Risk Factors Comparison 2024-02-15 to 2023-02-16 Form: 10-K

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In addition to the risks described elsewhere in this report, set forth below is a summary of the material risks to an investment in our securities. These risks, some of which have occurred and / or are occurring and any of which could occur in the future, are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also have an adverse effect on us. If any of these risks actually occur, our business, results of operations, cash flows and financial condition could be materially and adversely impacted, which might cause the value of our securities to decline. Business and Industry Risks We face risks associated with significant international operations, including exposure to foreign currency fluctuations. We operate on a global basis serving consumers in more than 200 countries and territories with approximately two- thirds of our Net sales originating in markets outside the U. S. While geographic diversity helps to reduce our exposure to risks in any one country or part of the world, it also means that we face risks associated with significant international operations, including, but not limited to: • changing macroeconomic conditions in our markets, including as a result of ~~inflation~~ **inflationary pressure** , the war in Ukraine **, the Israel- Hamas war** , volatile commodity prices and increases **and / or volatility** in the cost of raw and packaging materials, labor, energy and logistics; • political **instability** or **uncertainty, including as a result of elections,** economic instability, geopolitical events **and tensions** , wars and military conflicts, such as the war in Ukraine, **the Israel- Hamas war and tensions between China and Taiwan; •** environmental events, widespread health emergencies, such as ~~COVID- 19 or other~~ pandemics or epidemics, natural disasters or social or labor unrest; • changes in exchange rates for foreign currencies, which may reduce the U. S. dollar value of revenues, profits and cash flows from non- U. S. markets or increase our supply costs, as measured in U. S. dollars, in those markets; • exchange controls and other limits on our ability to import or export raw materials or finished product, including as a result of ~~COVID~~ **the war in Ukraine and the Israel** - **Hamas** ~~19, and the~~ war ~~in Ukraine~~ , or to repatriate earnings from overseas; • lack of well- established, reliable and / or impartial legal systems in certain countries where we operate and difficulties in enforcing contractual, intellectual property or other legal rights; • foreign ownership and investment restrictions and the potential for nationalization or expropriation of property or other resources; and • changes to trade policies and agreements and other foreign or domestic legal and regulatory requirements, including those resulting in potentially adverse tax consequences or the imposition of and / or the increase in trade restrictions and / or tariffs, sanctions, price controls, labor laws, travel or immigration restrictions (including as a result of pandemics, epidemics or other widespread health emergencies ~~, such as the COVID- 19 pandemic~~), profit controls or other government controls, including as a result of the war in Ukraine **and the Israel- Hamas war** . Any or all of the foregoing risks could have a significant impact on our ability to sell our products on a competitive basis in international markets and may adversely affect our business, results of operations, cash flows and financial condition. In addition, a number of these risks may adversely impact consumer confidence and consumption, which could reduce sales volumes of our products or result in a shift in our product mix from higher margin to lower margin product offerings. We face risks resulting from political and macroeconomic instability and geopolitical events **and tensions** , such as the ongoing war in Ukraine ~~and~~ **,** the ~~related geopolitical~~ **Israel- Hamas war and** tensions **between China** ~~. We suspended the importation~~ and **Taiwan** ~~sales of all products in Russia other than essential health and hygiene products for everyday use and ceased all capital investments and media activities in Russia~~ . ~~While these~~ **These** actions have impacted our Eurasia business,...... the war in Ukraine. The situation **situations are evolving** ~~continues to evolve~~ and significant uncertainties regarding ~~the~~ **their** full impact ~~of~~ **or** ~~the~~ **their** ~~war in Ukraine or the~~ related impacts on the global economy and geopolitical relations ~~,~~ in general and on our business in particular ~~,~~ remain ~~and may be impacted by any or all of the foregoing risks~~ . ~~The~~ **These** ~~war in Ukraine~~ **geopolitical conflicts and tensions** may also heighten other risks disclosed in this Annual Report on Form 10- K, any of which could have an adverse impact on our business, results of operations, cash flows or financial condition. ~~the~~ **actions have impacted our** Eurasia ~~region~~ **business,they have not had a material impact on our business,results of operations,cash flow or financial condition.In 2022,our Eurasia business** constituted approximately 2 % of our consolidated net sales and approximately 3 % of our consolidated operating profit **(the majority of which was Russia)** .We,however,have experienced,and expect to continue to experience,risks related to the impact of the war in Ukraine,including increases in the cost and,in certain cases,limitations on the availability of ~~certain~~ raw and packaging materials and commodities (including oil and natural gas),supply chain and logistics challenges **and** ~~,import restrictions,~~ foreign currency volatility ~~and reputational concerns.We also face challenges to our ability to repatriate cash from Russia and find banking partners in Russia and may face challenges to our ability to protect our assets in Russia~~ .We also continue to monitor the impact of the sanctions ~~,~~ **and** export controls ~~and import restrictions~~ imposed in **the** response to the war in Ukraine. **The situation** Furthermore, the imposition of tariffs and / or increase in tariffs on various products by the United States and other countries have introduced greater uncertainty with respect to trade policies and government regulations affecting trade between the United States and other countries and new and / or increased tariffs have subjected, and may continue in the future to subject, us to additional costs and expenditure of resources. Major developments in trade relations, including the imposition of new or increased tariffs by the United States and / or other countries, such as China, and any ~~emerging~~ nationalist trends in specific countries could alter the trade environment and consumer purchasing behavior which, in turn, could have a material effect on our business, results of operations, cash flows and financial condition. In an effort to minimize the impact on earnings of foreign currency rate movements, we engage in a combination of selling price increases, where permitted, sourcing strategies, cost ~~-~~ containment measures and selective hedging of foreign currency transactions. However, the impact of these measures ~~have~~ **has** not and may not in the future fully offset any negative impact of foreign currency rate movements on our business, results of operations, cash flows and financial condition. Significant competition in our industry could adversely affect our business. We face vigorous competition worldwide, including from strong local competitors and from other large, multinational companies, some of which have greater resources than we do. In addition, the substantial growth in eCommerce has encouraged the entry of new competitors and business models. We face competition in several aspects of our business, including