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CLIMATE-RELATED FINANCIAL RISK REPORT

INTRODUCTION

The Procter & Gamble Company ("P&G" or the "Company") has developed this report in line with The Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") published in June 2017. Environmental sustainability is integrated into P&G's business strategy. We are focused on designing and manufacturing irresistibly superior products that are more sustainable. We aim to reduce our own environmental footprint and enable our consumers to reduce their footprint without compromising on the performance of the products they use. We develop and license technologies that can be used across industries to improve environmental sustainability at a broader scale. Combined, this approach intends to positively impact the total environmental impact of the Company while driving market growth and value creation.

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GOVERNANCE

The following outlines the Company's governance of climate-related risks and opportunities.

A. Role of the Board of Directors

The Board is engaged in our environmental sustainability and social responsibility efforts as part of its oversight role. In particular, the Governance & Public Responsibility Committee oversees the Company's corporate sustainability goals, including climate, and progress against those goals. Because environmental sustainability is integrated into the Company's business and operations—and not a separate activity system or standalone initiatives— sustainability topics frequently arise in the context of other reviews. For instance, the Board has discussed with leaders the integration of relevant environmental sustainability risks and opportunities when reviewing business strategies.

B. Role of Management

P&G management is also responsible for governance of climate-related risks and opportunities, ensuring sustainability efforts are integrated into the Company strategy and that risks are identified and managed. There are two councils that govern climate-related issues: the ESG Executive Council and the Climate Council. Each council is discussed in more detail below.

1. ESG Executive Council

The ESG Executive Council is comprised of senior executive officers and senior subject matter experts.

The ESG Executive Council meets regularly with the purpose of maintaining overall oversight of environmental sustainability and social responsibility efforts, including climate change. This includes overseeing the assessment and management of climate-related risks as well as providing strategic direction, alignment to proposed program objectives and goals, discussion and allocation of resource needs.

Climate change is considered in the context of our overall sustainability efforts, and agenda items are brought forward for discussion on an as-needed basis.

2. Climate Council

The Climate Council is led by P&G's Global Climate Leader and includes experts from multiple functions working on the Company's strategy to identify climate-related risks and opportunities, their impacts and the resiliency of the business model against climate-related risk.

It meets regularly with the purpose of:

- Monitoring external trends and developments related to climate change via engagement with outside organizations, conferences, and monitoring external publications,
- Developing and maintaining the Company's overall strategy on climate-related matters, and
- Monitoring progress versus climate-related goals and ensuring adjustments are implemented when needed.

STRATEGY

P&G identifies climate-related risks and opportunities, their impacts and the resiliency of the business model against climate-related risk.

Through our Risk Management processes (discussed further below), we have identified the following as the most relevant risks and impacts presented by climate change in the short to mid-term, for our Company:

1. Costs related to Carbon Emissions:

Governments implementing policies, fees, or taxes on carbon-intensive energy or materials could result in higher costs for the Company and consumers. To date, existing country-level regulations have had very little impact on P&G operations as most of our operations are not energy intensive.

2. Increased Severity and Frequency of Extreme Weather Events:

If responses to such events are not effectively managed and remedied, there could be disruptions to our operations such as loss or impairment of key manufacturing sites, inability to procure sufficient raw and packaging materials, and disruption to transportation of raw and packaging materials or finished goods.

3. Chronic Changes to Precipitation / Increasing Water Stress:

These are relevant risks for our operations, supply chain, and consumer use of our products (e.g., sufficient water for laundry, dishwashing, showers, etc.).

We believe the most likely impact in the short to mid- term is policy action that places a price on carbon. Given the broad array of policy actions that could be implemented globally, it is difficult to assess with any certainty what the collective impacts of future policy actions could be.

Our risk identification and assessment were informed by Scenario Analysis (discussed further below under Risk Management), and our strategy remains resilient in the face of such scenarios.

