

P&G SUPPLIER GREENHOUSE GAS REDUCTION PLAYBOOK



2025



INTRODUCTION

Message from our CPO

Our mission at P&G is to create everyday products that are irresistibly superior to the world's consumers. We are counting on all our external business partners to help us excel at this mission of superiority by developing high-performing innovations that are both superior AND sustainable, thereby enabling category growth.

We look at our environmental impact across four areas: Climate, Waste, Water and Nature. Our strategy seeks to deliver environmental impact at three levels: reducing our own impact, enabling people to reduce their impact when they use our products and scaling industry-wide solutions that reduce environmental impact.

We recognize that our suppliers play a vital role in this journey, and your contributions are essential in helping us achieve our shared ambitions. By working together, we can innovate and implement practices that not only enhance our supply chain efficiency but also minimize environmental impact. Together, we can create lasting change that benefits our businesses and the planet.



Ana Elena Marziano
Chief Purchasing Officer,
The Procter & Gamble Company



Purpose

The purpose of this playbook is to provide our suppliers (of raw materials, packaging, and contract manufacturing), with information and guidance on our sustainability priorities, call to actions and useful resources.

High impact materials

Some materials—like surfactants, polymers, solvents, inorganics, non-wovens, super absorbents, perfumes and rigid packaging can have a high carbon footprint impact. We will provide more specific call to actions for suppliers delivering high impacts' materials.



Help needed from you:

- **Contribute to P&G materials' carbon footprint reduction!**
- **Embed Sustainability** in your business strategy
- **Grow your capability and resources** – invest in environmental expertise and tools.
- **Innovate** to find new solutions
- **Be agile and connected** – our understanding is evolving and brings opportunities & solutions to our challenges.

In return we are committed to partnering with you to assess your solutions and share resources through the **P&G Climate Unlock Program**

[CLICK HERE](#)



OUR CLIMATE PLANS



OUR AMBITION

**NET
ZERO
BY 2040**

We recognize that addressing concerns on climate change requires us to set bold ambitions and develop credible science-based action plans and programs to meet them. In 2021, we announced our ambition to achieve Net Zero greenhouse gas (GHG) emissions across our operations, purchased materials and upstream transportation from raw material to retailer by 2040. We know we may not have all the answers today, but we will continue seeking out solutions to reach our aspiration.

Our net zero ambition reaffirms our focus to reduce emissions, with the current tools available, while innovating toward continued reductions in the future.



40%

REDUCTION IN
SUPPLY CHAIN
EMISSIONS* PER UNIT
OF PRODUCTION

**BY 2030
VS 2020**

P&G has also set science-based intermediate targets for 2030 to make meaningful progress this decade. This includes a **40% reduction in purchased material emissions per unit of production, vs a 2020 baseline.**

This means that working together (with you, our trusted supply chain partners) will play a critical role in achieving our ambitions.

To progress towards these aspirations, P&G has a comprehensive plan including a combination of short and long-term solutions to reduce emissions and make meaningful progress as fast as we can. It includes a diverse range of approaches because we recognize that there is no one-size-fits-all solution. These include working on reformulation, re-design, light weighting or improvement of high impact materials.



Suppliers' GHG reduction and innovative solutions are critical pieces of our plan to achieve our ambitions.

**P&G is
making progress:
~9%
reduction**

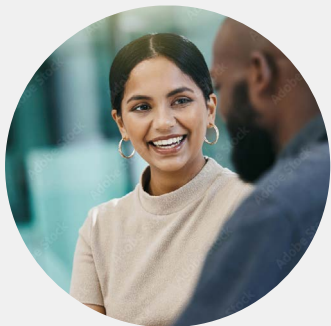
per unit of production vs.
2020 baseline in FY23/24

SUSTAINABILITY IN OUR SOURCING DECISIONS

P&G includes climate considerations in our sourcing decisions as part of our Best Total Value.

What is Best Total Value?

Best Total Value is one of our 5 global principles for strategic sourcing. We make sourcing decisions on the basis of best total value offered to supply our requirements for goods and services. Best total value is driven by business needs and includes a number of components that include total cost of ownership, quality of goods or services performed, supplier responsiveness and account service, speed or time-to-market, social & environmental impact, and supplier willingness to share risk/provide resources.



