derived from usage of fuels. In addition, we continue to make progress on Total CO_2 (direct + indirect) reductions by making changes in fuel selection.

Waste Disposed
(Per Unit of Production)

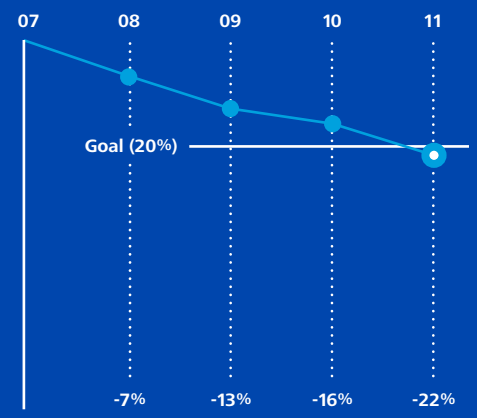
Reduction since July 2007 **-57%**



Total waste disposed includes non-hazardous and hazardous solid waste, air emissions, and strength of effluent measured as chemical oxygen demand. Results have been delivered through beneficial reuse of materials both internally and externally.

Water Usage
(Per Unit of Production)

Reduction since July 2007 **-22%**



Water consumption reductions have been driven by a rigorous conservation program and reapplication of best-in-class processes across our businesses. While this work is focused on all sites, we put special focus on our large sites and those in water scarce areas.

Committed to Reducing Manufacturing Waste

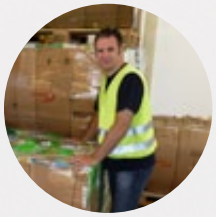
Transforming waste into alternative products. To reduce waste at our manufacturing plants and distribution centers, P&G employs a dedicated global team of experts. The GARP team (Global Asset Recovery Purchases) has expertise in creating value from waste.

When a P&G facility has something it cannot recycle, GARP steps in to help. Thanks to them, many materials that were once destined for a landfill or incineration are being put to good use—or sold for re-use, reducing the virgin materials that other companies require.

To date, 16 P&G plants and distribution centers have achieved zero manufacturing waste sent to landfill. This means that 100% of their manufacturing waste is beneficially re-used and diverted from landfills. Shown at right are some of the creative ways the GARP team has found a new life for waste.

FORBES McDOUGALL, *Technical Leader, P&G GARP Team*

"We start by simply focusing on optimizing the recycling of conventional materials such as cardboard, plastics, and metals. While this seems easy, we must make sure we create processes that enable our employees to sort everything efficiently and avoid contamination of these different materials. Then we bring in our Alternative Use team to help identify solutions for other scrap materials that have value in specific niche markets, such as wastewater and sludges. In some countries we use sludges as an ingredient in the manufacture of bricks and in others we use them as soil enhancers. I know that the work we are doing within the GARP team is delivering significant environmental benefits to all of our sites and the communities in which they operate."



16
Sites have reached zero manufacturing waste sent to landfill

Scrap Dental Floss

Industrial Spill Pillows

Excess floss is repurposed in Mexico as the filling in pillows that are used to clean up industrial spills.

Excess Feminine Pads

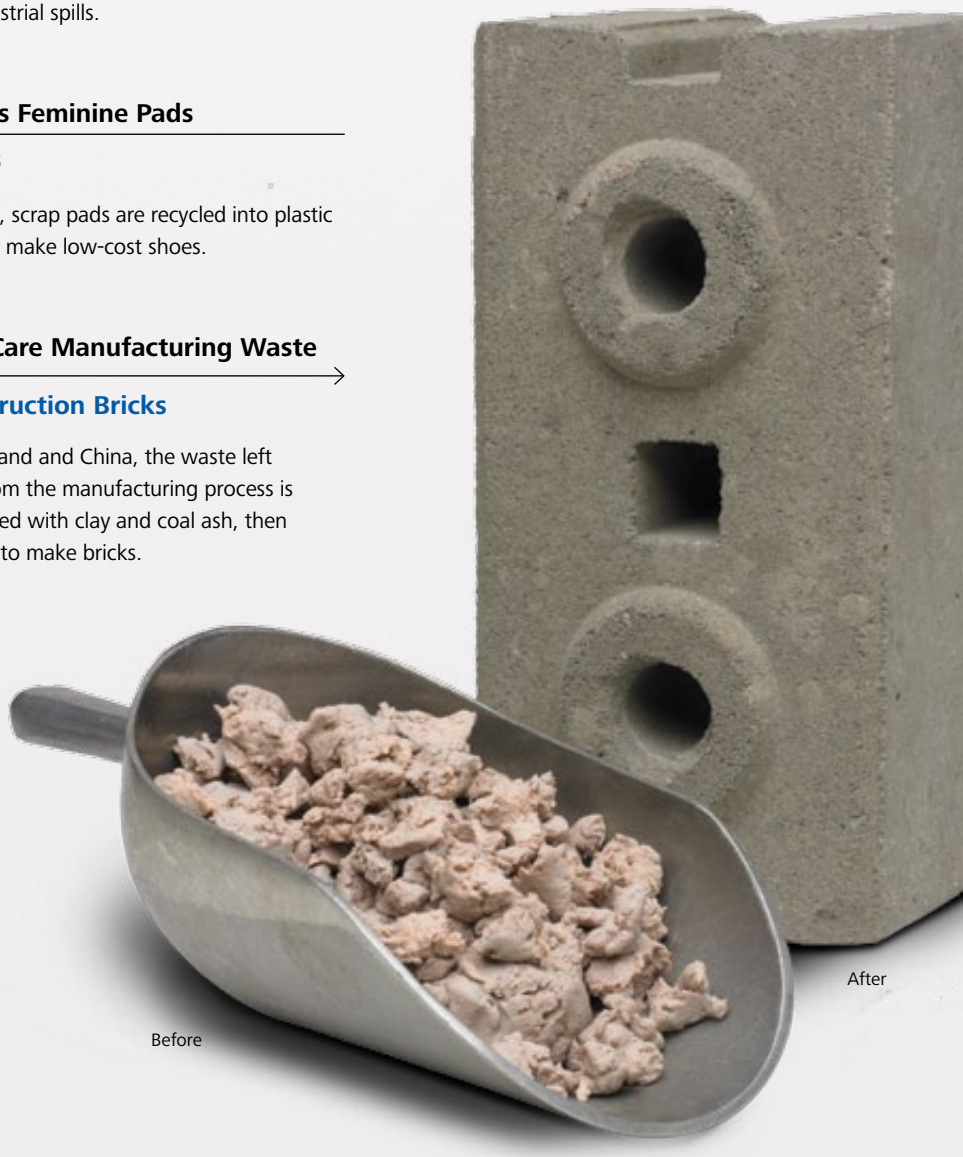
Shoes

In India, scrap pads are recycled into plastic soles to make low-cost shoes.

