

Risk Factors Comparison 2023-08-04 to 2022-08-05 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

The following discussion of “ risk factors ” identifies significant factors that may adversely affect our business, operations, financial position or future financial performance. This information should be read in conjunction with Management's Discussion and Analysis and the Consolidated Financial Statements and related Notes incorporated in this report. The following discussion of risks is not all inclusive but is designed to highlight what we believe are important factors to consider when evaluating our expectations. These and other factors could cause our future results to differ from those in the forward- looking statements and from historical trends, perhaps materially.

MACROECONOMIC CONDITIONS AND RELATED FINANCIAL RISKS Our business is subject to numerous risks as a result of having significant operations and sales in international markets, including foreign currency fluctuations, currency exchange or pricing controls and localized volatility. We are a global company, with operations in approximately 70 countries and products sold in approximately 180 countries and territories around the world. We hold assets, incur liabilities, generate sales and pay expenses in a variety of currencies other than the U. S. dollar, and our operations outside the U. S. generate more than ~~fifty percent~~ **50 %** of our annual net sales. Fluctuations in exchange rates for foreign currencies have and could continue to reduce the U. S. dollar value of sales, earnings and cash flows we receive from non- U. S. markets, increase our supply costs (as measured in U. S. dollars) in those markets, negatively impact our competitiveness in those markets or otherwise adversely impact our business results or financial condition. Further, we have a significant amount of foreign currency debt and derivatives as part of our capital markets activities. The maturity cash outflows of these instruments could be adversely impacted by significant appreciation of foreign currency exchange rates (particularly the Euro), which could adversely impact our overall cash flows. Moreover, discriminatory or conflicting fiscal or trade policies in different countries, including changes to tariffs and existing trade policies and agreements, could adversely affect our results. See also the Results of Operations and Cash Flow, Financial Condition and Liquidity sections of the MD & A and the Consolidated Financial Statements and related Notes. We also have businesses and maintain local currency cash balances in a number of countries with currency exchange, import authorization, pricing or other controls or restrictions, such as **Egypt** ~~Nigeria, Turkey~~, Argentina and ~~Egypt~~ **Pakistan**. Our results of operations, financial condition and cash flows could be adversely impacted if we are unable to successfully manage such controls and restrictions, continue existing business operations and repatriate earnings from overseas, or if new or increased tariffs, quotas, exchange or price controls, trade barriers or similar restrictions are imposed on our business. Additionally, our business, operations or employees have been and could continue to be adversely affected (including by the need to de- consolidate or even exit certain businesses in particular countries) by **geopolitical conflicts**, political volatility, **trade controls**, labor market disruptions or other crises or vulnerabilities in individual countries or regions ~~;~~ **This could including include** political instability ~~or~~, upheaval or acts of war (such as the Russia- Ukraine War) and the related government and other entity responses, broad economic instability or sovereign risk related to a default by or deterioration in the creditworthiness of local governments, particularly in emerging markets. Uncertain economic or social conditions may adversely impact demand for our products or cause our customers and other business partners to suffer financial hardship, which could adversely impact our business. Our business could be negatively impacted by reduced demand for our products related to one or more significant local, regional or global economic or social disruptions. These disruptions have included and may in the future include: a slow- down, **4 The Procter & Gamble Company** recession or inflationary pressures in the general economy; reduced market growth rates; tighter credit markets for our suppliers, vendors or customers; a significant shift in government policies; significant social unrest; the deterioration of economic relations between countries or regions ~~;~~ ~~including~~ potential negative consumer sentiment toward non- local products or sources; or the inability to conduct day- to- day transactions through our financial intermediaries to pay funds to or collect funds from our customers, vendors and suppliers. Additionally, these and other economic conditions may cause our suppliers, distributors, contractors or other third- party partners to suffer financial or operational difficulties that they cannot overcome, resulting in their inability to provide us with the materials and services we need, in which case our business and results of operations could be adversely affected. ~~4 The Procter & Gamble Company~~ Customers may