pricing, promotional activities, new product introductions and expansion into new geographies and channels. Some of our competitors may spend more aggressively on or have more effective advertising and promotional activities than we do, introduce competing products more quickly and / or respond more effectively to business and economic conditions and changing consumer preferences, including by launching innovative new products. Such competition also extends to administrative and legal challenges of product claims and advertising. Our success is **and will likely** increasingly **be** dependent on our ability to effectively leverage **existing and emerging** digital ~~technology~~ **technologies , such as artificial intelligence** and data analytics **,** to gain new commercial insights and develop relevant marketing and advertising to reach customers and consumers. Our ability to compete also depends on the strength of our brands and on our ability to enforce and defend our intellectual property, including patent, trademark, copyright, trade secret and trade dress rights, against infringement and legal challenges by competitors. We may be unable to anticipate the timing and scale of such initiatives or challenges by competitors or to successfully respond to them, which could harm our business **and / or reputation** . In addition, the cost of responding to such initiatives and challenges, including management time, out- of- pocket expenses and price reductions, may affect our performance. A failure to compete effectively could adversely affect our business, results of operations, cash flows and financial condition. Increasing dependence on key retailers in developed markets, changes in the policies of our retail trade customers, the emergence of alternative retail channels and the rapidly changing retail landscape and changing consumer preferences may adversely affect our business. Our products are sold in a highly competitive global marketplace which has experienced increased trade concentration and the growing presence of large- format retailers, discounters and eCommerce retailers. With the growing trend toward retail trade consolidation, the substantial growth of eCommerce and the integration of traditional and digital operations at key retailers, we are increasingly dependent on certain retailers, and some of these retailers have and may continue to have greater bargaining strength than we do. They have used and may continue to use this leverage to demand higher trade discounts, allowances, slotting fees or increased investment, including through display media, paid search ~~, preparation fees~~ and co- op programs, which have led to and could continue to lead to reduced sales or profitability in certain markets. The loss of a key customer or **distributor or** a significant reduction in sales to a key customer **or distributor** could adversely affect our business, results of operations, cash flows and financial condition. For additional information regarding our customers, see " Distribution; Raw Materials; Competition; Trademarks and Patents " in Item 1 " Business. " We also have been and may continue to be negatively affected by changes in the policies or practices of our retail trade customers, such as inventory destocking, fulfillment requirements, limitations on access to shelf space, delisting of our products, or sustainability, supply chain or packaging standards or initiatives. For example, a determination by a key retailer that any of our ingredients should not be used in certain consumer products or that our packaging does not comply with certain requirements and standards could adversely impact our business, results of operations, cash flows and financial condition. In addition, " private label " products sold by our retail customers, which are typically sold at lower prices than branded products, are a source of competition for certain of our products. Further, the retail landscape in many of our markets continues to evolve as a result of the substantial growth of eCommerce, changing consumer behaviors and preferences (as consumers increasingly shop online and via mobile and social applications) and the increased presence of alternative retail channels, such as subscription services and direct- to- customer businesses. The substantial growth in eCommerce and the emergence of alternative retail channels have created and may continue to create pricing pressures and / or adversely affect our relationships with our key retailers. Further, consumer preferences continue to evolve due to a number of factors, including evolving consumer concerns or perceptions (whether or not valid) regarding environmental, social and governance (" ESG ") practices, including the sourcing and sustainability of **raw and** packaging materials, a growing demand for natural or organic products and ingredients and ingredient transparency, evolving consumer concerns or perceptions regarding the effects of ingredients, changing consumer sentiment toward non- local products or sources and changing perceptions of and increased focus on labor and human rights and environmental impacts (including responsible sourcing, deforestation, packaging, plastic, energy and water use and waste management). If we are not successful in continuing to adapt or to effectively react to changes in consumer behaviors, preferences or purchasing patterns and / or changing market dynamics, including customer policies or the proliferation of eCommerce and alternative retail channels, our business, results of operations, cash flows and financial condition could be adversely affected. The growth of our business depends on the successful identification, development and launch of innovative new products. Our growth depends on the continued success of existing products, the successful identification, development and launch of innovative new and differentiated products and the expansion into adjacent categories, channels of distribution or geographies. Our ability to launch new products, to sustain existing products and to expand into adjacent categories, channels of distribution or geographies is affected by whether we can successfully: • identify, develop and fund technological innovations; • obtain and maintain necessary intellectual property protection and avoid infringing intellectual property rights of others; • obtain approvals and registrations of regulated products, including from the FDA and other regulatory bodies in the U. S. and abroad; and • anticipate and quickly respond to the needs and preferences of consumers and customers. The identification, development and introduction of innovative new products that drive incremental sales involves considerable costs and effort, and any new product may not generate sufficient customer and consumer interest and sales to become a profitable product or to cover the costs of its development and promotion. Our ability to achieve a successful launch of a new product could also be adversely affected by preemptive actions taken by competitors in response to the launch, such as increased promotional activities and advertising. In addition, new products may not be accepted quickly or significantly in the marketplace. Our ability to quickly innovate to adapt and market our products and to adapt our packaging ~~and~~ **or** the sustainability profile of our products to meet evolving consumer preferences **and / or regulatory requirements** is an essential part of our business strategy. The failure to develop and launch successful new products or to adapt our packaging, the sustainability profile of our products or supply chain to meet such preferences could hinder the growth of our business and any delay in the development or launch of a new product could result in us not being the first to market, which could compromise our competitive position and adversely affect our business, results of operations, cash flows and financial