



FREQUENTLY ASKED QUESTIONS

This resource is designed to help answer questions related to the categories that define P&G's current sustainability strategies: products, operations, social responsibility, and employee engagement. Each category begins with a quick reference back to the most relevant aspects of the current message track. These questions and answers are culminated from media inquiries and interviews with our Sustainability leaders. If you have questions or updates regarding specific FAQs, please contact Patrick Blair (blair.p).

Please consult with your regional ER / Legal prior to sharing answers externally.

Category 1: General Approach, Oversight and Reporting

Key Message Track Points

- Sustainability is embedded in our purpose, principles, and the rhythm of our business.
- We are leveraging our brands, knowledge, and partners to help find innovative solutions to significant sustainability challenges.
- Our track record of leadership and innovation is delivering the results needed to accomplish our 2012 goals.

Common Questions

1. How does P&G define sustainability?

P&G embraces the UK government definition of sustainability, which says: "Sustainable Development is a very simple idea. It is about ensuring a better quality of life for everyone, now and for generations to come." This definition speaks to a better quality of life for everyone, both in the developed and the developing world. It also is aspirational and aligns very well with our Statement of Purpose. Sustainability integrates economic development, environmental protection, and social responsibility. For P&G, sustainability provides us with a holistic approach to address the moral and ethical values of our consumers and other key stakeholders, along with their simultaneous desire for a higher and more rewarding quality of life. Sustainability provides an opportunity to build our business by bringing P&G technologies and innovation to address the values, concerns, and frustrations that consumers face in their everyday lives—nutrition, litter, water-borne diseases, sanitation, health care, time available to spend with family, etc.

2. How is P&G incorporating sustainability into its business?

For P&G, sustainability is about ensuring a better quality of life for everyone, now and for generations to come. We incorporate this into our business by providing products and services that improve consumers' lives, in small but meaningful ways every day, through operations that are resource and energy-efficient and socially responsible. Sustainability for P&G is both an opportunity and a responsibility. We have a responsibility to ensure that our products, packaging, and operations are safe for humans and the environment, but we also have an opportunity to use our innovation to both improve consumers' lives and build our business.

3. When did P&G first start integrating sustainability into its business?

We recognized that sustainability was an important part of doing business decades ago. We pioneered environmental reporting in the 70s, introduced eco-efficiency in the mid-80s when we launched compact detergents and have been producing an annual sustainability report since 1999. In 2007, we changed the Company's Statement of Purpose to incorporate sustainability, and also included a specific new principle that we will "Incorporate sustainability in our products, packaging and operations". This was a deliberate and explicit step to show our commitment to sustainability. P&G does not change its statement of purpose lightly, and in a values-driven company like ours this will drive behaviors and choices throughout the company.

4. What are P&G's current sustainability commitments?

In 2007, we defined specific sustainability goals to be achieved over the next 5 years. First, we will improve the environmental profile of our products. We aim to develop and market \$20 billion in cumulative sales of sustainable innovation products. These will be products like low temperature and compact detergents where the environmental benefits are significant and obvious. Second, we will further improve the environmental profile of our operations. We have already reduced energy and water consumption, CO₂ emissions and waste generation by 30% per unit of production since 2002. We will reduce these by a further 10%, leading to a reduction of 40% over the decade 2002 – 2012. Third, we will expand our social responsibility programs to help 250 million children in need around the world through our Live, Learn and Thrive program, and deliver 2 billion liters of clean water through our Children's Safe Drinking Water program. To do this we need to engage all our employees, so we have set a goal to equip them all to make sustainability part of their everyday thinking and work. (NOTE: Numbers to be updated in November 2008.)



5. How is P&G structured to deliver on its sustainability commitments?

P&G Global Sustainability was formed in July 1999 as a global organization. The Global Sustainability department focuses on defining P&G's overall Sustainability policy, identifying emerging sustainability issues, managing Corporate Sustainability Reporting, building external relations, and assisting the business units to incorporate Sustainable Development into their businesses.