also suffer financial hardships due to economic conditions such that their accounts become uncollectible or are subject to longer collection cycles. In addition, if we are unable to generate sufficient sales, income and cash flow, it could affect the Company's ability to achieve expected share repurchase and dividend payments. Disruptions in credit markets or to our banking partners or changes to our credit ratings may reduce our access to credit or overall liquidity. A disruption in the credit markets or a downgrade of our current credit rating could increase our future borrowing costs and impair our ability to access capital and credit markets on terms commercially acceptable to us, which could adversely affect our liquidity and capital resources or significantly increase our cost of capital. In addition, we rely on top- tier banking partners in key markets around the world, who themselves face economic, societal, political and other risks, for access to credit and to facilitate collection, payment and supply chain finance programs. A disruption to one or more of these top- tier partners could impact our ability to draw on existing credit facilities or otherwise adversely affect our cash flows or the cash flows of our customers and vendors. Changing political **and geopolitical** conditions could adversely impact our business and financial results. Changes in the political conditions in markets in which we manufacture, sell or distribute our products **, as well as changing geopolitical conditions**, may be difficult to predict and may adversely affect our business and financial results. Results of elections, referendums, sanctions or other political processes **and pressures** in certain markets in which our products are manufactured, sold or distributed could create uncertainty regarding how existing governmental policies, laws and regulations may change, including with respect to sanctions, taxes, tariffs, import and export controls and the general movement

of goods, **materials**, services, capital, **data** and people between countries ~~and other matters~~. The potential implications of such uncertainty, which include, among others, exchange rate fluctuations, new or increased tariffs, trade barriers and market contraction, could adversely affect the Company's **results of operations and cash flows. The Company operates a global business with sales, manufacturing, distribution and research and development organizations globally that contribute to our overall growth. If geopolitical tensions and trade controls were to increase or disrupt our business in markets where we have significant sales or operations, including disruptions due to governmental responses to such conflicts (such as the imposition of sanctions, retaliatory tariffs, increased business licensing requirements or limitations on profits), such disruptions could adversely impact our business, financial condition,** results of operations and cash flows. The war between Russia and Ukraine has adversely impacted and could continue to adversely impact our business and financial results. The war between Russia and Ukraine has negatively impacted, and the situation it generates may continue to negatively impact, our operations. Beginning in March 2022, the Company reduced its product portfolio, discontinued new capital investments and suspended media, advertising and promotional activity in Russia. Future impacts to the Company are difficult to predict due to the high level of uncertainty as to how the overall situation will evolve. Within Ukraine, there is a possibility of physical damage and destruction of our two manufacturing facilities, our distribution centers or those of our customers. We may not be able to operate our manufacturing sites and source raw materials from our suppliers or ship finished products to our customers. Within Russia, we may reduce further or discontinue our operations due to sanctions and export controls and counter- sanctions, monetary, currency or payment controls, restrictions on access to financial institutions, supply and transportation challenges or other circumstances and considerations. Ultimately, these could result in loss of assets or impairments of our manufacturing plants and fixed assets or write- downs of other operating assets and working capital. The war between Russia and Ukraine could also amplify or affect the other risk factors set forth in this Part I, Item 1A, including, but not limited to, foreign exchange volatility, disruptions to the financial and credit markets, energy supply and supply chain disruptions, increased risks of an information security or operational technology incident, cost fluctuations and commodity cost increases and increased costs to ensure compliance with global and local laws and regulations. The occurrence of any of these risks, combined with the increased impact from the war between Russia and Ukraine, could adversely impact our business and financial results. More broadly, there could be additional negative impacts to our net sales, earnings and cash flows should the situation worsen, including, among other potential impacts, economic recessions in certain neighboring countries or globally due to inflationary pressures, energy and supply chain cost increases or the geographic proximity of the war relative to the rest of Europe.