Hair Care Manufacturing Waste

Construction Bricks

In Thailand and China, the waste left over from the manufacturing process is combined with clay and coal ash, then heated to make bricks.



Committed to Renewable Energy

Harnessing the wind, saving costs. P&G is expanding its portfolio of renewable energy sources. With each new investment, these new methods are making us more efficient and self-sufficient, decreasing our dependency on conventional petroleum-based energy sources.

In 2011, we installed a wind turbine at P&G's pet care plant in Coevorden, Netherlands. Our first investment in wind energy, this turbine will supply approximately 17% of the pet care plant's annual energy needs, producing approximately 5,500 megawatt hours of energy per year, which is enough energy to power up to 1,500 houses in the Netherlands.

5,500

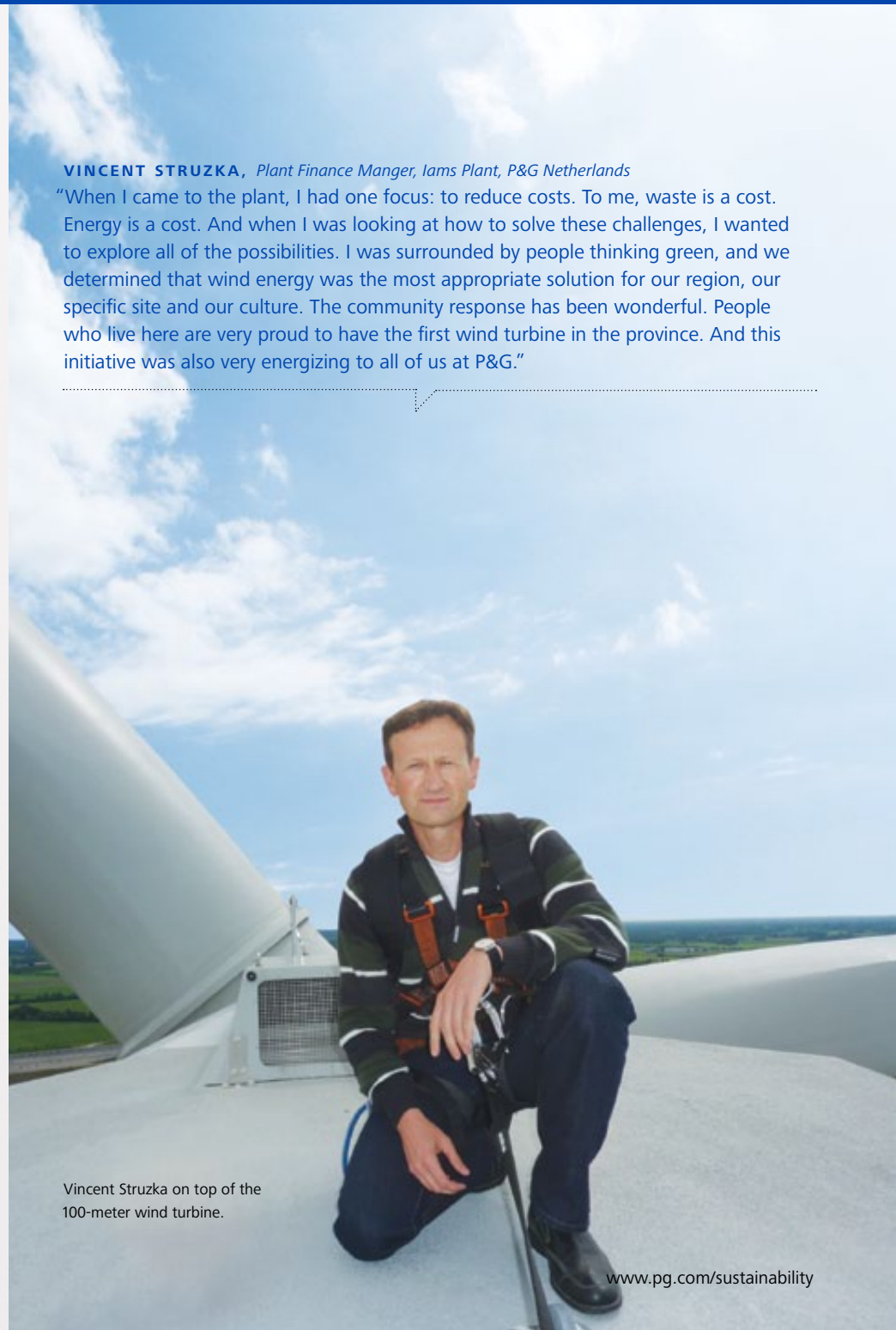
Megawatt hours of energy produced per year.

17%

The turbine powers 17% of the plant's annual energy needs.

VINCENT STRUZKA, *Plant Finance Manger, Iams Plant, P&G Netherlands*

"When I came to the plant, I had one focus: to reduce costs. To me, waste is a cost. Energy is a cost. And when I was looking at how to solve these challenges, I wanted to explore all of the possibilities. I was surrounded by people thinking green, and we determined that wind energy was the most appropriate solution for our region, our specific site and our culture. The community response has been wonderful. People who live here are very proud to have the first wind turbine in the province. And this initiative was also very energizing to all of us at P&G."



Vincent Struzka on top of the 100-meter wind turbine.

Committed to Supplier Environmental Performance

Expanding the Supplier Scorecard. In 2010, P&G issued its first environmental sustainability supplier scorecard. The scorecard was designed to track and encourage our suppliers' own improvements in environmental metrics such as energy, water, waste, greenhouse gas emissions, and innovation. This tool was also intended to build better collaboration across the supply chain and accelerate sustainable innovation.

Year-one results showed that the scorecard was relevant across the wide range of industries our suppliers represent. Most suppliers were able to report on the majority of metrics we requested. The scorecard also proved to be an effective way to generate sustainable innovation ideas from our suppliers, 38% of whom submitted ideas in the first year.

In 2011 we issued a revised scorecard, incorporating supplier feedback from the prior year's process. Unlike the first year, when the scorecard was not mandatory to complete, the 2011 scorecard factors into a supplier's rating and will affect its ability to do more business with P&G. Details on this open-source tool can be found at www.pgsupplier.com.