STRATEGY

We continue to integrate our climate-related risk mitigation efforts into our overall business strategies, including our ongoing focus on productivity and delivering irresistible superiority that is sustainable across products, packaging, consumer and customer value, communications, and retail execution. This comprehensive strategy includes the following elements:

1. Addressing the Risk of Costs related to Carbon Emissions

Reducing our Greenhouse Gas (GHG) Emissions
By reducing our GHG emissions, we are not only contributing to mitigating the risk of climate change itself but we are also helping to mitigate potential impacts from policy or regulatory actions that could put an increased price on carbon emissions.

Helping Consumers Reduce their GHG Emissions
To identify and understand the product categories that have the highest GHG emissions during the consumer use phase, we conducted a comprehensive, lifecycle-based carbon footprint analysis for our product portfolio. Based on this, we know the greatest impact is associated with the use phase of our products that have traditionally used hot water during the consumer use phase. We innovate to create products which enable consumers to reduce their energy consumption as they use our products.

Policy Engagement
Existing carbon pricing schemes have had relatively little impact on our operations as most of our operations are not energy intensive. The U.S. represents one market that has not implemented a national policy on carbon pricing. To help ensure that any future U.S. policy efforts provide business the needed certainty, predictability, and transparency, P&G has supported the Climate Leadership Council (CLC). CLC is an organization that advocates for a Carbon Dividends Program in the U.S. as the best policy mechanism to drive GHG reductions commensurate with a 2^{o} C target.

2. Addressing Risk of Extreme Weather

As noted, extreme weather events also represent a potential risk. Loss or impairment of key manufacturing sites, inability to procure sufficient raw and packaging materials, disruption to transportation of raw and packaging materials or finished goods, and similar impacts could disrupt our operations if they are not effectively managed and remedied. Given the number of manufacturing sites we own and operate, along with our broader supplier network, we have some level of flexibility to adjust production and sourcing when needed. In addition, each site has a business continuity plan, which is regularly reviewed and updated. These plans include considerations for disruptions caused by extreme weather events. Site-specific outputs from our assessment of physical risk factors have been shared with our Business Continuity Planning organization, which has enabled further assessment and development of business continuity plans.

3. Addressing Water-Related Risks

Chronic changes to precipitation and increasing water stress are also relevant risks for our operations, supply chain, and consumer markets (e.g., water for laundry, dishwashing, showers, etc.). We are advancing the following efforts to manage relevant water-related risks:

- All manufacturing sites are covered by our water risk assessment process. This is a tiered risk assessment. We have screened all sites and identified sites that fall into Tier III (sites most at risk for water stress). These sites develop and complete site-specific water stewardship action plans to mitigate some of the potential risks.
- We have conducted water risk assessments for key consumer markets and combined this with data on manufacturing sites and supplier locations. As a result, we identified 18 priority basins that are experiencing high water stress.
- In 2022, P&G announced new 2030 goals to:
- Restore more water than is consumed by P&G manufacturing sites in the 18 priority water-stressed areas around the world[1].
- Restore more water than is consumed when using P&G products in the high water-stressed metropolitan areas of Los Angeles and Mexico City[2].

We are making progress against these goals by advancing water restoration projects that return a water benefit to these basins.

We will continue to monitor the latest science and data related to short-, mid-, and long-term impacts of climate change and adjust our strategy accordingly.

Footnote

1 *Water that evaporates during the manufacturing of our products or is incorporated into the finished product manufactured at these sites.*

2 *Water from household leaks and evaporation during the use of our products.*

RISK MANAGEMENT

P&G's Climate Council identifies and assesses climate-related risks. To inform our identification of relevant risks and impacts, the Council conducted:

1. A screening exercise of potential physical climate risks to P&G facilities using commercially available software that maps existing 3rd party data on climate-related risks and overlays those risk factors to P&G site locations. Conclusions from this exercise were consistent with prior assessments and indicated that water scarcity and increased severity/frequency of extreme weather events were the most relevant physical risk factors for P&G sites.

2. An assessment of the transition risk factors listed in the TCFD Guidelines. The outcome from this assessment indicated the most relevant transition risk and impact was the potential for government policy actions that could increase energy and material costs. This assessment also identified potential increased raw material, packaging material and capital costs in the short to mid-term related to efforts to reduce supply emissions by moving towards less carbon-intensive materials. This reflects our general experience that material costs during start-up and scaling phases of production for any material can be higher than baseline. Given the complexity of market dynamics and potential for market tailwinds over time (e.g., more companies advancing net zero ambitions, greater supplier focus on reducing emissions), specific impacts are difficult to predict.