BUSINESS OPERATIONS RISKS Our ~~business~~ **RISKS** Our business results depend on our ability to manage disruptions in our global supply chain. Our ability to meet our customers' needs and achieve cost targets depends on our ability to maintain key manufacturing and supply arrangements, including execution of supply chain optimizations and certain sole supplier or sole manufacturing plant **The Procter & Gamble Company 5** arrangements. The loss or disruption of such manufacturing and supply arrangements, including for issues such as labor disputes or controversies, loss or impairment of key manufacturing sites, discontinuity or disruptions in our internal information and data systems or those of our suppliers, **cybersecurity incidents**, inability to procure sufficient raw or input materials (including water, recycled materials and materials that meet our labor standards), significant changes in trade policy, natural disasters, increasing severity or frequency of extreme weather events due to climate change or otherwise, acts of war or terrorism, disease outbreaks or other external factors over which we have no control, have at times interrupted and could, in the future, interrupt product supply and, if not effectively managed and remedied, could have an adverse impact on our business, financial condition, results of operations or cash flows. Our businesses face cost fluctuations and pressures that could affect our business results. Our costs are subject to fluctuations, particularly due to changes in the prices of commodities (including certain petroleum- derived materials like resins and paper- based ~~The Procter & Gamble Company 5~~ materials like pulp) and raw and packaging materials and the costs of labor, transportation (including trucks and containers), energy, pension and healthcare. Inflation pressures could also result in increases in these input costs. Therefore, our business results depend, in part, on our continued ability to manage these fluctuations through pricing actions, cost saving projects and sourcing decisions, while maintaining and improving margins and market share. Failure to manage **these fluctuations and to anticipate consumer reaction to our management of** these fluctuations could adversely impact our results of operations or cash flows. The ability to achieve our business objectives depends on how well we can compete with our local and global competitors in new and existing markets and channels. The consumer products industry is highly competitive. Across all of our categories, we compete against a wide variety of global and local competitors. As a result, we experience ongoing competitive pressures in the environments in which we operate, which may result in challenges in maintaining sales and profit margins. To address these challenges, we must be able to successfully respond to competitive factors and emerging retail trends, including pricing, promotional incentives, product delivery windows and trade terms. In addition, evolving sales channels and business models may affect customer and consumer preferences as well as market dynamics, which, for example, may be seen in the growing consumer preference for shopping online, ease of competitive entry into certain categories and growth in hard discounter channels. Failure to successfully respond to competitive factors and emerging retail trends and effectively compete in growing sales channels and business models, particularly e- commerce and mobile or social commerce applications, could negatively impact our results of operations or cash flows. A significant change in customer relationships or in customer demand for our products could have a significant impact on our business. We sell most of our products via retail customers, which include mass merchandisers, e- commerce (including social commerce) channels, grocery stores, membership club stores, drug stores, department stores, distributors, wholesalers, specialty beauty stores (including airport duty- free stores), high- frequency stores, pharmacies, electronics stores and professional channels. Our success depends on our ability to successfully manage relationships with our retail trade customers, which includes our ability to offer trade terms that are mutually acceptable and are aligned with our pricing and profitability targets. Continued concentration among our retail customers could create significant cost and margin pressure on our business, and our business performance could suffer if we

cannot reach agreement with a key customer on trade terms and principles. Our business could also be negatively impacted if a key customer were to significantly reduce the inventory level of or shelf space allocated to our products as a result of increased offerings of other branded manufacturers, private label brands and generic non-branded products or for other reasons, significantly tighten product delivery windows or experience a significant business disruption. If the reputation of the Company or one or more of our brands erodes significantly, it could have a material impact on our financial results. The Company's reputation, and the reputation of our brands, form the foundation of our relationships with key stakeholders and other constituencies, including consumers, customers and suppliers. The quality and safety of our products are critical to our business. Many of our brands have worldwide recognition and our financial success directly depends on the success of our brands. The success of our brands can suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Our results of operations or cash flows could also be negatively impacted if the Company or one of our brands suffers substantial