NEIL McFARLANE, *Director of Sustainability, Firmenich*

"Sustainability is at the heart of our values and integral to our strategy at Firmenich, and we are pleased to be a member of P&G's supplier sustainability board. The group is a valuable network for P&G suppliers to talk and discuss innovative ways of improving in the area of environmental sustainability. P&G's leadership led to the development of an open-source scorecard, which is an important tool to standardize the scoring process across all industries. When we filled out the supplier scorecard, seeing the P&G-only numbers helped us identify opportunities and make improvements along our Supply Chain. We also get inspiration from P&G's ambition in this area—a good example being P&G targets on renewable energy use—which we have built into our own 2015 objectives."

Scorecards Submitted by Industry

- 29% Packaging & Hygiene
- 14% Chemicals
- 10% Natural Commodities & Ingredients
- 9% Capital
- 9% Global Brand Building
- 8% Durables/Devices
- 7% External Manufacturing
- 7% Global Business Services
- 7% Logistics

38%

of suppliers included sustainable innovation ideas in their year-one scorecards.

Committed to Sustainable Design

Taking our building efficiency global. To ensure ongoing excellence in the sustainable design of our operations, P&G has committed to LEED® certify all new construction of manufacturing plants, distribution centers, and office buildings.

LEED (Leadership in Energy and Environmental Design) is an internationally recognized green building certification system. Developed by the U.S. Green Building Council (USGBC), LEED provides building owners and operators with a framework for identifying and implementing practical and measurable green building design, construction, operations, and maintenance solutions. As the global industry standard for sustainable design, LEED evaluates a facility's potential impact in several areas, including CO_2 emissions, energy, waste, water, and environmental quality.

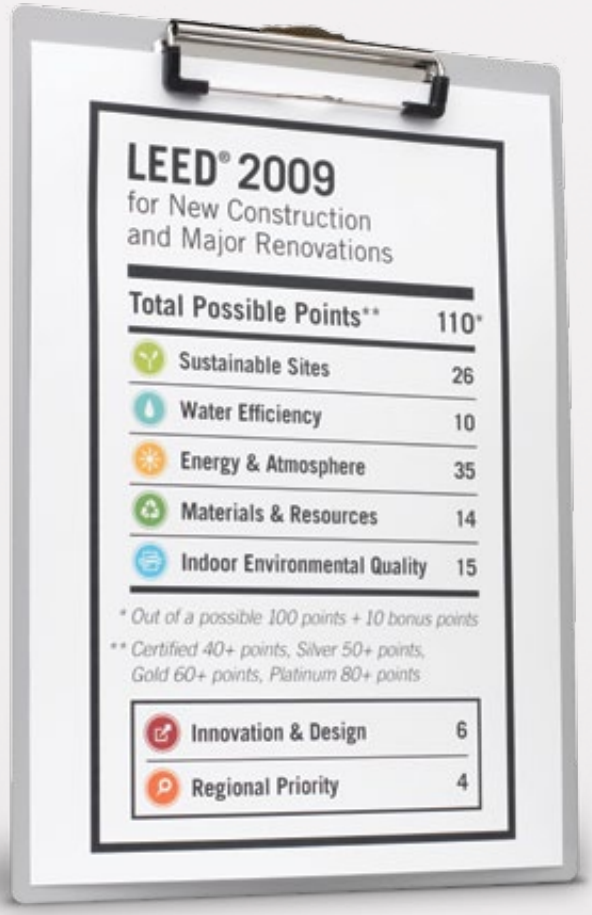
P&G's initial sites to pursue LEED certification include plants in Taicang, China; Box Elder, UT, USA; and the Singapore Innovation Center.

SARWAR SHAREEF, *Associate Director, P&G Global Facilities Engineering*

"LEED's primary focus is commercial buildings, so large-scale manufacturing facilities like ours bring added complexity in areas like energy performance and water efficiency. But we are adapting the LEED process globally—whether the project is in China or Brazil or Utah, you see a highly consistent level of rigor and performance. That takes a lot of education and diligence among project teams, but we continue to move toward our certification goals. It's a process that's becoming part of our everyday work."

The Taicang, China, plant is one of P&G's first sites to pursue LEED certification.

Credit: U.S. Green Building Council



Credit: U.S. Green Building Council

Resource & Waste Summary

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

	Totals (absolute units x 1,000)			2011 Global Business Unit Detail [1] (absolute units x 1,000)							
	2011	**2010**	**2009**	**Beauty**	**Grooming**	**Health Care**	**Snacks and Pet Care**	**Fabric Care and Home Care**	**Baby Care and Family Care**	**Technical Centers**	**Distribution Centers**
Production (metric tons)											
Product Shipped	23,291	24,213	22,936	2,045	730	1,084	1,224	13,377	4,832	0	0
Raw Materials from Recycled Sources	593	784	1,080	129	50	47	10	203	154	0	0
Waste (metric tons)											
Generated Waste	1,025	1,048	911	141	25	109	52	316	346	15	21
Percent Recycled / Reused Waste	69%	63%	63%	60%	88%	80%	42%	53%	89%	32%	75%
Disposed Waste (metric tons)											
Solid Waste—Non-Hazardous	250	287	270	51	2	18	29	113	24	9	4
Solid Waste—Hazardous	23	28 [2]	27	2	1	1	0	18	0	1	1
Effluents (excluding water)	27	34	24	4	0	2	1	14	5	1	1
Air Emissions [3]	15	15	19	1	0	1	1	4	9	0	0
Other											
Energy Consumption (gigajoules)	73,998	71,842	70,646	4,014	2,509	3,105	2,908	17,095	41,404	2,475	488
Greenhouse Gas Emissions (metric tons) [4]	2,906	2,795	2,625	120	59	57	106	533	1,956	63	13
Water Consumption (cubic meters)	79,999	80,914	78,556	6,711	833	1,954	1,873	16,747	45,893	5,989	0
SARA Releases (metric tons) [5]	2.57	1.83	1.91	0.05	0.00	0.23	0.00	2.22	0.07	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. Snacks and Pet Care includes Snacks and Pet Care. Fabric Care and Home Care includes Fabric Care, Home Care, and Batteries. 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. 2011 numbers come from P&G manufacturing sites only; they 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.

Product Supply Overall Approach

We have a strong history of reducing the environmental footprints of our operations. Our production-adjusted footprints, including Energy Usage, Direct CO_2 Emissions, Waste Disposed, and Water Usage, have been dramatically reduced during the last nine years. During 2011, we continued to have outstanding production-adjusted reductions that have allowed us to meet a 50% reduction for the decade spanning 2002–2012 on all environmental footprints. Importantly, these sustainability reductions are also delivering significant cost savings.