6. What does P&G mean by "no trade offs" and why is this an important part of its approach?

Consumers have always wanted great performing products that provide good value. Increasingly they want to know that products are made with respect to the environment, and in a socially responsible way, throughout the supply chain. However, in our experience, few consumers will accept a compromise between performance and value sustainability. This is why our strategy is to ensure no trade offs. We look for innovations that allow us to provide products of superior performance and value which at the same time are more sustainable. That is the challenge of sustainable innovation that we are stepping up to.

7. How much is P&G investing in its sustainability initiatives?

We have built sustainability into our business at P&G, through developing and marketing more sustainable products, improving the environmental profile of our plants, research centers and operations, and through partnerships with suppliers, customers and other stakeholders. So sustainability is part of the way we work, not an add-on. As a result we do not separately calculate or report our investment in sustainability. Every time we build new plants, we install the latest energy efficiency designs and environmental improvements. For example in our new award winning distribution centre in Amiens, France, we have installed a wind turbine, solar panels, energy efficient lighting, and energy saving vehicles. All of this could be counted as investment in sustainability, as could all of our research and development of more sustainable products, such as low temperature detergents. We do report our annual philanthropic donations: last year we donated over \$120 million in product and contributions towards a range of causes. However, this is only one aspect of our overall sustainability program.

8. How is P&G's sustainability commitment contributing to its growth strategy and delivering shareholder value?

Previous announcements about P&G's restructuring program, O-2005, have addressed our targets for profit, volume, and shareholder value. Our focus on sustainability is consistent with the new business structure. It's important to remember that our sustainability journey is only just beginning. While we are still learning how sustainable development becomes integral to our business, the first several years have seen meaningful milestones on this journey. In the fall of 1999, we test-marketed NutriDelight, a new drink product that was developed jointly with The United Nations Children's Fund (UNICEF). It has the potential to significantly address the problem of micronutrient deficiency in vitamin A, iron, and iodine in school-age children. In 1999, we acquired the PUR® water filtration business, which holds great potential for the availability of clean drinking water worldwide. Finally, in 2000, we received regulatory approval in both Europe and the U.S. for Actonel®, a prescription drug for the treatment and prevention of postmenopausal osteoporosis.

9. Is P&G included in the Dow Jones Sustainability Group Index or other socially responsible investment funds and rankings?

Yes. P&G has been the sector leader in the Dow Jones Sustainability Index for 7 out of the 10 years that the index has existed. This is independent recognition of P&G's strong performance in the area of sustainability. P&G also has been a member of the FTSE4Good index since its inception and won the 2008 European Business Award for Corporate Sustainability, recognizing our new strategy and goals. These types of indicators have a global scope and will continue to be an important measure of our performance in sustainability.

10. How is P&G reporting its sustainability performance?

We produce an annual Internet-based global Sustainability Report. P&G prepared its first Sustainability Report in October, 1999. Previously, we had been producing separate reports on environmental, economic, and social performance for several years, but we now have linked these issues together in a Sustainable Development report. Copies of our Sustainability Reports are available at <http://www.pg.com/sr>.

We are using a report format developed by the Global Reporting Initiative (GRI). The GRI provides a common format for sustainability reporting that assists both the organization providing the report and those using the report as a key source of data. The GRI consists of multinational corporations, non-governmental organizations (NGOs), international associations, universities, and other stakeholders from around the world. More information can be found at their Web site at: <http://www.globalreporting.org>. P&G decided to pilot the GRI guidelines for its first Sustainability Report because it offered a consistent format for gathering economic, social, and environmental performance trend data and reporting this information on a global basis.



11. How does P&G promote its sustainability progress?

P&G has developed very strict guidelines for environmental claims, as we believe that “green washing” can harm the credibility of any brand. We also use advertising as an opportunity to communicate the environmental benefits of brands and promote sustainable consumer behavior. One example is the “Turn to 30” campaign which has been running in many European countries to promote low-temperature washing. Results show that consumers are actually lowering the temperature at which they wash, leading to both energy and CO2 savings.

12. Does P&G support sustainable consumption?

We are producing more sustainable products, and then helping our consumers to use them in a more sustainable way. We have set a goal to develop and market over \$20 billion in cumulative sales of products with an improved environmental profile by 2012. These include more compact detergents, saving both energy and materials, and products that use less energy and water during their use. In the UK we have launched “Future Friendly” – a consumer education campaign that helps consumers reduce their impacts through the use of P&G brands.