harm to its reputation due to a significant product recall, product-related litigation, defects or impurities in our products, product misuse, changing consumer perceptions of certain ingredients, negative perceptions of packaging (such as plastic and other petroleum-based materials), lack of recyclability or other environmental impacts, concerns about actual or alleged labor or equality and inclusion practices, privacy lapses or data breaches, allegations of product tampering or the distribution and sale of counterfeit products. Additionally, negative or inaccurate postings or comments on social media or networking websites about the Company or one of its brands could generate adverse publicity that could damage the reputation of our brands or the Company. If we are unable to effectively manage real or perceived issues, including concerns about safety, quality, ingredients, efficacy, environmental or social impacts or similar matters, sentiments toward the Company or our products could be negatively impacted, and our results of operations or cash flows could suffer. Our Company also devotes time and resources to citizenship efforts that are consistent with our corporate values and are designed to strengthen our business and protect and preserve our reputation, including programs driving ethics and corporate responsibility, strong communities, equality and inclusion and environmental sustainability. While the Company has many programs and **6 The Procter & Gamble Company** initiatives to further these goals, our ability to achieve these goals is impacted in part by the actions and efforts of third parties including local and other governmental authorities, suppliers, vendors and customers. **Consumer or broader stakeholder perceptions of these programs and initiatives widely vary and could adversely affect our business.** If these programs are not executed as planned or suffer negative publicity, the Company's reputation and results of operations or cash flows could be adversely impacted. We rely on third parties in many aspects of our business, which creates additional risk. Due to the scale and scope of our business, we must rely on relationships with third parties, including our suppliers, contract manufacturers, distributors, contractors, commercial banks, joint venture partners and external business partners, for certain functions. If we are unable to effectively manage our third-party relationships and the agreements under which our third-party partners operate, our results of operations and cash flows could be adversely impacted. Further, failure of these third parties to meet their obligations to the Company or substantial disruptions in the relationships between the **6 The Procter & Gamble Company** Company and these third parties could adversely impact our operations and financial results. Additionally, while we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, governance and compliance, thereby potentially increasing our financial, legal, reputational and operational risk. A significant information security or operational technology incident, including a cybersecurity breach, or the failure of one or more key information or operations technology systems, networks, hardware, processes and / or associated sites owned or operated by the Company or one of its service providers could have a material adverse impact on our business or reputation. We rely extensively on information and operational technology (IT / OT) systems, networks and services, including internet and intranet sites, data hosting and processing facilities and technologies, physical security systems and other hardware, software and technical applications and platforms, many of which are managed, hosted, provided and / or used by third parties or their vendors, to assist in conducting our business. The various uses of these IT / OT systems, networks and services include, but are not limited to: • ordering and managing materials from suppliers; • converting materials to finished products; • shipping products to customers; • marketing and selling products to consumers; • collecting, transferring, storing and / or processing customer, consumer, employee, vendor, investor and other stakeholder information and personal data, including such data from persons covered by an expanding landscape of privacy and data regulations, such as citizens of the European Union who are covered by the General Data Protection Regulation (GDPR), residents of California covered by the California Consumer Privacy Act (CCPA), citizens of China covered by the Personal Information Protection Law (PIPL) and citizens of Brazil covered by the General Personal Data Protection Law (LGPD); • summarizing and reporting results of operations, including financial reporting; • managing our banking and other cash liquidity systems and platforms; • hosting, processing and sharing, as appropriate, confidential and proprietary research, business plans and financial information; • collaborating via an online and efficient means of global business communications; • complying with regulatory, legal and tax requirements; • providing data security; and • handling other processes necessary to manage our business. Numerous and evolving information security threats, including advanced persistent cybersecurity threats, pose a risk to the security of our services, systems, networks and supply chain, as well as to the confidentiality, availability and integrity of our data and of our critical business operations. In addition, because the techniques, tools and tactics used in cyber-attacks frequently change and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures or fully mitigating harms after such an attack. Our IT / OT databases and systems and our third-party providers' databases and systems have been, and will likely continue to be, subject to advanced computer viruses or other malicious codes, ransomware, unauthorized access attempts, denial of service attacks, phishing, social engineering, hacking and other cyber-attacks. Such attacks may originate from outside parties, hackers, criminal organizations or other threat actors, including nation states. In addition, insider actors- malicious or otherwise- could cause technical disruptions and / or confidential data leakage. We cannot guarantee that our security efforts or the security efforts of our third-party providers will prevent material breaches, operational incidents or other breakdowns to our