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

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

	4-year Results (2007–2011)		Since July 2002
	Production-Adjusted	Absolute	Production-Adjusted
Energy Usage	-16%	-5%	-52%
Direct CO_2 Emissions	-12%	-1%	-53%
Waste Disposal	-57%	-52%	-61%
Water Usage	-22%	-12%	-58%

Energy

Energy Consumption

The Energy Consumption graph (in gigajoules, GJ) shows the addition of Technical Centers and Gillette for all three years. Distribution Centers have been added over the last two years. Energy consumption over the last three years has been 70.6 million GJ, 71.9 million GJ, and 74.0 million GJ in 2009, 2010, and 2011, respectively. Since 2002, we have reduced energy consumption by 52% on a production adjusted basis.

ENERGY CONSUMPTION BY GBU
(Millions of gigajoules)

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

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

Operations has made excellent progress toward delivering our 2012 goal of a 20% energy footprint reduction. Across businesses, teams have embraced the targets and integrated sustainability into their daily work. A key element to delivering the goal is our energy conservation efforts. The three strategies are:

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

Greenhouse Gas

Every company in every sector of the economy has a role in controlling greenhouse gas emissions. While P&G is not an energy-intensive company, we are stepping up to do our part. P&G is committed to energy-efficient programs and we participate in voluntary programs. Our focus has been on direct CO_2 emissions (i.e., Scope 1) and emissions data for the last three years has been 2.6 million metric tons, 2.8 million metric tons, and 2.9 million metric tons in 2009, 2010, and 2011, respectively. Since 2002, we have reduced direct CO_2 emissions by 53% on a production-adjusted basis. While we have already achieved our goal of a 50% reduction in direct CO_2 emissions for the period of 2002–2012, hitting our goal of a 20% reduction for the period of 2007–2012 will be challenging. We will be focused on this issue during FY 11/12 and are implementing plans to achieve further reductions.

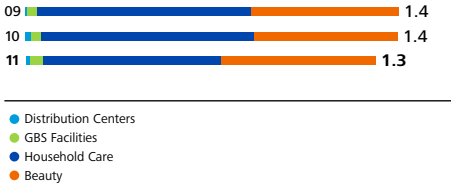
We continue to monitor and report our indirect CO_2 emissions (i.e., Scope 2), which decreased slightly in 2011. Since 2002, we have reduced indirect CO_2 emissions by 49% on a production-adjusted basis.

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.

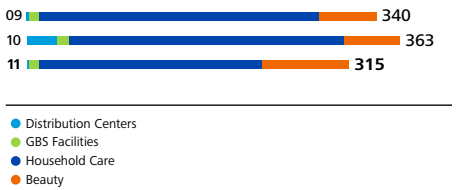
Waste Disposed

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 340 thousand metric tons, 363 thousand metric tons, and 315 thousand metric tons in 2009, 2010, and 2011, respectively. Since 2002, we have reduced waste disposed by 61% on a production-adjusted basis.

TOTAL WASTE DISPOSED
(Thousand metric tons)



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

Waste Recycled

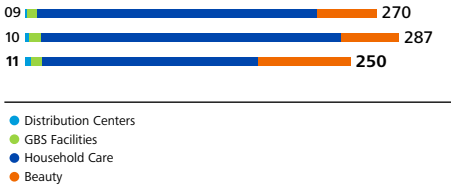
The total percentage of waste recycled increased to 69% versus last year.

WASTE RECYCLED
(Percentage)

Non-Hazardous Solid Waste Disposed

Overall, the non-hazardous solid waste disposed to landfill decreased from last year to 250 thousand metric tons. P&G continues to find innovative recycling methods.

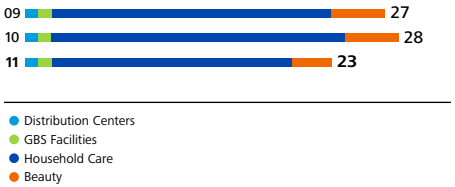
NON-HAZARDOUS SOLID WASTE DISPOSED
(Thousand metric tons)



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. We remain focused on trying to minimize hazardous waste disposal.

HAZARDOUS SOLID WASTE DISPOSED
(Thousand metric tons)

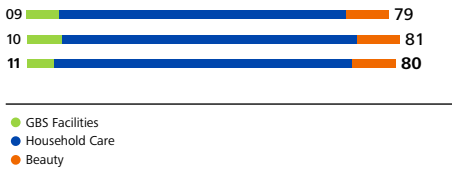


Water

Water Consumption

The Household Care business unit is our largest water user. Within Household Care, our Family Care operations have the greatest need for water. Water consumption over the past three years has been 79 million m^3, 81 million m^3, and 80 million m^3 in 2009, 2010, and 2011, respectively. Since 2002, we have reduced consumption by 58% on a production-adjusted basis.

WATER CONSUMPTION BY GBU
(Million cubic meters)

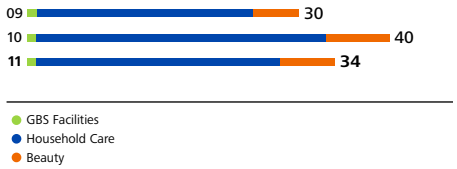


REDUCTION IN WATER CONSUMPTION
(Percent reduction versus 2002 level per unit of production)

Effluents to Water

Wastewater COD (Chemical Oxygen Demand) disposed has decreased vs. last year.

WASTEWATER COD DISPOSED BY GBU
(Thousand metric tons COD)



Water Policy

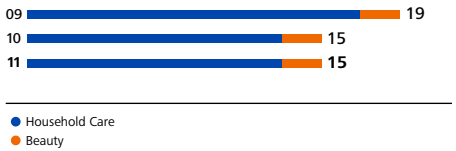
At P&G, water is of crucial importance for both the production and use of our products. Thus our approach to water aims at responsible use by both our Company and the consumers who use our products. The Company respects the 2010 United Nations General Assembly resolution which recognizes the right to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

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

Air Emissions

Each site monitors total suspended particulates, volatile organic compounds (VOCs), carbon monoxide (CO), nitrogen oxides (NOx) and sulfur oxides (SOx). Overall, the total air emissions stayed flat versus last year at 15 thousand metric tons.