Climate in Best Total Value: What does it mean?

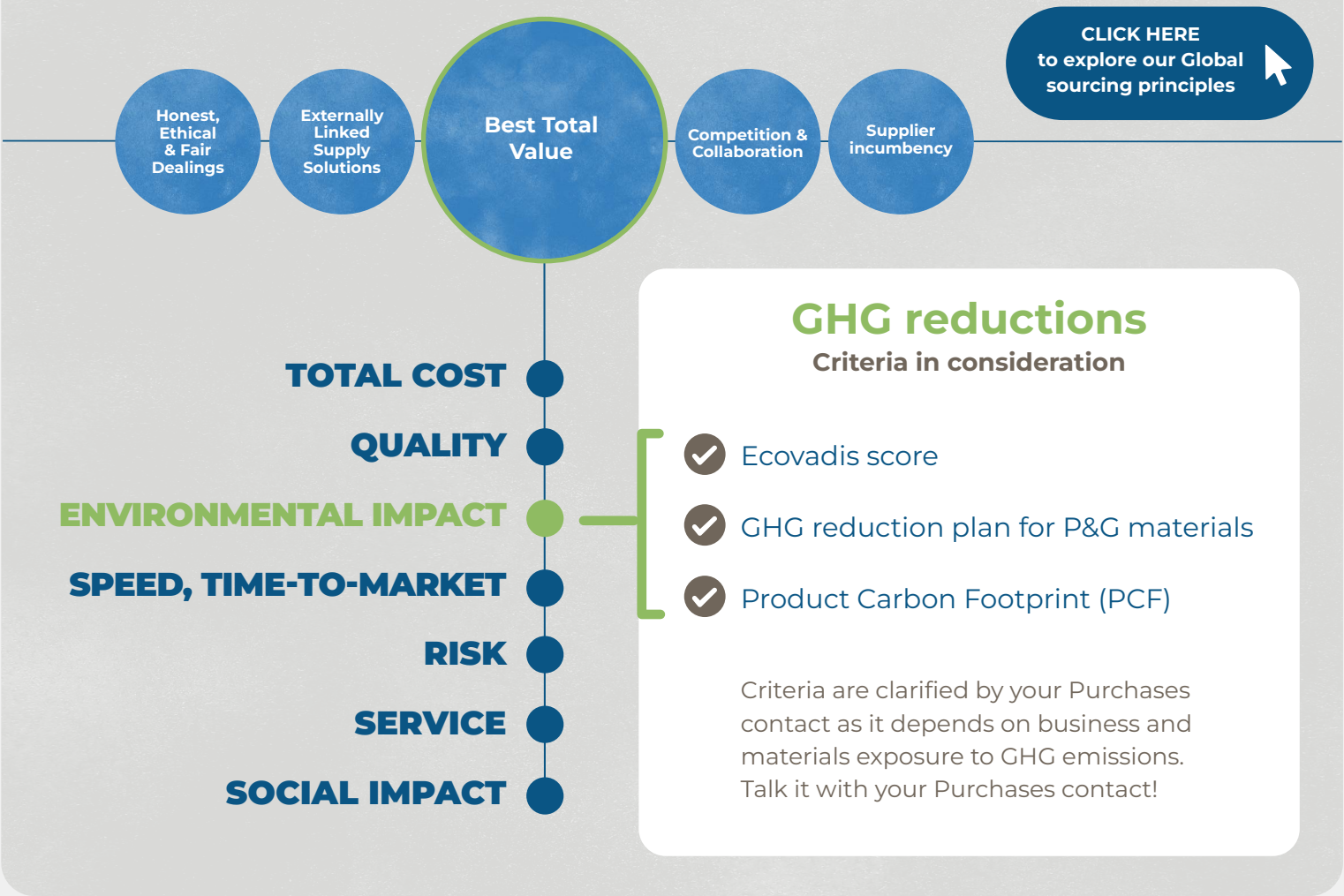
When making sourcing decisions, our purchasing team considers your sustainability performance and how it contributes to our ambitions. We evaluate various aspects of your sustainability efforts, including your Ecovadis score, the carbon footprint of materials supplied to P&G, and your greenhouse gas reduction plans for those materials and your progress.