or our third- party providers' IT / OT databases or systems. A breach of our data security systems or failure of our IT / OT databases and systems may have a material adverse impact on our business operations and financial results. If the IT / OT systems, networks or service providers we rely upon fail to function properly or cause operational outages or aberrations, or if we or one of our third- party providers suffer significant unavailability of key operations, or inadvertent disclosure of, lack of integrity of, or loss of our sensitive business or stakeholder **information, The Procter & Gamble Company 7 including personal** information, due to any number of causes, including catastrophic events, natural disasters, power outages, computer and telecommunications failures, improper data handling, viruses, phishing attempts, cyber- attacks, malware and ransomware attacks, security breaches, security incidents or employee error or malfeasance, and our business continuity plans do not effectively address these failures on a timely basis, we may suffer interruptions in our ability to manage operations and be exposed to reputational, competitive, operational, financial and business harm as well as litigation and regulatory action. If our critical IT systems or back- up systems or those of our third- party vendors are damaged or cease to function properly, we may have to make a significant investment to repair or replace them. In addition, if a ransomware attack or other cybersecurity incident occurs, either internally or at our third- party technology service providers, we could be prevented from accessing our data or systems, which may cause interruptions or delays in our business operations, cause us to incur remediation costs, subject us to demands to pay a ransom or damage our reputation. In addition, such events could result in unauthorized disclosure of confidential information **or stakeholder information, including personal information**, and we may suffer financial and reputational damage because of lost or misappropriated ~~confidential~~ information belonging to us or to our partners, our employees, customers and suppliers. Additionally, we could ~~The Procter & Gamble Company 7~~ be exposed to potential liability, litigation, governmental inquiries, investigations or regulatory enforcement actions; and we could be subject to payment of fines or other penalties, legal claims by our suppliers, customers or employees and significant remediation costs. Periodically, we also upgrade our IT / OT systems or adopt new technologies. If such a new system or technology does not function properly or otherwise exposes us to increased cybersecurity breaches and failures, it could affect our ability to order materials, make and ship orders and process payments in addition to other operational and information integrity and loss issues. The costs and operational consequences of responding to the above items and implementing remediation measures could be significant and could adversely impact our results of operations and cash flows. We must successfully manage the demand, supply and operational challenges associated with the effects of ~~a~~ **any future** disease outbreak, including epidemics, pandemics or similar widespread public health concerns. Our business may be negatively impacted by the fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic or similar widespread public health concern ~~, such as travel restrictions or recommendations or mandates from governmental authorities as a result of the COVID-19 virus, the threat of the virus or the emergence of any variants~~. These impacts **may** include, but are not limited to: • Significant reductions in demand or significant volatility in demand for one or more of our products, which may be caused by, among other things: the temporary inability of consumers to purchase our products due to illness, quarantine or other travel restrictions or financial hardship, shifts in demand away from one or more of our more discretionary or higher priced products to lower priced products, or stockpiling or similar pantry- loading activity. If prolonged, such impacts can further increase the difficulty of business or operations planning and may adversely impact our results of operations and cash flows; • ~~Inability to meet our customers' needs and achieve cost targets due to disruptions in our manufacturing and supply arrangements caused by constrained workforce capacity or the loss or disruption of other essential manufacturing and supply elements such as raw materials or other finished product components, transportation, or other manufacturing and distribution capability;~~ • Failure of third parties on which we rely, including our suppliers, contract manufacturers, distributors, contractors, commercial banks, joint venture partners and external business partners, to meet their obligations to the Company, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties and may adversely impact our operations; • Periods of disruption that limit the ability to access the financial markets or which increase the cost of liquidity; or • Significant changes in the political conditions in markets in which we manufacture, sell or distribute our products, including quarantines, import / export restrictions, price controls, or governmental or regulatory actions, closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions, or otherwise prevent our third- party partners, suppliers or customers from sufficiently staffing operations ~~, including operations necessary for the production, distribution, sale and support of our products, which could adversely impact our results of operations and cash flows~~. Despite our efforts to manage and remedy these impacts ~~to the Company~~, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak as well as third- party actions taken to contain its spread and mitigate its public health effects. ~~In the case of COVID-19, the emergence of variants may continue to occur across regions and countries where we operate, leading to varied government responses and the potential for decreased vaccine effectiveness, resulting in further volatility and disparity in our results and operations across geographies.~~ BUSINESS STRATEGY & ORGANIZATIONAL RISKS Our ~~---~~ **RISKS Our** ability to meet our growth targets depends on successful product, marketing and operations innovation and successful responses to competitive innovation, evolving digital marketing and selling platforms and changing consumer habits. We are a consumer products company that relies on continued global demand for our brands and products. Achieving our business results depends, in part, on successfully developing, introducing and marketing new products and on making significant improvements to our equipment and manufacturing processes. The success of such innovation depends on our ability to correctly anticipate customer and consumer acceptance and trends, to obtain, maintain and enforce necessary intellectual property protections and to avoid infringing upon the intellectual property rights of others and to continue to deliver efficient and effective marketing across evolving media and mobile platforms with dynamic and increasingly more restrictive privacy requirements. We must also successfully respond to technological advances made by, and intellectual property rights granted to, competitors, customers and vendors. Failure to continually innovate, improve and respond to competitive moves, platform evolution and changing consumer habits could compromise our

competitive position and adversely impact our financial condition, results of operations or cash flows. We must successfully manage ongoing acquisition, joint venture and divestiture activities. ~~8 The Procter & Gamble Company~~ As a company that manages a portfolio of consumer brands, our ongoing business model includes a certain level of acquisition, joint venture and divestiture activities. We must be able to successfully manage the impacts of these activities, while at the same time delivering against our business objectives. Specifically, our financial results have been, and in the future could be, adversely impacted by the dilutive impacts from the loss of earnings associated with divested brands or dissolution of joint ventures. Our results of operations and cash flows have been, and in the future could also be, impacted by acquisitions or joint ~~8 The Procter & Gamble Company~~ venture activities, if: 1) changes in the cash flows or other market-based assumptions cause the value of acquired assets to fall below book value, or 2) we are not able to deliver the expected cost and growth synergies associated with such acquisitions and joint ventures, including as a result of integration and collaboration challenges, which could also result in an impairment of goodwill and intangible assets. Our business results depend on our ability to successfully manage productivity improvements and ongoing organizational change, including attracting and retaining key talent as part of our overall succession planning. Our financial projections assume certain ongoing productivity improvements and cost savings, including staffing adjustments and employee departures. Failure to deliver these planned productivity improvements and cost savings, while continuing to invest in business growth, could adversely impact our results of operations and cash flows. Additionally, successfully executing organizational change, management transitions at leadership levels of the Company and motivation and retention of key employees is critical to our business success. Factors that may affect our ability to attract and retain sufficient numbers of qualified employees include employee morale, our reputation, competition from other employers and availability of qualified individuals. Our success depends on identifying, developing and retaining key employees to provide uninterrupted leadership and direction for our business. This includes developing and retaining organizational capabilities in key growth markets where the depth of skilled or experienced employees may be limited and competition for these resources is intense as well as continuing the development and execution of robust leadership succession plans. ~~RISKS We~~ **RISKS We** must successfully manage compliance with current and expanding laws and regulations, as well as manage new and pending legal and regulatory matters in the U. S. and abroad. Our business is subject to a wide variety of laws and regulations across the countries in which we do business, including those laws and regulations