condition. In addition, our success in launching new products is also dependent on our ability to deliver effective and efficient marketing in an evolving media landscape (including digital), which is subject to dynamic and increasingly restrictive privacy requirements **and emerging regulations. Our ability to launch new products, including our ability to deliver effective and efficient marketing campaigns, is also impacted by our ability to successfully adopt new technologies, such as artificial intelligence, including generative artificial intelligence** . If, in the course of identifying or developing new products, we are found to have infringed the trademark, trade secret, copyright, patent or other intellectual property rights of others, directly or indirectly, through the use of third- party ideas or technologies, such a finding could adversely affect our ability to develop innovative new products and adversely affect our business, results of operations, cash flows and financial condition. Even if we are not found to infringe a third party' s intellectual property rights, claims of infringement could adversely affect us, including by increasing costs and by delaying the launch of new products. Damage to our reputation could have an adverse effect on our business.Maintaining our strong reputation with consumers and our trade partners globally is critical to selling our branded products.Accordingly,we devote significant time and resources to programs designed to protect and preserve our reputation,such as our ethics and compliance,ESG,brand protection and product safety,regulatory and quality initiatives ~~and our enterprise risk management program~~ .Negative publicity about us,our brands,our products,our supply chain,our ingredients,our packaging,our ESG practices,or our employees,whether or not deserved,could jeopardize our reputation.Such negative publicity could relate to,among other things,health concerns,threatened or pending litigation or regulatory proceedings ~~,animal welfare~~ ,labor and human rights and environmental impact (including responsible sourcing,deforestation,packaging,plastic,energy and water use and waste management) or our ESG practices.In addition,the proliferation of digital and social media has greatly increased the accessibility of information ~~,~~ **and** the speed of its dissemination and the potential for negative publicity ~~and misinformation~~ .Negative publicity,posts or comments on digital and social media,whether true or untrue,could damage our brands and our reputation.The success of our brands could also suffer if our marketing initiatives do not have the desired impact on a brand' s image or its ability to attract consumers. ~~In addition,the legal,regulatory and ethics landscape around the use of artificial intelligence,including generative artificial intelligence,is rapidly evolving.Our ability to adapt and use this emerging technology in an effective and ethical manner may impact our reputation and our ability to compete,as outputs from generative artificial intelligence models could be,among other things,false,biased or inconsistent with our values or strategies.Further,the use of generative artificial intelligence tools may compromise our confidential or sensitive information or put our intellectual property at risk,which could in turn damage our reputation.~~ Additionally,due to the scale and scope of our business,we must rely on relationships with third parties,including our suppliers,distributors,contractors,joint venture partners and other external business partners,for certain functions.While we have policies and procedures for managing these relationships,they inherently involve a lesser degree of control over business operations,compliance and ESG practices,thereby potentially increasing our reputational and legal risk.We have taken and in the future may take certain actions to safeguard our reputation and uphold our ethical values,such as changes to how and where we sell,advertise and invest behind our products and operations,which could adversely affect our business,results of operations,cash flows and financial condition. **In addition,third parties sell counterfeit versions of our products,which are inferior or may pose safety risks.As a result,consumers of our brands could confuse our products with these counterfeit products,which could cause them to refrain from purchasing our brands in the future and in turn could impair our brand equity and adversely affect our business,results of operations,cash flows and financial condition.Damage to our reputation or loss of consumer confidence in our products for these or any other reasons could adversely affect our business,results of operations,cash flows and financial condition,as well as require resources to rebuild our reputation.** We face various risks related to pandemics, epidemics or similar widespread public health concerns, which may have a material adverse effect on our business, results of operations, cash flows and financial condition. We face various risks related to pandemics, epidemics or similar widespread public health concerns ~~, including the COVID- 19 pandemic~~ . A pandemic, epidemic or similar widespread health concern could have, and COVID- 19 has had and may ~~continue to~~ **in the future** have, a variety of impacts on our business, results of operations, cash flows and financial condition, including: • our ability to continue to maintain and support the health, safety and well- being of our employees, including key employees; • disruptions to our global supply chain, including **transportation** ~~the closure of manufacturing~~ and **logistics challenges** ~~distribution facilities, due to, among other things, the lack of availability of raw and packaging materials or manufacturing components~~ ; **•** a decrease in our workforce or in the efficiency of such workforce ~~, including as a result of illness, travel restrictions, absenteeism or governmental regulations; transportation and logistics challenges, including as a result of port and border closures and other governmental restrictions or volume and capacity restraints; or the impact of a pandemic, epidemic or other health emergencies, such as the COVID- 19 pandemic on our retailers, third party suppliers, contract manufacturers, logistics providers or distributors~~ ; • volatility in the demand for and availability of our products ~~, which may be caused by the temporary inability of our consumers to purchase our products due to illness, financial hardship, quarantine, government actions mandating the closure of our facilities, distributors or retailers and / or imposing travel or movement restrictions, shifts in demand and consumption away from more discretionary or higher priced products to lower- priced products or pantry- loading activity~~ ; • changes in purchasing patterns of our consumers ~~, including a shift to purchasing our products online and disruptions in certain channels~~ ; • significant volatility in demand for certain of our products, which may require us to increase our production capacity or acquire additional capacity at an additional cost and expense; • failure of third parties on which we rely ~~, including our retailers, suppliers, contract manufacturers, logistics providers, customers, commercial banks, joint venture partners and external business partners,~~ to meet their obligations to us, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties; • significant changes in the economic and political conditions of the markets in which we operate ~~, which could restrict our employees' ability to work and travel, could mandate the closure of certain distributors or retailers, our offices, shared business service centers and / or operating and manufacturing facilities or otherwise could prevent us as well as our third- party partners, suppliers or customers from sufficiently staffing operations, including operations necessary for the manufacture, distribution, sale and support of our products~~ ; • disruptions and volatility in the global capital markets, including rising interest rates, which may increase the cost of capital and adversely impact our access to capital; and / or • volatility in foreign exchange rates and increases in the cost and availability of raw and packaging materials and transportation and logistics costs. **These and other risks impacted us** ~~During~~ **during** the COVID- 19 pandemic **.