Call to actions for high impact materials suppliers:

Include your PCF data, GHG reduction plan and value propositions in your next offers!

GHG reduction is included in our Best Total Value



YOUR CARBON FOOTPRINT DATA COLLECTION

We aim to make it as easy and simple as possible to share & report your material carbon footprint information to P&G. We have developed an integrated reporting system that is based on an industry standardized methodology. This allows you to spend less time on reporting and focus on taking action.

HELP NEEDED FROM YOU

We are asking for two sets of data for your highest impact materials:

1 Your Product Carbon Footprint following **PACT methodology**



Quality Data

High quality & specificity of data – utilizing primary data where possible.



Granularity

Emissions data splits across Scope 1, 2 and 3 per material

2 Your GHG reduction plan for P&G materials



Transparency

It involves sharing data, engaging in discussions about opportunities, and acknowledging that a deeper understanding of challenges is essential for finding solutions.



Enroll & engage YOUR suppliers

to ensure they share the same sense of urgency and are committed to the same ambitions.



Call to action for high impact materials' suppliers:

Some priority materials and/or projects would need additional data: for example, a deep dive Life Cycle Assessment. Be prepared to provide additional data accordingly.

HOW?



- **Adopt PACT methodology** to calculate your highest impact Product Carbon Footprint materials. Check the how-to guide from PACT available in the P&G Climate Unlock Program.
- **Cascade down to your suppliers** Product Carbon Footprint requests to obtain more primary data.



We ask suppliers to share the Product Carbon Footprint and GHG reduction plan data via our Greenchain platform. P&G will use this data for reporting, tracking, analytics, decision making, and any other use that may help P&G reduce its upstream supply chain Greenhouse Gas emissions.

Go to the next page for more information on how we collect data with Greenchain

DATA COLLECTION WITH GREENCHAIN - HOW?

P&G is committed to the Partnership for Carbon Transparency (PACT), organized by the World Business Council for Sustainable Development (WBCSD). We use PACT's definitions and combine them with a comprehensive P&G Digital solution for data exchange, resulting in the creation of **Greenchain**, our new Climate Data Platform.

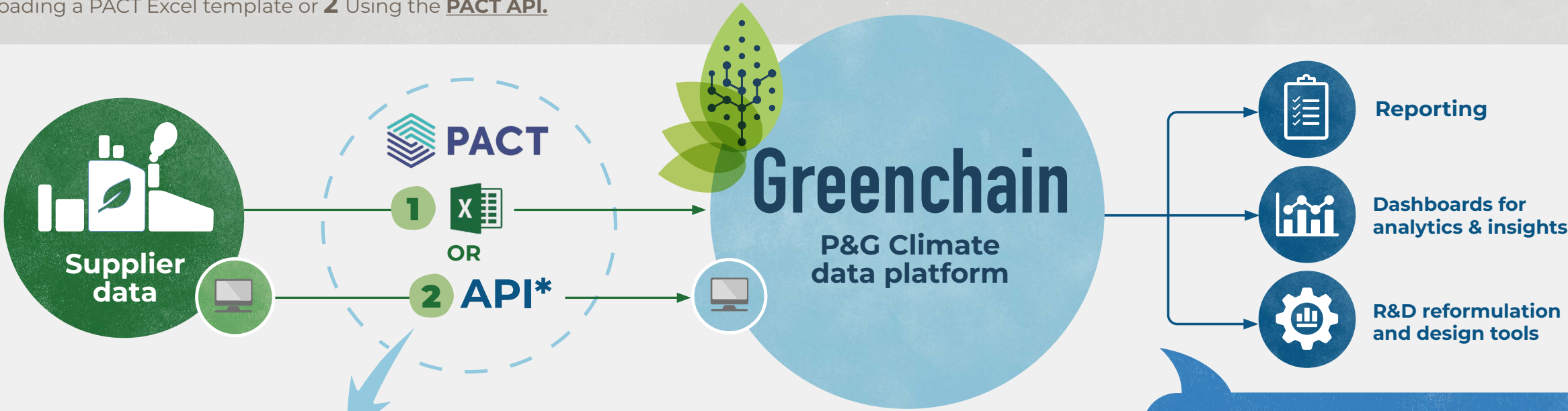
PACT is an initiative hosted by WBCSD that has developed the global methodological and technological infrastructure needed for product-level GHG emissions calculation and exchange. More information and resources are available on the [PACT website](#) and in the [P&G Climate Unlock Program](#)

As PACT is a standard methodology, suppliers can leverage the PCFs calculated according to PACT to share it with other customers other than P&G.