Category 2: Products

Key Message Track Points

- We strive to make a positive difference by touching consumers' lives 3 billion times a day.
- We delight mainstream consumers who want sustainable choices without compromising performance or value.
- We are using big brands in big markets to make the biggest impact possible.
- Our environmental innovation is based on science and made possible through a disciplined analysis of each product's complete life cycle.

Common Questions

1. What is a sustainable innovation product?

To address the needs of these mainstream consumers, P&G is developing "sustainable innovation products" (SIPs). SIPs are products for which there has been a meaningful improvement in its environmental profile relative to current products, but for which there are no trade-offs.

P&G uses the following criteria for defining a SIP:

- A reduction in environmental footprint achieved through technical or commercial product innovation impacting one or more of the following: energy, water, transportation, packaging, and substitution of non-renewable energy or materials with renewable sources.
- A significant reduction of more than 10% in at least one indicator, or a reduction equivalent to the footprint of at least 10,000 people for one or more of the indicators
- The reduction is not offset by a meaningful increase in other indicators and does not negatively impact the overall sustainability profile of the product.
- Reductions are supported by sound and transparent assumptions, good science, substantiated by data, and pass existing approval systems at P&G.

P&G believes the environmental benefits of SIPs should be significant, obvious, and easy to communicate. Guidance for innovation and development is provided by P&G's Sustainability Technical Contact Network and approved by the Directors of Corporate Sustainability and Central Product Safety.

2. What are some examples of sustainable products that P&G currently sells?

We have delivered some breakthrough initiatives that deliver sustainability benefits. We believe that sustainability, performance, and value can all be delivered in the same product, meaning no trade-offs for the consumer. For example, Tide Coldwater / Ariel not only deliver great cleaning, but they save the consumer money and require less energy since there is no need to heat the water in laundry. Another example is in our laundry detergent compaction. By concentrating these products 2X, we deliver the same or more of the current benefits (stain fighting, freshness, etc.) in a package that's easier to handle, carry, and pour. In addition, each product has 22-43% less packaging. In total, there are significant savings in water, CO2 emissions, and transportation fuel. Furthermore, we have committed to deliver \$20B in Sustainable Innovation Products by 2012 that will each have a meaningful smaller footprint.

3. Are there specific brands or categories that P&G is targeting to help it reach the 2012 product sales goal?

One of our goals is to develop and market \$20 billion in cumulative sales of "sustainable innovation products" by 2012. These will be products where the environmental improvements are significant and obvious, and will come from across our range of categories and brands. Our fabric care brands like Ariel, Tide, Dash, and Lenor have already led the way with compact products, low temperature washing, and reduced packaging. However, there are opportunities across all our product lines.



4. What is P&G doing to improve the sustainability of all its products?

We have embedded sustainability into our purpose, values, and principles as a company. For example, our purpose now reads “We 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.” And, we’ve added a new principle that states, “We incorporate sustainability into our products, packaging, and operations.” This means that sustainability is built into the rhythm of our business. This is important. For sustainability to be “sustainable,” it needs to be tied into the business, not a one-off.

P&G also defines sustainability broadly. It’s not only about the environment, it’s also about social responsibility and economic development. In addition to deliver \$20B worth of new Sustainable Innovation Products, we are also committed to improving the lives of 250 million children through our Live, Learn & Thrive philanthropy efforts. This includes delivering over 2 Billion liters of clean water which will prevent 80 million days of disease and save 10,000 lives.

We will continue to keep the consumer at the heart of all we do. We believe that sustainability, performance, and value can all be delivered in the same product, meaning no trade-offs for the consumer. We are focused on enabling the mainstream consumer to live a more sustainable life.

5. What is a life cycle assessment and why is it important?

A life cycle assessment is a disciplined, scientific approach to understanding a product’s full environmental impact. Climate change is a major challenge for society and understanding a product’s carbon footprint is an important aspect of environmental sustainability. However, we also have to look at the whole product lifecycle to understand all related environmental impacts, including water use, production of waste, effects on biodiversity, and other variables. Therefore, the life cycle assessment is an essential step in our efforts to develop Sustainable Innovation Products.

6. Are the chemicals used in P&G products safe for human health and the environment?

All P&G products sold anywhere in the world are safe to consumers.