** ~~, many of the~~ **Other pandemics** ~~communities in which we manufacture~~ , **epidemics** ~~market and sell our~~ - **or** ~~products experienced and~~ **similar widespread public health concerns** may ~~in the future experience " stay at home " orders, travel or movement restrictions and other government actions to address the pandemic. While the impact of COVID- 19 on our business has largely abated at this time, uncertainties continue, particularly in China where we have substantial manufacturing facilities and business, and in the travel retail channel, where we have experienced and may continue to experience disruptions particularly in our Filorga business. We have also experienced and may continue to experience certain disruptions to our global supply chain due to COVID- 19, which have impacted and may continue to impact sales of and consumer access to our products. We have also witnessed and may continue to witness changes in the purchasing patterns of our customers, including a shift in many markets to purchasing our products online. COVID- 19 may continue to impact consumer behavior and preferences, shopping patterns and consumption preferences. Uncertainty resulting from COVID- 19 could result in an unforeseen additional disruption to our business, including our global supply chain and retailer network, and / or require us to incur additional operational costs. These and other risks related to COVID- 19 have adversely affected and may continue to~~ adversely affect our business, results of operations, cash flows and financial condition **in** ~~. Furthermore, these~~ -- **the future** ~~and other impacts of COVID- 19 could also have the effect of heightening many of the other risk factors included in this Item 1A, " Risk Factors, " which could adversely affect our business, results of operations, cash flows and financial condition~~ . For additional information regarding how COVID- 19 **continues** ~~has affected or is expected~~ to affect our business, refer to Part II, Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations – Executive Overview. " Damage to our reputation could have an...... require resources to rebuild our reputation. Our success depends upon our ability to recruit, attract and retain key employees, including through the implementation of diversity, equity and inclusion initiatives, and the succession of senior management. Our success largely depends on the performance of our management team and other key employees. If we are unable to recruit, attract and retain talented, highly qualified senior management and other key people, our business, results of operations, cash flows and financial condition could be adversely affected. Successfully executing organizational change, including management transitions at leadership levels of the Company and succession plans for senior management, is critical to our business success. While we follow a disciplined, ongoing succession planning process and have succession plans in place for senior management and other key executives, these do not guarantee that the services of qualified senior executives will continue to be available to us at particular moments in time. Further, changes in immigration laws and government policies ~~, including related to the COVID- 19 pandemic,~~ have made, in certain circumstances, and may continue to make ~~,~~ it more difficult for us to recruit or relocate highly skilled technical, professional and management personnel to meet our business needs. Our ability to attract and retain talent has been and may continue to be impacted by **a number of factors, including** challenges in the labor market ~~, particularly in the United States, which has experienced and may continue to experience wage inflation, labor shortages and a shift toward a hybrid working model~~ . In addition, we continue to work to advance culture change through the implementation of DE & I initiatives **and the launch of our evolved corporate values and new leadership framework** throughout our organization. We continue to embed new ways of working ~~throughout the organization~~ to, among other things, instill a growth mindset to drive innovation ~~with focus, empowerment, experimentation and digitization~~ . If we do not (or are perceived not to) successfully implement these initiatives, our ability to recruit, attract and retain talent may be adversely impacted. We have pursued and may continue to pursue acquisitions and divestitures, which could adversely impact our business. We have pursued and may continue to pursue acquisitions of brands, businesses, assets or technologies from third parties. Acquisitions and their pursuit have involved, and can involve, numerous potential risks, including, among other things: • realizing the full extent of the expected benefits or synergies as a result of a transaction, within the anticipated time frame, or at all; • successfully integrating the operations, technologies, services, products and systems of the acquired brands, assets or businesses in an effective, timely and cost-efficient manner; • receiving necessary consents, clearances and approvals in connection with a transaction; • diverting management' s attention from other business priorities; • successfully operating in new lines of business, channels of distribution or markets; • achieving distribution expansion related to products, categories and markets; • retaining key employees, partners, suppliers and customers of the acquired business; • conforming standards, controls, procedures and policies of the acquired business with our own; • developing or launching products with acquired technologies; and • other unanticipated problems or liabilities. Moreover, acquisitions have resulted in and could in the future result in substantial additional debt, the assumption of contingent liabilities, such as litigation or earn- out obligations, or transaction costs. In addition, to the extent that the economic benefits associated with an acquisition or investment diminish in the future or the performance of an acquired company or business is less robust than expected, we may be required to record additional impairments of intangible assets, including trademarks and goodwill. For example, in the fourth quarter of 2022, we took non- cash, aftertax impairment charges of $ 620 million, to adjust the carrying values of goodwill and intangible assets related to the Filorga skin health business. ~~For additional information regarding recent impairment charges, refer to Part II, Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Results of Operations- Goodwill and Intangible Asset Impairment Charges. "~~ Any of these risks could adversely impact our reputation and our business, results of operations, cash flows and financial condition. We have divested and may in the future periodically divest brands or businesses. These divestitures may adversely impact our business, results of operations, cash flows and financial condition if we are unable to offset the dilutive impacts from the loss of revenue associated with the divested brands or businesses, or otherwise achieve the anticipated benefits or cost savings from the divestitures. In addition, businesses under consideration for, or otherwise subject to, divestiture may be adversely impacted prior to the divestiture, which could negatively impact our business, results of operations, cash flows and financial condition. Operational