AIR EMISSIONS
(Thousand metric tons)



SARA 313 Releases

(United States only)

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

The amount of SARA 313 releases increased versus last year. The increase was driven by two sites and corrective measures have been put in place.

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

SARA is reported one year behind; 2011 entry reflects 2010 data.

Compliance with Laws and Regulations

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

Notice of Violations (NOVs)

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

	2011	2010	2009
Number	**36**	46	34
Fines	**$53,259**	$112,340	$15,285

The following is a more detailed breakdown of global Notices of Violation (NOVs) for fiscal year 2011 and includes U.S. Occupational Safety and Health Administration (OSHA) interventions.

	Number	Fines
Water-Based	9	$ 6,040
Air-Based	4	$ 2,500
Solid Waste-Based	6	$ 6,300
Paperwork	5	$ 11,000
Transportation-Based	3	$ 5,100
Other	4	$ 1,054
Worker Safety	5	$ 21,265
Total	**36**	**$ 53,259**

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.

Commitment to Social Responsibility

We believe that profit responsibility and social responsibility must go hand-in-hand. That's why touching and improving lives is at the heart of our business model, and it's what motivates us to make a difference in communities around the world. Through our global Live, Learn and Thrive Social Responsibility programs, we're demonstrating that doing well and doing good can flow from the same Purpose.

Commitment to Social Responsibility

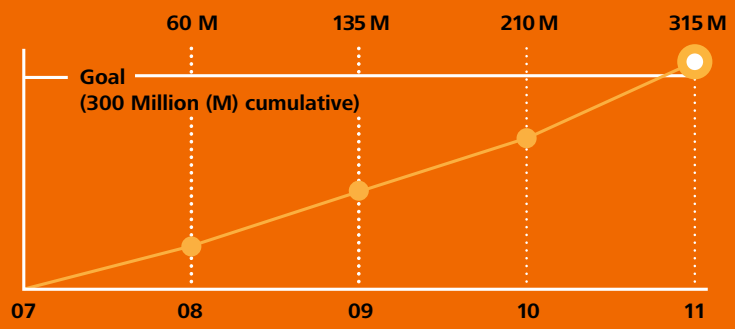
LIVE, LEARN AND THRIVE

Since 2007

GOAL MET

315 million

Number of Children Reached



P&G CHILDREN'S SAFE DRINKING WATER PROGRAM

Since 2007

2.9 billion

Liters of Clean Water Delivered

115 million

Days of Disease Prevented

>14,000 lives

Lives Saved

Committed to Disaster Relief

Responding in moments of crisis. Over the past year, natural disasters had a devastating impact on people in many parts of the world. With compassion and careful planning, we have worked with relief partners to provide P&G products and services that help people feel more like themselves—and help a temporary shelter feel more like home. Through these services that are directly connected to our brands, and through donations of products and cash, we've been able to help people in Japan, Pakistan, Australia, New Zealand, Haiti, and the U.S. rebuild their lives.

IKUKO IMAMURA, *Team Leader, Fundraising Team, Marketing Department, World Vision Japan*
"After the tsunami hit, P&G provided shampoo and conditioner, which World Vision Japan included in 10,000 sanitary kits that were distributed to evacuee centers across the affected region. As we were assembling the kits, an evacuee center requested the family-size bottles of shampoo, instead of the smaller, travel-size bottles. P&G provided the bottles for World Vision to distribute. People were used to seeing the larger bottles in their own homes, and in a small way, having them gave reassurance that they would someday go back to their normal lives."

Responding to the Japan Earthquake and Tsunami In response to the Japan earthquake and tsunami in March 2011, P&G sent shipments of Pampers diapers and wipes, Whisper feminine hygiene products, shampoo and conditioner into the hardest-hit areas.

Duracell Power Relief During the past year's storms that struck many parts of the U.S., Duracell Power Relief trucks were present with flashlights, batteries, and recharging stations for mobile devices.

Tide Loads of Hope Tide Loads of Hope sent its mobile laundromat to areas across the U.S., with more than 32 energy-efficient washers and dryers that can clean over 300 loads of laundry per day.

P&G Children's Safe Drinking Water Program In July and August of 2010, we mounted our largest-ever disaster relief response to provide clean water to people in Pakistan affected by flooding.

Committed to Child Development

Partnering to expand the United Way. In Latin America, P&G has helped start up new United Way organizations across Venezuela, Mexico, Brazil, Chile, Colombia, Argentina, Peru, Costa Rica, Guatemala, and Panama. P&G people play active roles in these organizations. Many of our executives serve as board members. Employees from all levels of the Company contribute their passion and expertise on various committees and activities, and also make financial donations.

P&G and the United Way have championed a flagship program called Nacer Aprendiendo (Early Learning). The program promotes broad public awareness of early learning, and has developed a variety of tools, materials and interventions ranging from Ludotecas (Learn & Play Centers) in rural areas, to qualifying "Community Mothers" who take care of children while their mothers are at work.

P&G Latin America and its employees have collected and invested millions of dollars for Nacer Aprendiendo, helping vulnerable communities across Latin America and benefiting more than 300,000 children in need.

MARIA DEL ROSARIO SINTES, *Regional Vice President, Latin America, United Way Worldwide*
"From P&G, we've gained strategic insight and direction that have changed the way we think about our programs. We had a meeting with P&G where we had all of the Latin American United Way organizations together. It was an important moment because we started thinking beyond our individual, local programs, and more about a coordinated approach to regional programs. The Nacer Aprendiendo program was the result, and we're now using it to develop a model that other organizations can follow."

Venezuela, Mexico, Brazil, Chile, Colombia, Argentina, Peru, Costa Rica, Guatemala, and Panama

Committed to Employee Volunteering

Strengthening our community involvement. This year, P&G announced a renewed emphasis on connecting our employees to the Company's Social Responsibility programs as one more way all of us can experience and participate in our Purpose more deeply.

We have a long heritage of volunteerism in our Company. P&G people continue to give selflessly of their time to make our communities stronger and more vital places to live and work. This has always been part of P&G's DNA everywhere we do business.

Volunteering deepens our understanding and appreciation of those we serve and seek to serve. Whether we volunteer close to home or thousands of miles away, we see how others live. We learn about their challenges and their joys. We uncover insights. These insights lead to innovations that can help us better meet their most fundamental needs. In this way, we're helping to improve lives, not just in the moment, but for generations to come.