To ensure safety and regulatory compliance, P&G has more than 500 full-time personnel who ensure human and environmental safety. P&G is committed to protect human health and the environment through the use of proper safety assessment and risk management. We apply this principle and only put products on the market that are safe for consumers, our employees and the environment during their manufacture, usage, and post-usage.

7. How is P&G addressing the specific environmental impacts of existing products?

P&G has a long-standing commitment to improve the environmental quality of our products, packaging, and operations around the world. To carry out this commitment, it is P&G's policy to:

- Ensure our products, packaging, and operations are safe for our employees, consumers and the environment.
- Reduce, or prevent, the environmental impact of our products and packaging in their design, manufacture, distribution, use and disposal whenever possible.
- Meet or exceed the requirements of all environmental laws and regulations.
- Continually assess our environmental technology and programs, and monitor progress toward environmental goals.
- Provide 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.
- Ensure every employee understands and is responsible and accountable for incorporating environmental considerations in daily business activities.
- Have operating policies, programs and resources in place to implement our environmental quality policy.

We recognize that environmental progress is a never-ending journey of continuous effort and improvement. However, by focusing on improving the lives of consumers through innovative technologies that work better and more efficiently, we believe we can continue to sustain both the growth of our business and the health of the environment.

8. Does P&G use any “green” or “eco-friendly” product labels?

Based on P&G’s experience over the past 20 years, we believe that current eco-seal programs have numerous problems, and that they neither encourage environmental progress nor empower consumers. P&G believes that sharing of factual information with consumers, based on their needs, can more effectively encourage environmental progress. “Truth in advertising” laws are needed to ensure that manufacturers are held accountable for the truthfulness and accuracy of such information. Thus, P&G supports the U.S. Federal Trade Commission’s Environmental Marketing Guides and similar programs abroad that regulate environmental claims, as well as the recent ISO 14000 standards on eco-labeling. We will continue to pioneer consumer communication and education through initiatives like our “Science in the Box” website, which has been visited by thousands of consumers in Europe.



9. Does P&G report carbon footprint data on its product labels?

P&G supports the use of Carbon Footprinting (CF) as a tool to help us minimize our greenhouse gas emissions. We track and report our emissions and remain focused on reducing our overall CO₂ emissions by 40% in 2012. P&G also supports consumers in their efforts to reduce their individual footprints. However, P&G does not support the communication of CF numbers at the product level, because we do not believe them to be meaningful to consumers for the following reasons:

- CF numbers are not accurate, uncertainty can be considerable, and small differences between products can not be validated; therefore they may mislead consumers.
- CF methodology does not account for product performance; therefore a poor-performing product with a low CF number may actually be worse for the environment than a higher CF equivalent if a consumer needs to use more of it to get the result she wants.
- CF are subject to constant change (e.g. if transported by boat versus truck, to or from a different distribution center, or raw ingredients were provided by a different supplier).

10. How is P&G changing its packaging to minimize waste and overall environmental impact?

We do this through both product and packaging innovation. Our goal to improve the environmental profile of our products over the next 5 years includes packaging as one of the indicators for improvement. For example, the compaction of all of our liquid detergents across North America will save up to 44% of the plastic packaging needed per wash. Over the last 20 years, innovation in both product and packaging on our Pampers® brand has reduced packaging by 80%. We also use recycled materials where these have the right properties to meet consumer needs. The board we use for detergent cartons, for example, is almost 100% recycled, whereas for some uses only virgin material will give the strength and reliability needed. We actually pioneered the use of recycled plastic in detergent bottles, working with suppliers to include up to 50% recycled material. We also recycle the materials that come out of our plants. Over 95% of all materials that enter a P&G plant leave as packed product, and of what remains, over half is recycled.

11. What is "Future Friendly" and how does it fit into P&G's development of sustainable innovation products?

Future Friendly is a multi-brand effort in the UK, supported by third parties such as Global Cool, the Energy Saving Trust, Water Wise, and others. It is an example of the thorough claims review process we use in our sustainability approach. This approach champions thorough, holistic science behind sustainability, using Life Cycle Assessment that takes into consideration a variety of environmental factors, not just a single metric.