Risks Our business results are impacted by our ability to manage disruptions in our global supply chain and / or key office facilities. We are engaged in the manufacture and sourcing of products and materials on a global scale. Our operations and those of our suppliers, contract manufacturers or logistics providers have been and may continue to be disrupted by a number of factors, including, but not limited to: • geopolitical events, wars and military conflicts, such as the war in Ukraine **and the Israel- Hamas war** ; • widespread health emergencies, such as ~~COVID- 19 or other~~ pandemics or epidemics; • strikes and other labor disputes; • disruptions in logistics; • loss or impairment of key manufacturing or distribution sites; • loss of key suppliers or contract manufacturers; • capacity constraints; • raw material and product **availability and / or** quality or safety issues; • industrial accidents or other occupational health and safety issues; • the impact on our suppliers of tighter credit or capital markets; • the lack of availability of qualified personnel, such as truck drivers and production labor; • governmental incentives **, regulations** and controls (including import and export restrictions, such as new or increased tariffs, sanctions, quotas or trade barriers); and • natural disasters, including climatic events (including any potential effects of climate change) and earthquakes, tornadoes, acts of war or terrorism, political unrest or uncertainty, fires or explosions, ~~cyber- security~~ **cybersecurity** incidents and other external factors over which we have no control. In addition, we purchase certain key raw and packaging materials from single- source suppliers or a limited number of suppliers and new suppliers may have to be qualified under industry, governmental and / or Colgate standards, which can require additional investment and take a significant period of time. If our existing or new suppliers fail to meet such standards or if we are unable to contract with suppliers on favorable terms, our business, results of operations, cash flows and financial condition could be adversely affected. We believe that the supplies of raw and packaging materials needed to manufacture our products are adequate. In addition, we have business continuity and contingency plans in place for key manufacturing sites and contract manufacturers and the supply of raw and packaging materials. Nonetheless, a significant disruption to the manufacturing or sourcing of products or materials for any reason, including those mentioned above, have at times interrupted and could ~~,~~ in the future ~~,~~ interrupt product supply and, if not remedied, could have an adverse impact on our business, results of operations, cash flows and financial condition. In addition, as a result of our global shared service organizational model, certain of our functions, such as finance and accounting, customer service and logistics, human resources, global information technology and data analytics are concentrated in key office facilities. A significant disruption to any of our key office facilities for any reason, including those mentioned above, could adversely affect our business, results of operations, cash flows and financial condition. Volatility in material and other costs ~~could~~ **has in the past and may continue to** adversely impact our profitability. Raw and packaging material commodities, such as **resins,** essential oils ~~, resins~~ , tropical oils, pulp, tallow, corn, poultry and soybeans, are subject to market price variations. Increases in the costs of and / or a reduction in the availability of commodities, energy ~~and~~ **,** logistics (including trucks and containers) ~~and~~ **or** other necessary services, including as a result of ~~COVID~~ **geopolitical conflicts, such as the war in Ukraine and the Israel** - ~~19~~ **Hamas war** and / or the ~~war in Ukraine,~~ **impact of climatic events** have affected and are likely to continue to adversely affect our profit margins. **While the prices of many commodities and services have started to stabilize or decline,** ~~Inflationary~~ **inflationary** pressures ~~have also increased and~~ may continue to increase the cost of such commodities and services. We have taken and may continue to take actions to mitigate these cost increases in the form of price increases and efforts to achieve cost efficiencies in areas such as manufacturing and distribution, or otherwise manage the exposure through sourcing strategies, ongoing productivity initiatives and the limited use of commodity hedging contracts. These actions may not, however, fully offset these higher costs and our business, results of operations, cash flows and financial condition have been and may continue to be adversely impacted. In addition, even if we are able to increase the prices of our products in response to commodity and other cost increases, we may not be able to sustain the price increases **. If such price increases are sustained, they may negatively impact our sales volume,** which **can** ~~may lead to declines~~ in ~~volume~~ **turn negatively impact our margins and profitability** . If competitors do not adjust their prices or if consumers decide not to pay higher prices and forego purchasing certain of our products or switch to " private label " or lower- priced product offerings, sales declines, a deterioration in our profitability and loss of market share may occur which could adversely affect our business, results of operations, cash flows and financial condition. See " Our business results depend on our ability to manage disruptions in our global supply chain and / or key office facilities " above for additional information. There is no guarantee that our ongoing efforts to reduce costs will be successful. One way that we generate funds needed to support the growth of our business is through our continuous, Company- wide initiatives to lower costs and increase effective asset utilization, which we refer to as our funding- the- growth initiatives. These initiatives are designed to reduce costs associated with direct materials, indirect expenses, distribution and logistics, and advertising and promotional materials, among other things. The achievement of our funding- the- growth goals depends on our ability to successfully identify and realize additional savings opportunities. Events and circumstances, such as financial or strategic difficulties, delays and unexpected costs may occur that could result in our not realizing any or all of the anticipated benefits or our not realizing the anticipated benefits on our expected timetable. If we are unable to realize the anticipated savings of our funding- the- growth initiatives, our ability to fund other initiatives and achieve our profitability goals may be adversely affected. Any failure to implement our funding- the- growth initiatives in accordance with our expectations could adversely affect our business, results of operations, cash flows and financial condition. For additional information regarding our funding- the- growth initiatives, refer to Part II, Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations – Executive Overview. " We may not fully realize the benefits...... Restructuring and Related Implementation Charges. " A ~~cyber- security~~ **cybersecurity** incident, data breach or a failure of ~~a~~ key ~~information~~