KIRK PERRY, *President, Family Care*

"I have been with P&G for 21 years. I have worked and lived in three countries, and have traveled the world. But I have never had the opportunity to develop the depth of relationship as I did with the people with whom we lived and worked in Mexico. We spent time in their current homes. We grew to understand their living conditions, how they got by, what they aspired to, what they wanted. As we built their new homes, we took our in-home visits to a whole new level. The team walked away with a deeper commitment to deliver to our lower income consumers in a way we never have before (regardless of where we were from). We truly saw how we, and our brands, can touch and improve consumers' lives. No focus group, 1:1 interview or in-home visit could have given us this depth."

P&G volunteers perform skits on dental hygiene with migrant Chinese children.

We introduced three volunteering programs and encouraged all employees to take part.

Individual Volunteering
Opportunities in our local communities that employees participate in on their own or with their families.

Team Building
Opportunities for colleagues to improve life together, in communities where they live and work.

Global Service Trips
A new program for employees to assist one of three Live, Learn and Thrive programs in Mexico, China, or Malawi.

Committed to Employee Volunteering
(continued)

This renewed emphasis on committing employee time to gathering consumer and market insights, while helping address some of the world's most important social challenges, is just one step on our journey to serve and improve the lives of more people, in more parts of the world, more completely. This is true in the communities where our employees live and work, but it was especially evident for employees who participated in the first round of Global Service Trips in April and May 2011.

MARCOS A. SALAS
P&G Venezuela, R&D

Global Service Trip to Mexico

Creating Homes

"Our team of 20 P&Gers had never met before, but we shared a common desire to help improve life for the three families we served. Before our visit, each family slept in shared beds…in cramped rooms…in houses with holes and asbestos in the roof. Yet they held to dreams of new homes and better opportunities for their children. As we worked side-by-side with the families, we learned the importance of community and identified opportunities for P&G innovations that could be shared by multiple families to help keep them and their children safe and healthy. What a blessing that our P&G team from around the world could help provide shelter to the hard-working families we served while committing to making a difference in the future as well."

JURAJ SLOTA
P&G Czech Republic, Business Analyst

Global Service Trip to China

Teaching Hygiene

"Teaching migrant children in the outskirts of Shanghai was, for lack of a better word, amazing. Our Global Service Team of 16 P&Gers witnessed firsthand the challenging conditions in which these migrant families live—tiny apartments without clean water, parents with only one day off each month, children without the right to free education outside their home town. We were able to impact the children's lives in a number of ways, but the insights we gained related to the children's health and hygiene in the schools were the most powerful. We were able to use P&G's expertise in oral care and handwashing to make a difference for the children that will continue for years (and, hopefully, generations) to come."

HEATHER JARRETT
P&G United States, Sales

Global Service Trip to Malawi

Providing Clean Drinking Water

"Beyond the birth of my own children, being a part of P&G's Global Service Trip to Malawi was the most life-changing experience of my life. In our week in Africa, our team of 11 incredible employees helped provide clean water to dozens of villages and thousands of people. Not surprisingly, one of our greatest insights was the importance of access to water. While P&G's PUR technology can make contaminated water sources safe to drink, having limited access to water can inhibit the health and vibrancy of a community…imagine not being able to easily wash your hair or brush your teeth because the nearest water source is miles away. This understanding may lead to innovations that can help P&G improve the everyday lives of those we served in Malawi and around the world."

Live, Learn and Thrive Locations

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

North America

- Canada
- Puerto Rico
- United States

Latin America

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

Western Europe

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

Central & Eastern Europe, Middle East & Africa

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

Asia

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

100 million

This year alone, P&G benefited more than 100 million children—that's equivalent to 3 children every second of every day.

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
- 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

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 PUR usage.

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

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

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

Health Intervention Trials

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

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

Assumptions

General

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

Diarrhea

- 60% of PUR treated water is consumed by children.
- The number of episodes of diarrhea per child per year is:
  – 5 episodes in sub-Saharan Africa
  – 3.97 episodes in Latin America
- 40% of PUR treated water 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
- PUR use averts 50% of the diarrhea episodes.
- A diarrhea episode lasts an average of 7.3 days.

Lives Saved

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

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

Commitment to 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

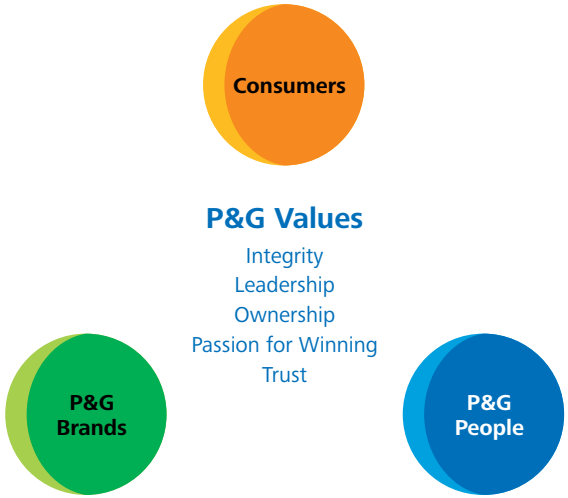
- We accept personal accountability to meet the business needs, improve our systems, and help others improve their effectiveness.
- We all act like owners, treating the Company's assets as our own and behaving with the Company's long-term success in mind.

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 Are Externally Focused

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

We Value Personal Mastery

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

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

We Seek to Be The Best

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

Mutual Interdependency Is a Way of Life

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

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

Human Rights at P&G

Over the last six years, P&G has consulted on or been actively involved in the development of several social responsibility initiatives. These include:

1. International Standard Organization (ISO) 26000 standard on social responsibility
2. UN Report on the issue of human rights obligations related to access to safe drinking water and sanitation by Catarina de Albuquerque, United Nations Independent Expert
3. UN report on Business and Human Rights by Harvard Professor John Ruggie, Secretary-General's Special Representative for Business and Human Rights
4. Update to the Organisation for Economic Co-Operation and Development (OECD) guidelines for multinational enterprises
5. Submission to the U.S. State Department by the Investment Subcommittee of the Advisory Committee on International Economic Policy (ACIEP) on the implementation of the OECD guidelines

In the realm of human rights, the most significant development was the UN Protect, Respect and Remedy Framework and the Guiding Principles for Business and Human Rights. The Guiding Principles is the first authoritative global standard for preventing and addressing the risk of adverse human rights impacts linked to business activity and forms the basis for the human rights chapter of the OECD guidelines.

Respect for human rights is implemented through our 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; sustainable guidelines for suppliers relations; and Live, Learn and Thrive cause). During the next year we will use the Guiding Principles to identify and address any gaps in our human rights policies and programs.