12. Does P&G market sustainable innovation products differently in the U.S. versus European markets?

American and European consumers are alike in that they all want great performing products at good prices, and are increasingly interested in the sustainability of the products they buy and the companies behind them. This includes both environmental protection and social responsibility, but the relative importance of environmental and social issues has varied over time and in different countries. In the past environmental issues may have dominated in Europe, while American consumers have always strongly supported social causes. Today, however, consumers in both Europe and America want to address the whole spectrum of sustainability, including environmental protection, social responsibility, and improving economic development.



Category 3: Operations

Key Message Track Points

- We are on track to achieve a 10% reduction in energy, water, waste and total emissions by 2012.
- We are engaging 138,000 P&G employees to be a force for change, to innovate, and to help deliver on our goals.
- Our systematic, science-based approach and committed leadership is enabling us to move beyond our goals and look for additional areas of improvement.

Common Questions

1. How much energy, water, waste, and total emissions does P&G create today and what reductions has it already achieved?

We have already reduced energy and water consumption, CO2 emissions, and waste generation by 30% per unit of production since 2002. We will reduce these by an additional 10%, leading to a reduction of 40% over the decade 2002 – 2012. P&G publishes this data aggregated by region in its annual Sustainability Report. Site reports are provided to interested parties, or, as in the case of Europe, where it is necessary to meet the intent of the Environmental Management Assurance System (EMAS). The sites report emission, resource, and energy data into a global company database as part of the company Environmental Management System (EMS). Internal reviews ensure the robustness of data reported by the sites. P&G's EMS has been subject to an independent external review. The reviewer (ERM) has verified that P&G's system meets the intent of both ISO 14001 and EMAS standards. At this time, however, P&G believes that going beyond this to formal certification of the management system, including verification of site statements, does not add value to the existing system.

2. Will the investments needed to achieve reduction targets have an impact on P&G's financial performance?

Previous announcements about P&G's restructuring program, O-2005, have addressed our targets for profit, volume, and shareholder value. Our focus on sustainability is consistent with the new business structure.

3. How are P&G employees helping achieve these reduction targets?

Equipping and engaging our employees to build sustainability thinking and practices into their daily work is part of our sustainability strategy. We do this by using employee events and communication to raise awareness of our sustainability program and goals. We engage employees in site environmental programs to reduce energy, water, and waste and to increase recycling. We also develop specialized training on the principles of sustainability for specific functions like Research and Development and Manufacturing. Many of our employees around the world are involved in numerous volunteer activities in the communities in which they live.

4. How is P&G working within its supply chain to create opportunities for change and improvement?

P&G's success depends on building productive relationships with our customers and suppliers based on mutual trust, integrity, and ethical behavior. We have clear "Sustainability Guidelines" which we share with our suppliers so they know what we expect from them, and what they can expect from us. These cover environmental protection, health and safety, human rights, and labor practices. These guidelines are publicly available on our website. We are also founding members of the Carbon Disclosure Project's Supply Chain Leadership Collaboration, in which we are encouraging suppliers to report their carbon emissions publicly.

5. Is P&G using alternative fuels and renewable energy in its operations?

Yes. We continue to improve the conservation and efficiency of our operations. Every time we build new plants, we install the latest energy efficiency designs and environmental improvements. For example in our new award winning distribution centre in Amiens, France, we have installed a wind turbine, solar panels, energy efficient lighting, and other energy saving vehicles. These types of investments are a critical part of our systematic approach to meet and exceed our existing goals and enable us to look for additional areas for improvement.



Category 4: Social Responsibility

Key Message Track Points

- We are innovating to improve lives every day, now and for generations to come.
- We are using our brands, knowledge and partners to help address significant social issues.
- We believe we can make an enduring impact on society by focusing on a consistent cause where the need is great and there is a clear fit with P&G strengths, brands, and current programs.

Common Questions

1. What is P&G's approach to Corporate Social Responsibility?

P&G has always conducted its business with integrity and a strong P&G core value of "doing the right thing." We have long been leaders in human resource management, employee compensation and benefits, workplace safety, environmental management of our operations, ethical business practices, and involvement in the communities where we have operations. We continue to embrace the World Business Council on Sustainable Development (WBCSD) definition of Corporate Social Responsibility, which is the "continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large."