technology ~~system~~ **systems** could adversely impact our business. We rely extensively on information **and operational** technology systems (" IT **/ OT** Systems "), ~~including~~ some **of** which are managed, hosted, provided and / or used by third parties, including cloud- based service providers, and their vendors, in order to conduct our business. Our uses of these systems include, but are not limited to: • communicating within our company and with other parties, including our customers and consumers; • ordering and managing materials from suppliers; • converting materials to finished products; • receiving and processing orders from, shipping products to and invoicing our customers and consumers; • marketing products to consumers; • collecting, storing, transferring and / or processing customer, consumer, employee, vendor, investor and other stakeholder information and personal data, including, but not limited to, such data from residents of states, countries and regions with important data protection laws and regulations; • processing transactions, including but not limited to employee payroll, employee and retiree benefits and payments to customers and vendors; • hosting, processing and sharing confidential and proprietary research, intellectual property, business plans and financial information; • summarizing and reporting results of operations, including financial reporting; • managing our banking and other cash liquidity systems and platforms; • complying with legal, regulatory and tax requirements; • providing data security; and • handling other processes involved in managing our business. Although we have a broad array of information **and operational** security measures in place, our IT **/ OT** Systems, including those of third- party service providers with whom we have contracted, have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other **cyberattacks** ~~cyber- attacks~~ . **Cyberattacks** ~~Cyber- attacks~~ and other cyber incidents are occurring more frequently, are constantly evolving in nature, are becoming more sophisticated and are being made by groups, individuals and nation states with a wide range of expertise and motives. Such **cyberattacks** ~~cyber- attacks~~ and cyber incidents can take many forms, including cyber extortion, social engineering, password theft or introduction of viruses or malware, such as ransomware **. In addition, the techniques used in cyberattacks and cyber incidents continue to evolve and develop, including** through ~~phishing emails~~ **the use of emerging technologies, such as artificial intelligence** . We cannot guarantee that our security efforts will prevent breaches or breakdowns of our ~~,~~ or our third- party service providers' ~~,~~ IT **/ OT** Systems ~~since~~ **because** the techniques used in these attacks change frequently and may be difficult to detect for periods of time. In addition, although we have policies and procedures in place to ensure that all personal information collected by us or our third- party service providers is securely maintained, data leakages due to human error or intentional or unintentional conduct have occurred and likely will continue to occur. Furthermore, we periodically upgrade our IT **/ OT** Systems or adopt new technologies. If such an upgrade or new technology does not function as designed ~~,~~ **or** does not go as planned or ~~increases~~ **if an attacker identifies a vulnerability in our IT / OT Systems, then** our exposure to a **cyberattack** ~~cyber- attack~~ or cyber incident ~~, it~~ **may increase significantly. A cyberattack or cyber incident** may adversely impact our business, including our ability to ship products to customers, issue invoices and process payments or order raw and packaging materials. Although we have seen no material impact on our business operations from the ~~cyber- security~~ **cybersecurity** incidents we have experienced to date, if we suffer a significant loss or disclosure of confidential business or stakeholder information as a result of a breach of our IT **/ OT** Systems, including those of third- party service providers with whom we have contracted, or otherwise, we may suffer reputational, competitive and / or business harm, incur significant costs and be subject to government investigations, litigation, fines and / or damages, which may adversely impact our business, results of operations, cash flows and financial condition. In addition, **the rapid evolution and increased adoption of emerging technologies, such as artificial intelligence, may intensify our cybersecurity risks. Further,** while we currently maintain insurance coverage that, subject to its terms and conditions, is intended to address costs associated with certain aspects of ~~cyber- security~~ **cybersecurity** incidents and IT **/ OT** System failures, this insurance coverage may not, depending on the specific facts and circumstances surrounding an incident, cover all losses or all types of claims that arise from an incident, or the damage to our business, reputation or brands that may result from an incident. ~~Furthermore~~ **As the frequency and magnitude of cybersecurity incidents increase globally** , **we may be unable to obtain the insurance coverage that we think is appropriate or necessary to offset the risk.** ~~while~~ **While** we have disaster recovery and business continuity plans in place, if our IT **/ OT** Systems are damaged, breached or cease to function properly for any reason, including the poor performance of, failure of or **cyberattack** ~~cyber- attack~~ on third- party service providers, catastrophic events, power outages, ~~cyber- security~~ **cybersecurity** breaches, network outages, failed upgrades or other similar events and, if the disaster recovery and business continuity plans do not effectively resolve such issues on a timely basis, we may suffer interruptions in our ability to manage or conduct business as well as reputational harm, and may be subject to governmental investigations and litigation, any of which may adversely impact our business, results of operations, cash flows and financial condition. Climate change and other sustainability matters could have an adverse impact on our business and results of operations. Climate change resulting ~~from~~ **in the** increased ~~concentrations of carbon dioxide and other greenhouse gases (" GHG ") in the atmosphere and its impact on global temperatures, weather patterns and the~~ frequency and severity of natural disasters and other extreme weather conditions may adversely impact our business, results of operations, cash flows and financial condition. Specifically, the predicted **physical** effects of climate change may exacerbate challenges regarding the availability and quality of water and the cost, quality and availability of raw and packaging materials, pose physical risks to our facilities and those of our key suppliers, disrupt our global supply chain or impact demand for our products. In addition, the increased concern over climate change has resulted and is likely to continue to result in **transition risks, including** additional legal and regulatory requirements intended to, among other things, reduce or mitigate the effects of climate change and have related and may relate to, among other things, ~~GHG~~ **greenhouse gas** emissions (e. g., carbon pricing), alternative energy policy and additional disclosure obligations. Such additional regulation may adversely affect our business, results of operations, cash flows and financial condition by increasing our compliance and manufacturing costs and / or negatively impacting our reputation if we are unable to, or are perceived (whether or not valid) not to, satisfy such requirements or expectations. Achieving our sustainability and social impact targets will require significant efforts from us and ~~other~~ **our** stakeholders, such as our suppliers and other third parties. It will also require capital investment, additional expense (e. g., renewable energy costs) and the development of technology that may not currently exist. Any failure to achieve our sustainability and social impact targets or the perception (whether or not valid) that we have failed to act responsibly with respect to such matters or to effectively respond to new or additional legal or regulatory requirements regarding climate change or other sustainability matters, could result in adverse publicity and **increased litigation