Both the physical and transitional risk exercises were informed by Scenario Analysis that integrated potential future impacts from IPCC AR5 RCP 4.5, which corresponds to a future temperature increase of 2.5 to 3.0 degrees Celsius and aligns with the projections from the United Nations regarding outcomes from current national commitments.

Identified risks are managed through the strategies set forth above. The mitigation of climate-related risks is also integrated with other risk management processes leveraged across the Company. P&G maintains an Enterprise Risk Management (ERM) process to identify and assess risk factors via a multi-functional team. Findings and recommendations made through the ERM process are reviewed with senior managers, in addition to the Company's Board of Directors and its Audit Committee, which have oversight responsibilities. Through the process, Company leaders assess significant factors that may adversely affect our business, operations, financial position or future financial performance which includes an assessment of environmental sustainability risks. The Vice President of Sustainability and the Chief Sustainability Officer participate in the ERM process to provide perspective on relevant sustainability topics, including climate change.

METRICS & TARGETS

P&G has an ambition to achieve net zero GHG emissions across our supply chain and operations by 2040. To pace our progress towards that ambition, we established the following climate-related goals for 2030:

- Reduce Scope 1 and 2 GHG emissions by 65% (2010 baseline)[3].
- Purchase 100% renewable electricity globally.
- Reduce global upstream finished product freight emissions intensity by 50% (2020 baseline).
- Reduce supply chain emissions[4] by 40% per unit of production (2020 baseline).

Progress

We report progress against these goals on an annual basis. Our progress against the specific goals above is contained here and incorporated by reference herein[5].

We recognize that achieving some of our goals will take further development of scalable, cost-effective infrastructure and technologies. These are industry-wide challenges beyond any one company's control, as they will also be impacted by future policy developments in key markets around the world. It will take a broader collective effort to accelerate solutions for these complex challenges.

In addition to reporting progress towards the goals above, P&G also publishes the following data on an annual basis: Energy consumption (gigajoules), Scope 1 GHG emissions (metric tons), Scope 2 GHG emissions (metric tons), estimates of key Scope 3 GHG emission categories (metric tons), and water consumption from P&G sites.

We have had 3rd party limited assurance of our Scope 1 and 2 GHG emissions inventory since 2018 and intend to maintain that practice going forward.

The most comprehensive resource for this information is our ESG Portal at www.pginvestor.com/esg.

Footnote

3 *Aligned to a 1.5 degrees Celsius climate scenario*

4 *We define the scope of this supply chain goal as our purchase of raw and packaging materials, intermediates, storeroom materials and finished products that we buy externally for P&G products sold.*

5 *For the avoidance of doubt, any other information contained on the cited page, beyond the progress against the specific goals listed above, is not incorporated by reference into this report.*

DISCLAIMERS & FOOTNOTES

Information provided in this report, including information about impacts, should not be construed as "material" information or as having had a "material impact" for purposes beyond the scope of this report, including but not limited to financial reporting, ESG reporting, or other reporting under U.S. securities laws and regulations, EU due diligence or reporting laws, or the laws or regulations of any other jurisdiction. In addition, this report may identify additional resources that can be found on the Company's websites, including information on our ESG Portal (www.pginvestor.com/esg). Such information is not incorporated by reference in this report except where specifically identified as incorporated by reference.

Certain statements in this report, including statements relating to our climate and related ESG targets, estimates, projections, goals, commitments, and expected results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believe" "project" "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," "goal," "target," "objective," and similar expressions.

Forward-looking statements speak only as of the date they are made and are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause results and outcomes to differ materially from those expressed or implied in the forward-looking statements. For additional information concerning factors that could cause actual results and events to differ materially from those projected herein, please refer to our most recent 10-K, 10-Q, and 8-K reports. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise, except to the extent required by law.