2. Does P&G have a specific code of conduct that directs its social responsibility efforts?

Yes. For several years, P&G has had a Worldwide Business Conduct Manual, which provides specific guidance to P&G employees on the Company's expectations of their behavior. We also publish a booklet, "Our Values and Code of Conduct," for anyone interested in P&G's policies as they apply to Sustainable Development and Corporate Social Responsibility. A copy of "Our Values and Code of Conduct," and our expectations of suppliers, is available at: <http://www.pg.com/sr>.

3. What types of social responsibility programs does P&G support?

P&G believes it can make an enduring impact on society by focusing on a consistent cause where the need is great and there is a clear fit with P&G strengths, brands, and current programs. With that in mind, P&G has committed to focus on the development of children in need, ages 0-13, through our global cause, *P&G Live, Learn and Thrive*[™]. This program enables us to meet the needs of children in our diverse communities around the world.

P&G Live, Learn and Thrive comes through dozens of programs around the world and its signature *Children's Safe Drinking Water* program. P&G is improving life for more than 50 million children every year through:

- Live: Safe drinking water, oral care, and hygiene education have been provided to get children off to a healthy start
- Learn: Schools have been built and supplies provided to children lacking access to education
- Thrive: Skills for life are built, including self-esteem and independent-living skills for disabled children.

4. What results has P&G delivered as part of its commitment to social responsibility?

P&G is proud of the impact we have already made which includes:

- Improving life for more than 50 million children around the world every year.
- Reducing cavities by 60% in Poland and Russia.
- Building and remodeling schools: 300+ in Mexico, 140+ in China, 50 in Egypt, 23 in Pakistan and other countries.
- Teaching personal health habits to 80 million children in China.
- Fostering independence in Canada with the help of assistance dogs for disabled youth.

5. What innovative P&G products have been designed to address social challenges and improve lives every day?

One example is our innovative PUR Purifier of Water that was developed through our R&D system, and was originally distributed via a normal commercial model. However, it became clear that the real need for clean water was often during disasters, or in countries where we do not have regular distribution channels, so a different model was needed. We now operate Children's Safe Drinking Water as a non-profit program, providing PUR sachets at cost to international aid and development agencies such as UNICEF and Populations Services International (PSI) for use in disaster relief and for sustainable social markets. The program is expanding rapidly. We have already supplied over a billion liters of clean water, and will provide a further 2 billion liters by 2012.



6. Who does P&G collaborate with to develop and execute its social responsibility programs?

As part of the *P&G Live, Learn and Thrive™* corporate philanthropy program, we proudly support several organizations. A sampling includes AmeriCares, Population Services International, Special Olympics, UNICEF, and Feeding America.

7. How does P&G ensure cause-related marketing programs deliver their promoted benefits?

We are a purpose-driven company with a track record of leadership and recognized results in cause-related marketing programs. For example, through our Pampers-led partnership with UNICEF, we are committed for the long-term and hope to help eliminate tetanus in the developing world. Every 3 minutes, tetanus claims the life of a newborn baby and vaccination could solve this terrible issue. Through August 2008, we donated over 70 million vaccines to UNICEF.

We believe that we can do well as a company by doing well for society, and this way it benefits all. The UNICEF campaign reflects the heart of our Pampers brand mission, caring for babies and their development and is a powerful example of how P&G is innovating to improve lives every day, now and for generations to come.

8. What is P&G's position on child labor practices?

P&G does not use child or forced labor in any of our global operations or facilities. We do not tolerate unacceptable worker treatment, such as exploitation of children, physical punishment or abuse, or involuntary servitude. We expect our suppliers and contractors with whom we do business to uphold the same standards. Should a pattern of violation of these principles become known to the Company and not be corrected, we will discontinue the business relationship.

9. Does P&G support the Global Sullivan Principles?

P&G is an original charter supporter of the Global Sullivan Principles of Corporate Social Responsibility. We have internal policies and procedures in place, consistent with the Global Sullivan Principles, that govern the Company in the areas of worker and human rights; health, safety, and environment; bribery and corruption; employee and consumer privacy; and our relationship with suppliers. These policies and procedures are grounded in our P&G Statement of Purpose, Values and Principles, and are implemented and enforced through internal control systems. Today, more than 130 companies are supporters of the Global Sullivan Principles.