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

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

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

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

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

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

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

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

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

Diversity & Inclusion Starts with P&G's Purpose

P&G brands touch the lives of people around the world. P&G people work to make sure those brands live up to P&G's Purpose to touch and improve the lives of the world's consumers, now and for generations to come. This requires P&G to be more inclusive and leverage more aspects of diversity to reach and serve diverse consumers and markets, making Diversity & Inclusion a sustained competitive advantage for the continued growth of P&G.

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

Leadership Focus and Accountability

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

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

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

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

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

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

Diversity & Inclusion
(continued)

Talent Support and Development

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

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

Our foundation systems for retaining employees include effective first-year on-boarding/join-up programs, providing a good match with the first manager, developing coaching/mentoring/advocacy relationships, high-quality challenging work/career plans, training (virtual, classroom and external), and supportive work/life policies and practices. Employee support groups and network teams exist throughout the organization and contribute to effective recruiting, join-up and development efforts.

P&G has three global Corporate Affinity Groups—for women, People with Disabilities, and Gay/Bisexual/Lesbian—and four U.S. Affinity Groups—African-American, Asian/Pacific-American, Hispanic, and Native American.

Diversity Metrics

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

GLOBAL ENROLLMENT	2011	2010	2009
% FEMALE			
Management	**42.3**	41.6	41.2
All Other Employees[1]	**37.2**	38.5	38.8

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

U.S. ENROLLMENT	2011	2010	2009
% MINORITIES			
Management	**23.7**	23.1	22.6
All Other Employees[1]	**18.7**	18.8	19.3
% FEMALE			
Management	**41.4**	41.0	40.7
All Other Employees[1]	**37.8**	38.2	38.8

(1) Administrative, Technical, and Plant Technicians

P&G Recognition

In 2011, P&G's solid progress in diversity and inclusion was recognized in many global and U.S. surveys:

FORTUNE
- World's Most Admired Companies (#5 overall; #1 in our industry)
- Global Most Admired Company (2011—# 5 / #1 in Industry)
- Top Companies for Leaders (2010—#2)
- Most Powerful Women—Melanie Healey (#13), Gina Drosos (#39), Deb Henretta (#20 – International)

Diversity Inc.
- Top Company for Cultural Competence (2010)
- Top Companies for Diversity (2011 #25)
- Top Global Diversity Companies (2011 #8)
- Top 10 Companies for People with Disabilities (2011 #6)
- Top 10 Companies for Latinos (2011 #5)
- Top 10 Companies for Asian Americans (2011 #9)
- Top 10 Companies for Recruitment & Retention (2011 #9)
- Top 10 Companies for Executive Women (2011 #5)

Working Mother
- "Working Mother Hall of Fame, 2005"
- 100 Best Companies (2010–Top 50)
- Best Companies for Multicultural Females (2011–Top 5)

National Association of Female Executives (NAFE)
- Top 10 Companies for Executive Women (2011)

Human Rights Campaign
- Rated a "100" on Corporate Equality Index

ABILITY Magazine
- 2010 Best Practices Award

Disability Matters
- 2011 Disability Matters Workforce Award

Women Corporate Directors
- 2011 Visionary Award for Leadership in Governance – Bob McDonald

Society of Hispanic Professional Engineers
- 2010 Company of the Year Award

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

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 in the Middle East (Egypt's civil unrest), Asia (Japan's earthquake/tsunami/radiation crisis), and Latin America (Chile's earthquake).

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

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

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

P&G Vibrant Living

In 2011, 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 Vibrant Living will focus in three areas:

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

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

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 126 P&G sites in 63 countries.
- Over 90 Vibrant Living Health Coaches (nurse specialists) have been trained across three regions (North America, Latin America, and Asia).
- The Vibrant Living Site Certification Program was developed and deployed globally to ensure that our Culture of Health goals are met. Two sites have attained Vibrant Living Certification, and 20 more applications are currently under review.
- Over 170 P&G Health Services in 50 countries are being transformed to Vibrant Living Health Centers.

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

Worldwide Health, Safety and Environment Systems

Health and Safety Policy

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

To accomplish this, P&G will:

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

Worldwide Health, Safety & 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, 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, 1,688 full-time equivalents were involved in HS&E activities. This is slightly up from 1,605 FTEs last year and reflects the complete integration of recent acquisitions into P&G HS&E systems.

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 1.5 cases per year, per 100 employees. To achieve such rates, programs to address employee safety, such as safe behaviors, ergonomics, and confined space entry have been implemented.

No target has been set for LWDC. Instead, incidents that potentially could lead to lost workdays are managed. The following data is based on criteria established by P&G for use at all sites including acquisitions, plants, and technical centers. This year's TIR was lower, at 0.38 versus 0.41 incidents per 100 employees, while the lost workday rate was also lower at 0.21 versus 0.22 cases per 100 employees. Both are lower than industry averages.

TOTAL INCIDENT RATE
(Injury and illness per 100 employees)

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

Worldwide Health, Safety and Environment Systems

(continued)

Audit Programs

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

P&G's audit programs apply to all 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 or better on a 10-point scale. The percentage of sites audited this year was 96%.

SITES CONDUCTING ANNUAL AUDITS
(Percentage)

HS&E Audit Scores

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

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

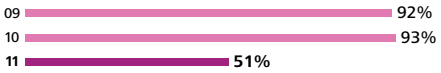
Fire Protection

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 & 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 or better on a 10-point scale.

Fire Protection Audits Score

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.

SITES WITH FIRE PROTECTION AUDIT SCORES >8.0
(Percentage)



Worldwide Health, Safety and Environment Systems

(continued)

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.

Site HS&E Leadership Training

A key indicator of HS&E systems capability is the percentage of sites with trained and qualified leaders. Leadership candidates train on-site for an extended period after attending a week-long seminar where their knowledge and ability to handle specific situations are assessed. For full qualification, the candidates must complete a qualification project at their own plant. Currently, more than 91% of sites worldwide have HS&E leaders qualified by Corporate/GBU staffs, and more than 87% have qualified fire protection leaders. This training and qualification program applies to all sites, including Technical Centers and acquisitions.

SITES WITH HS&E QUALIFIED LEADERS
(Percentage)

SITES WITH FIRE PROTECTION QUALIFIED LEADERS
(Percentage)

HS&E Program Costs

There are two aspects of HS&E program costs:

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

HS&E capital costs for 2010–2011 were approximately $48.4 million, which is up versus last year's $47.5 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 2010–2011, were $135.1 million, which is down versus last year's $159.4 million. Efforts to reduce the amount of waste disposed have increased our overall quantity of recycling, and revenue generated from these recycling activities was $52.2 million.