risk and** adversely affect our business and reputation. There is also increased focus, including by governmental and non-governmental organizations, investors, customers, consumers, regulators, our employees and other stakeholders on these and other sustainability and social impact matters, including responsible sourcing ~~and~~ **,** deforestation **, animal welfare, labor, employment and human rights** , the use of plastic, energy and water, the recyclability or recoverability of packaging, including single- use and other plastic packaging, and a growing demand for natural or organic products and ~~ingredients and~~ ingredient transparency **, such as sources of palm oil and palm kernel oil** . Our reputation could be damaged if we do not (or are perceived not to) act responsibly with respect to sustainability matters, which could adversely affect our business, results of operations, cash flows and financial condition. We may not fully realize the benefits that we expect from our 2022 Global Productivity Initiative.On January 27,2022,the Board approved a targeted productivity program (the " 2022 Global Productivity Initiative ").The program is intended to reallocate resources toward our strategic priorities and faster growth businesses,drive efficiencies in our operations and streamline our supply chain to reduce structural costs.The successful implementation of the program may present organizational challenges and,in some cases,may require successful negotiations with third parties.As a result,we may not be able to fully realize all of the anticipated benefits from the 2022 Global Productivity Initiative.Events and circumstances,such as financial or strategic difficulties,delays and unexpected costs may occur that could result in our not realizing all of the anticipated benefits or our not realizing such benefits on our expected timetable.In addition,changes in foreign exchange rates or in tax,labor or immigration laws may result in our not achieving the anticipated cost savings as measured in U.S.dollars.If we are unable to fully realize the anticipated savings from the 2022 Global Productivity Initiative,our ability to fund other initiatives and enhance profitability may be adversely affected.Any failure to implement the 2022 Global Productivity Initiative in accordance with our expectations could adversely affect our business,results of operations,cash flows and financial condition.For additional information regarding the 2022 Global Productivity Initiative,refer to Part II,Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations – Restructuring and Related Implementation Charges." Legal and Regulatory Risks Our business is subject to legal and regulatory risks in the U. S. and abroad. Our business is subject to extensive legal and regulatory requirements in the U. S. and abroad. Such legal and regulatory requirements apply to most aspects of our products, including their development, ingredients, formulation, manufacture, packaging ~~content~~ , labeling, storage, transportation, distribution, export, import, advertising, sale and environmental impact. U. S. federal authorities, including the U. S. Food and Drug Administration (the " FDA "), the Federal Trade Commission, the Consumer Product Safety Commission, the Occupational Safety and Health Administration and the Environmental Protection Agency, regulate different aspects of our business, along with parallel authorities at the state and local levels and comparable authorities overseas. In addition, our selling practices are regulated by competition law authorities in the U. S. and abroad. New or more stringent legal or regulatory requirements, or more restrictive interpretations of existing requirements, could adversely impact our business, results of operations, cash flows and financial condition. For example, from time to time, various regulatory authorities around the world review the use of various ingredients and packaging content in consumer products. While we monitor and seek to mitigate the impact of any emerging information, a decision by a regulatory or governmental authority that any ingredient or packaging content in our products should be restricted or should otherwise be newly regulated could adversely impact our business and reputation, as could negative reactions by our consumers, trade customers or non- governmental organizations to our current or prior use of such ingredients or packaging. Additionally, an inability to develop new or reformulated products containing alternative ingredients, to obtain regulatory approval of such products or ingredients on a timely basis or to effectively market and sell such products could likewise adversely affect our business. Because of our extensive international operations, we could be adversely affected by violations of worldwide anti- bribery laws, including those that prohibit companies and their intermediaries from making improper payments to government officials or other third parties for the purpose of obtaining or retaining business, such as the U. S. Foreign Corrupt Practices Act, and laws that prohibit commercial bribery. We are also subject to laws and sanctions imposed by the U. S. (including, without limitation, those imposed by OFAC) and / or by other jurisdictions that may prohibit us or certain of our affiliates from doing business in certain countries, or restrict the kind of business that may be conducted. While our policies mandate compliance with these laws, we cannot provide assurance that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees, joint venture partners or agents. Violations of these laws, or allegations of such violations, could disrupt our business and adversely affect our reputation and our business, results of operations, cash flows and financial condition. While it is our policy and practice to comply with all legal and regulatory requirements applicable to our business, findings that we are in violation of, or out of compliance with, applicable laws or regulations have subjected us to, and could subject us to, civil remedies, including fines, damages, injunctions or product recalls, or criminal sanctions, any of which could adversely affect our business, results of operations, cash flows and financial condition. Even if a claim is unsuccessful, is without merit or is not fully pursued, the cost of responding to such a claim, including management time and out- of- pocket expenses, and the negative publicity surrounding such assertions regarding our products, processes or business practices could adversely affect our reputation, brand image and our business, results of operations, cash flows and financial condition. For information regarding our legal and regulatory matters, see Item 3 " Legal Proceedings " and Note 13, Commitments and Contingencies to the Consolidated Financial Statements. Legal claims and proceedings could adversely impact our business. As a global company serving consumers in more than 200 countries and territories, we are and may continue to be subject to a wide variety of legal claims and proceedings, including disputes relating to intellectual property, contracts, product liability, marketing, advertising, foreign exchange controls, antitrust and trade regulation, as well as labor and employment, pension, data privacy and security, environmental and tax matters and consumer class actions. Regardless of their merit, these claims can require significant time and expense to investigate and defend. Since litigation is inherently uncertain, there is no guarantee that we will be successful in defending ourselves against such claims or proceedings, or that our assessment of the materiality of these matters, including any reserves taken in connection therewith, will be consistent with the ultimate outcome of such matters. In addition, if one of our products, or an ingredient contained in our products, is perceived or found to be defective, or unsafe or