Category 5: Employees

Key Message Track Points

- Sustainability is embedded in our purpose, principles, and the rhythm of our business.
- Through our *"Take the R for Tomorrow"* program, 138,000 P&G employees are engaged to be a force for change, to innovate and to help deliver our 2012 goals.
- Our employees take pride in making an important, positive difference by touching consumers' lives 3 billion times a day.

Common Questions

1. How is sustainability embedded in the rhythm of the P&G business?

We recognized that sustainability was an important part of doing business decades ago. We pioneered environmental reporting in the 70s, introduced eco-efficiency in the mid-80s when we launched compact detergents, and have been producing an annual sustainability report since 1999. In 2007, we changed the Company's Statement of Purpose to incorporate sustainability, and also included a specific new principle that we will "Incorporate sustainability in our products, packaging and operations." This was a deliberate and explicit step to show our commitment to sustainability. P&G does not change its statement of purpose lightly, and in a values-driven company like ours this will drive behaviors and choices throughout the company.

2. How is P&G engaging employees on sustainability initiatives and what results have been achieved so far?

P&G's Global Business Services (GBS), along with its partners, are working to help reduce the environmental footprint of P&G operations by an additional 10% by 2012. To engage the more than 130,000 P&G colleagues worldwide, this group launched on Earth Day 2008 a new campaign to empower employees to make a difference. In just a short amount of time, the *Take the R for Tomorrow* campaign has helped:

- Reduce paper usage in some locations by 50% through Managed Print Services.
- Increase paper recycling by 50% and reduce bottled water catering significantly.
- Decrease overall energy use by 2%, or enough to light the Eiffel Tower for 70 years.
- Piloted a Site Sustainability Scorecard system and implemented several sustainability action plans at test facilities.

3. What other types of changes or new innovations have been introduced into the workplace to reduce environmental impacts?

At P&G we are investing effort and resources to make travel less necessary. For example, we are one of the first companies in the world to install Video Collaboration Studios. This is a new, game changing technology that puts you across the table from someone who may physically be on the other side of the world. It provides a life-size high definition video and quality audio for a totally immersive virtual meeting experience. We have made a significant investment to install these studios at 40 of our sites. This new technology allows us to be one of the most collaborative, agile, and innovative companies in the world.

4. What goals have been established for the future in terms of employee engagement?

In 2008/09, P&G will continue to expand and leverage the *Take the R for Tomorrow* campaign and work with its employees to:

- Challenge employees to "Go Digital" by reducing travel, paper, file storage, e-mail, and meeting materials.
- Expand site sustainability teams and share knowledge through site newsletters and events.
- Continue focusing on improving the efficiency of operations in employee sites and realize another 2% reduction in overall energy use.



Category 6: Hot Topics

1. Are the chemicals P&G uses in its products and operations safe for human health and the environment?

All P&G products sold anywhere in the world are safe to consumers.

To ensure safety and regulatory compliance, P&G has more than 500 personnel who ensure human and environmental safety. P&G is committed to protect human health and the environment through the use of proper safety assessment and risk management. We apply this principle and put on the market only products that are safe for consumers, our employees and the environment during their manufacture, usage, and post-usage.

2. Does P&G support REACH?

P&G is fully committed to complying with government regulatory programs like REACH. Since 2005, we have set-up since 2005 a multifunctional "REACH Compliance" team involving many departments across Business Units. As compliance requires effective communication up and down the supply chain, we have established a very close collaboration with our suppliers on this topic.

3. How is P&G ensuring the sustainable use of palm oil in its products?

Use of renewable vegetable oils such as palm oil, from sustainable sources, can help reduce reliance on petrochemicals and reduce overall greenhouse emissions. The problems arise when palm oil production leads to deforestation and loss of biodiversity.

P&G actually uses very little palm oil – we purchase about 1% of the worldwide production of palm oil and its derivatives. That said, we are committed to the sustainable sourcing of palm oil and its by-products and have followed the work of the Roundtable on Sustainable Palm Oil (RSPO) since its inception, through our joint venture partner in Malaysia.