HIV/AIDS

Worldwide, approximately 33.3 million people live with HIV/AIDS. It is estimated that someone becomes infected every six seconds.

AIDS has become the leading cause of death in sub-Saharan Africa, with more than 22.5 million people infected. In addition to the many lives lost, there are an estimated 16.6 million children orphaned by AIDS.

HIV/AIDS Policy

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.

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

The effort's objectives are to:

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

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

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

HIV/AIDS
(continued)

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

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

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

PUR and HIV/AIDS

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

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

At the 2010 Clinton Global Initiative, P&G committed to provide a cumulative of 4 billion liters of clean water by 2012 and to scale up the program to provide 2 billion liters of clean water every year by 2020 in order to save one life every hour. Toward our overall goals, we have provided more than 3.5 billion liters of clean water, helping to avoid over 150 million days of diarrheal illness and save an estimated 20,000 lives, mostly children. People living with HIV/AIDS are a major focus of our work to deliver this increased impact, and we are currently working at large scale in Democratic Republic of Congo, Ethiopia, Kenya, Malawi, Nigeria, Tanzania, and Uganda to help people living with HIV/ AIDS. We estimate that we have helped more than 1 million people living with HIV/AIDS by providing clean drinking water in the past year.

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

NGOs: Local — Regional — Global

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

Consumers

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

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

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

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

Advertising and Promoting to Consumers Appropriately

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

P&G's Worldwide Business Conduct Standards for 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 at http://www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf.

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 revised 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.

Check: During the year, we re-launched our supplier assessment program. This effort stemmed 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). Our high-risk suppliers were notified of this change. 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.

During the year we identified our preferred third-party audit firm and they have begun to conduct assessment at some of our high-risk suppliers. This change allows P&G to strengthen compliance in a more efficient and disciplined way through the eyes of professional auditors while refocusing P&G resources on collaborating with suppliers on appropriate corrective actions.

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

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

Supplier Diversity

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

P&G makes a significant and ongoing investment in supplier diversity, spending more than $2 billion with minority- and women-owned suppliers in 2010–2011. This is the fourth 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.

Personal Information Privacy

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

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

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

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

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

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

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

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

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

Principal Industry and Business Associations

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

Europe, Middle East and Africa

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

North America

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

Latin America

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

Asia

- Australia – ACCORD—Consumer, Cosmetic, Hygiene & Specialty Products Association
- China—AmCham
- China—Academy of Environmental Science
- China—Association of Fragrance, Flavor and Cosmetic Industry
- China—Daily Use Groceries Association
- China—Industry Association for Baked Products & Sugars
- China—Environmental Health Safety Roundtable
- China—Association of Surfactant, Soap and Detergent Industries
- China—Hygiene Supervision Association
- China—National Household Paper Industry Association

Principal Industry and Business Associations

(continued)

- China—China Oral Care Industry Association
- China—Guangdong Fragrance Flavor Cosmetic and Laundry Industry Association
- China—Guangdong Quality Inspection Association
- China—National Bar Code Association
- Hong Kong—The Cosmetic and Perfumery Association of Hong Kong
- India—Confederation of Indian Industry
- India—Federation of Indian Chambers of Commerce and Industry
- India—Feminine & Infant Hygiene Association
- India—Indian Soap & Toiletries Makers' Association
- Indonesia—Indonesian Cosmetics Association
- Japan—Japan Cosmetic Industry Association
- Japan—Japan Hygiene Product Industry Association
- Japan—Japan Soap and Detergent Association
- Korea—American Chamber of Commerce
- Korea—Korea Chemical Management Association
- Korea—Korea Cosmetics Industry Association
- Korea—Korea Food Industry Association
- Korea—Korea Pharmaceutical Trade Association
- Malaysia—American Malaysian Chamber of Commerce (AmCham)
- Malaysia—MAFMAG—Federation of Malaysian Manufacturers
- Malaysia—MICCI—Malaysian International Chamber of Commerce and Industry
- Malaysia—CTFA—The Cosmetic, Toiletry & Fragrance Association of MalaysiaCTFA
- Philippines—Soap & Detergent Association of the Philippines
- Philippines—Cosmetic, Toiletry & Fragrance Association of the Philippines
- Singapore—The Cosmetic, Toiletry & Fragrance Association of Singapore
- Taiwan—TWCIA—Taiwan Cosmetic Industry Association
- Taiwan—Taiwan Paper Industry Association
- Taiwan—Taiwan Soap & Detergent Industry Association
- Thailand—F.T.I.—Federation of Thai Industries
- Thailand—Thailand Soap & Detergent Association

Worldwide

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

Long-term Environmental Sustainability Vision and 2020 Goals

P&G is the largest consumer packaged goods company in the world today. This very fact, coupled with our Purpose-inspired Growth Strategy—improving the lives of more consumers, in more parts of the world, more completely—requires us to continue to grow responsibly.

In September 2010, we announced a long-term environmental sustainability vision for our Company that establishes future expectations for our performance.

We won't reach this vision overnight; in fact, it will take decades to achieve. So, we have set goals for 2020 to hold ourselves accountable to making progress toward our vision.

Our Long-Term Environmental Sustainability Vision includes:

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

For more information on our long-term vision, go to www.pg.com/sustainability.

2020 ENVIRONMENTAL SUSTAINABILITY GOALS

Products	Replace Petroleum-Based Materials with Sustainably Sourced Renewable Materials	25%*
	Cold Water Washing	70% of total washing machine loads
	Packaging Reduction	20% (per consumer use)*
	Consumer Solid Waste	Pilot studies in both developed and developing markets to understand how to eliminate landfilled/dumped consumer solid waste
Operations	Renewable Energy Powering Our Plants	30%
	Manufacturing Waste to Landfill	<0.5% (disposed)
	Truck Transportation Reduction	20% (km/unit of volume)*

*vs. 2010 baseline

Awards & Recognition

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

FTSE4Good

Dow Jones Sustainability Indexes
Member 2011/12

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GRI INDICATOR	DESCRIPTION	PAGE(S)
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SO2	Percentage and total number of business units analyzed for risks related to corruption. (Core) *Also see Worldwide Business Conduct Manual www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf*	15–16
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GRI INDICATOR	DESCRIPTION	PAGE(S)
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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)	63
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Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. (Core) *Note: We do not track this information Globally*	N/A

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