have a quality issue, we have had to and may in the future need to withdraw, recall or reformulate some of our products. Whether or not a legal claim or proceeding is successful, or a withdrawal, recall or reformulation is required or advisable, such assertions could have an adverse effect on our business, results of operations, cash flows and financial condition, and the negative publicity surrounding them could harm our reputation and brand image. The resolution of, or increase in the reserves taken in connection with, one or more of these matters in any reporting period could have a material adverse effect on our business, results of operations, cash flows and financial condition for that period. See Item 3 " Legal Proceedings " and Note 13, Commitments and Contingencies to the Consolidated Financial Statements for additional information on certain of our legal claims and proceedings. Financial and Economic Risks Uncertain or unfavorable global economic conditions may adversely affect our business. Uncertain or unfavorable global economic conditions could adversely affect our business. Unfavorable global economic conditions, such as a recession, an economic slowdown, inflation, higher interest rates and / or reduced category growth rates, including as a result of the ~~COVID~~ **war in Ukraine and / or the Israel** - **Hamas** ~~19 pandemic and / or the~~ war ~~in Ukraine~~ , have negatively impacted and **/ or** could negatively impact our business and result in declining revenues, profitability and / or cash flows. Although we continue to devote significant resources to support our brands and market our products at multiple price points, during periods of economic uncertainty or unfavorable economic conditions, consumers may **have less consumer confidence,** reduce consumption or discretionary spending and / or change their purchasing patterns by foregoing purchasing certain of our products or by switching to " private label, " or lower- priced product offerings. These changes could reduce demand for our products or result in a shift in our product mix, as consumers may choose products that sell at lower prices. Additionally, our retailers may be impacted and they may increase pressure on our selling prices or increase promotional activity for lower- priced or value offerings as they seek to maintain sales volumes and margins. Furthermore, economic conditions can cause our **customers,** suppliers, distributors, contract manufacturers, logistics providers or other third-party partners to suffer financial or operational difficulties, which may impact their ~~inability~~ -- **ability** to **buy our products or** provide us with or distribute finished product, raw and packaging materials and / or services in a timely manner or at all. In addition, we could face difficulty collecting or recovering accounts receivables from third parties facing financial or operational difficulties **, including bankruptcies** . Disruptions in the credit markets or changes to our credit ratings may adversely affect our business. While we currently generate significant cash flows from ongoing operations and have access to global credit markets through our various financing activities, a disruption or volatility in the credit markets, interest rate increases or changes to our credit rating ~~or changes that may result from the continued implementation of new benchmark rates that are replacing the London Interbank Offered Rate (" LIBOR ")~~ could negatively impact the availability or **further increase the** cost of funding. Reduced access to credit or increased costs could adversely affect our liquidity and capital resources or significantly increase our cost of capital. In addition, if any financial institutions that hold our cash or other investments or that are parties to our undrawn revolving credit facility supporting our commercial paper programs or other financing arrangements, such as interest rate, foreign exchange or commodity hedging instruments, were to declare bankruptcy or become insolvent, they may be unable to perform under their agreements with us. This could leave us with reduced borrowing capacity or unhedged against certain interest rate, foreign currency or commodity price exposures. In addition, tighter or more volatile credit markets may lead to business disruptions for certain of our suppliers, contract manufacturers or trade customers which could, in turn, adversely impact our business, results of operations, cash flows and financial condition. Tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes could negatively impact our business. We are subject to taxes in the U. S. and in the foreign jurisdictions where we do business. Due to economic and political conditions, tax rates in the U. S. and various foreign jurisdictions have been and may be subject to significant change. Changes in the mix of our earnings between countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities related to changes in tax rates, changes in tax laws, including how existing tax laws are interpreted or enforced, or contemplated changes in long- standing tax principles, if finalized and adopted, could adversely impact our future effective tax rate and business, results of operations, cash flows and financial condition. For example, long- standing international tax norms that determine each country' s jurisdiction to tax cross- border international trade are evolving as a result of a multilateral project, the Base Erosion and Profit Shifting Project (the " BEPS Project "), that has established new principles and reporting requirements recommended by the member countries of the Organization for Economic Cooperation and Development (the " OECD "). In connection with the BEPS Project, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in countries outside of the U. S. Many jurisdictions have already enacted legislation and adopted policies resulting from the BEPS Project. The OECD ~~,~~ is also addressing the challenges of the digitization of the global economy with plans to redefine jurisdictional taxation rights in market countries and establish a global minimum tax. In addition, we are evaluating the impact of recent legislation ~~in the U. S., such as the Inflation Reduction Act of 2022 that, among other things, provides for a corporate alternative minimum tax, and in the European Union~~ , such as the Minimum Tax Directive **in the European Union** that provides for a minimum level of taxation for certain large corporations in every jurisdiction in which they operate. **In addition, many other jurisdictions outside of the European Union have also committed to implement this Directive while others have implemented a similar minimum tax regime consistent with the policy of the Directive. Important details of these minimum tax regimes are still being considered.** As these and other tax laws and related regulations change, our business, results of operations, cash flows and financial condition could be materially impacted. For more information regarding recent legislation, refer to Part II, Item 7 ~~"~~ **"** Management' s Discussion and Analysis of Financial Condition and Results of Operations- Results of Operations- Income Taxes. ~~"~~ **”** Furthermore, we are ~~subject to~~ **seeing an increase in** regular reviews, examinations and audits by the Internal Revenue Service and **increasingly aggressive enforcement actions by** other taxing authorities with respect to taxes ~~inside and~~ outside of the U. S. Although we believe our tax positions are ~~reasonable~~ **sustainable** , when a taxing authority disagrees with the positions we have taken, we have faced and in the future may face additional tax liabilities, including interest and penalties, in excess of reserves. The payment of such additional amounts upon final adjudication of any disputes could adversely impact our business, results of operations, cash flows and financial condition.