involving intellectual property, product liability, product composition or formulation, packaging content or corporate responsibility ~~after consumer purchase for~~ **packaging and product disposal**, marketing, antitrust and competition, privacy, data protection, environmental (including increasing focus on the climate, water and waste impacts of consumer packaged goods companies' operations and products), employment, healthcare, anti-bribery ~~and~~ **anti-corruption (including interactions with health care professionals and government officials as well as corresponding internal controls and record-keeping requirements)**, trade (including tariffs, sanctions and export controls), tax, accounting and financial reporting or other matters. In addition, increasing governmental and societal attention to environmental, social and governance (ESG) matters, including expanding mandatory and voluntary reporting, diligence and disclosure on topics such as climate change, waste production, water usage, human capital, labor and risk oversight, could expand the nature, scope and complexity of matters that we are required to control, assess and report. These and other rapidly changing laws, regulations, policies and related interpretations as well as increased enforcement actions by various governmental and regulatory agencies, create challenges for the Company, ~~including our compliance and ethics programs,~~ **may alter the environment in which we do business and, may increase the ongoing costs and complexities of compliance including by requiring investments in technology or other compliance systems, and may ultimately result in the need to cease manufacturing, sales or other business activities in certain jurisdictions**, which could adversely impact our results of operations and cash flows. If we are unable to continue to meet these challenges and comply with all laws, regulations, policies and related interpretations, it could negatively impact our reputation and our business results. Additionally, we are currently, and in the future may be, subject to a number of inquiries, investigations, claims, proceedings and requests for information from governmental agencies or private parties, the adverse outcomes of which could harm our business. Failure to successfully manage these new or pending regulatory and legal matters and resolve such matters without significant liability or damage to our reputation may materially adversely impact our financial condition, results of operations and cash flows. Furthermore, if new or pending legal or regulatory matters result in fines or costs in excess of the amounts accrued to date, that may also materially impact our results of operations and financial position. Changes in applicable tax laws and regulations and resolutions of tax disputes could negatively affect our financial results. The Company is subject to taxation in the U. S. and numerous foreign jurisdictions. Changes in the various tax laws can and do occur. For example, in December 2017, the U. S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the U. S. Tax Act). The changes included in the U. S. Tax Act were broad and complex. Under the current U. S. presidential administration, comprehensive federal income tax reform has been proposed, including an increase in the U. S. Federal corporate income tax rate, elimination of certain investment incentives and **an increase in a more than doubling of U. S. residual** taxation of non-U. S. earnings. While these proposals are controversial, likely to change during the legislative process and may prove difficult to enact as proposed in the current closely divided U. S. Congress, their impact could nonetheless be significant. Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are subject to potential evolution. An outgrowth of the original Base Erosion and Profit Shifting (BEPS) project is a project undertaken by the approximately **140 member countries of the expanded Organisation for Economic Co-operation and Development (OECD) Inclusive Framework focused on "Addressing the Challenges of the Digitalization of the Economy."** The breadth of this project extends beyond pure digital businesses and, as proposed, would likely impact a large portion of multinational businesses by potentially redefining jurisdictional taxation rights in market countries and establishing a global minimum tax. **In December 2022, the European Union (EU) approved a directive requiring member states to incorporate a 15 % global minimum tax into their respective domestic laws effective for fiscal years**

beginning on or after December 31, 2023. In The Procter & Gamble Company 9 addition, several non- EU countries have recently proposed and / or adopted legislation consistent with the global minimum tax framework. Important details of these minimum tax developments are still to be determined and, in some cases, enactment and timing remain uncertain. While it is too early to assess the overall impact of these potential changes, as these and other tax laws and related regulations are revised, enacted and implemented, our financial condition, results of operations and cash flows could be materially impacted. Furthermore, we are subject to regular review and audit by both foreign and domestic tax authorities. While we believe our tax positions will be sustained, the final outcome of tax audits and related litigation, including maintaining our intended tax treatment of divestiture transactions such as the fiscal 2017 Beauty Brands transaction with Coty, may differ materially from the tax amounts recorded in our Consolidated Financial Statements, which could adversely impact our results of operations and cash flows.