4. Do any P&G products contain chlorofluorocarbons (CFCs) or volatile organic compounds (VOCs)?

None of P&G's products contain CFCs. P&G primarily uses hydrocarbons, hydro-fluorocarbons, dimethylether and carbon dioxide propellants in our aerosol products. Some P&G products do contain VOCs. The VOCs are used as propellants or to help dissolve ingredients. All P&G products comply with regulations that set limits on the level of VOCs that can be found in consumer products.

5. Does P&G believe the current economic environment is negatively impacting sales of sustainable products?

Regardless of economic cycles around the world, consumers increasingly want to know that the companies that produce the products they buy are operating in a responsible and sustainable way. However, very few consumers are ever willing to pay extra or accept poorer performance for environmentally sustainable products. That's why our intent is to develop "sustainable innovation products", which are products that do not require consumers to make any trade-offs – i.e. the consumer receives a product that provides all the performance and value she expects while at the same time allows her to be environmentally sustainable.

6. Does P&G support innovation even if it may compete with an existing product, like machines that don't require detergent?

We welcome all new developments in technology that will better serve consumers worldwide. In regards to washing technology, over the past years, large research investments have allowed our industry to lower temperature washing and to develop new more sustainable forms of products such as compacts and tablets. As a detergent manufacturer, we will continue to further improve the performance and convenience of our products and address this topic with the washing machine industry and the experts concerned.

7. How does P&G avoid "green washing" or overstating the benefits of sustainable products?

P&G has developed very strict guidelines for environmental claims, as we believe that "green washing" can harm the credibility of any brand. We also use advertising as an opportunity to communicate the environmental benefits of brands and promote sustainable consumer behavior. One example is the "Turn to 30" campaign which has been running in many European countries to promote low temperature washing. Results show that consumers are actually lowering the temperature at which they wash, leading to both energy and CO2 savings.



8. What is P&G's position on climate change?

P&G is concerned about the potentially negative consequences of climate change, and believes that the growing scientific evidence substantiating links of greenhouse gases to global climate change warrants prudent and cost-effective action. We support efforts to deal with the issue under the U.N. Framework Convention on Climate Change (UNFCCC) and encourage all nations involved to search for consensus under the UNFCCC. Relative to other businesses, P&G is not an energy-intensive company. However, we accept responsibility to understand the potential contributions of greenhouse gases from our business and to take prudent and cost-effective actions. P&G will continue to implement energy conservation and efficiency initiatives that have already reduced our emissions by 30% per unit of production since 2002, and will reduce a further 10% by 2012.

9. How does P&G support sustainable forestry?

The world's global forest resources must be responsibly managed to sustain them for future generations and to meet a wide range of societal needs, including wood products, biological diversity, recreation and natural beauty. Wood pulp derived from these forests should be produced by processes which minimize environmental impact. Consistent with this position, P&G:

- Ensures that pulp from suppliers comes from plantation-grown trees or sustainably managed forests. P&G does not own or manage any forests.
- Does not purchase pulp derived from tropical rain forests or old-growth forests, unless they are being actively managed for sustainable yield and preservation or biodiversity.
- Requires that the forestry practices of suppliers meet or exceed local and regional laws. P&G requires suppliers to be engaged in local sustainable forest-management programs.
- Requires that the pulp we purchase is produced using Elemental Chlorine Free (ECF) or Totally Chlorine Free (TCF) purification processes. P&G does not use materials purified with chlorine gas.
- Requires that supplier pulp mills meet or exceed all legal requirements for their air and water emissions. P&G seeks suppliers that manage waste and by-products appropriately, and that minimize the potential environmental impacts of their operations.
- Ensures that suppliers meet the above requirements through mill visits and comprehensive written surveys.

For additional information:

One Voice provides single-source, up-to-date information about key issues and topics involving or impacting the Company. The continually updated website contains a series of topical, one-page documents that contain 1) key messages, 2) quick facts, and 3) contact information for additional support.

<http://onevoice.pg.com/pa/word/default.htm>

Sustainability Leadership

Dr. Len Sauers – Global General Manager, based in US.

Dr. Peter White – Global Director, based in WE.

Patrick Blair – Global Sustainability Communications, based in US.

Rotha Penn – Global Sustainability Medial Relations, based in US.

###