Greenchain is the new P&G Climate data exchange platform, aiming to collect suppliers' Product Carbon Footprint and associated GHG reduction plans at material level. High GHG impact materials will be prioritized for Greenchain data collection. Suppliers are invited to connect with their buyers to understand expectations for Greenchain data collection.

Suppliers can submit PACT data to Greenchain in two ways:

1 By uploading a PACT Excel template or **2** Using the [PACT API](#).



Call to action for high impact materials' suppliers:

- Assign a sustainability manager in Greenchain - please send a request to greenchain.im@pg.com
- Set up a system to exchange data as per PACT technical data exchange (API). To discover solution providers

[CLICK HERE](#)

*What is an API?

An API, or Application Programming Interface, is a common technical language that lets different software applications communicate and share data with each other.

YOUR GHG REDUCTION PLAN

P&G wants you to progress beyond the initial phase of creating your GHG reduction plan. We request you to focus on developing and implementing effective strategies that can help you tackle challenges along the way. Together, we can work towards meaningful solutions that drive real impacts.

Take accountability and integrate it in your business strategy

HELP NEEDED FROM YOU

1 Integrate your GHG plan into your business strategy and work with us to identify joint value creation opportunities



2 Take accountability to lead and develop your own plans – by engaging, building your plans and playing your part



3 Implement your own direct interventions to reduce GHG emissions



4 Continue to deliver against [P&G's Responsible Sourcing Expectations for External Business Partners](#), considering any impacts beyond GHG emissions



Still need help for your GHG reduction plan?

See our **P&G Climate Unlock** program page 9



Call to action for high impact materials' suppliers:

- High focus on GHG plan's execution and how to unlock challenges preventing execution.
- Continue developing plans at material level for your top materials and share via Greenchain.

COLLABORATION AND INNOVATION

Achieving significant greenhouse gas (GHG) reduction is challenging and will require innovative approaches. We ask our suppliers to develop & share ideas that can help us tackle this challenge. We're looking for not just improvements on current materials, but also for new material solutions. We're eager to collaborate and explore ways to overcome problems together. Bring your innovation to P&G, engage with our Purchases and R&D teams.

Investing in Clean Energy and Carbon Reduction Technologies to Grow the Low-Carbon Materials Market Across the Industry.

The cleaning industry needs more low-carbon ingredient solutions that enable superior and affordable products. P&G is helping grow the low-carbon materials market across the cleaning products industry because it also allows us to better serve our consumers with products that provide superior performance, value, and are more sustainable.

P&G is helping grow the low carbon materials market for the industry with strategic supplier partnerships across the value chain, from global large-scale suppliers to small-scale start-ups. For example, we are investing in projects with key suppliers that have the potential to reduce several million metric tons of CO₂eq over the next decade through a range of advanced technologies – including carbon capture storage and utilization (CCS/CCU), hydrogen utilization, bio-based solutions, and renewable energy.

Clear and uniform carbon accounting standards will help us accelerate and scale solutions, which is important over the long term for our industry. To help harmonize carbon accounting standards for the chemical industry we have joined the Business Executive Leadership Council of the US Center for Climate and Energy Solutions (C2ES).



YOUR GHG REDUCTION PLAN

Additional considerations

Renewable Electricity

DATA REPORTING PREFERENCES

P&G's preference for our suppliers' renewable electricity accounting and reporting is to follow RE100. However, we do not currently mandate specific reporting on renewable electricity.

Suppliers provide renewable electricity information only in the Ecovadis platform at corporate level, and within the Product Carbon Footprint and related GHG reduction plans in Greenchain, at material level.



PORTFOLIO PREFERENCES

First, P&G prefers that its suppliers maximize local renewable electricity capacity investment. For RECs (Renewable Electricity Certificates) portfolio management, P&G's preference is to increase the use of bundled RECs vs unbundled RECs. It directly supports the increase of available renewable electricity capacity to supply chain and industry.

Suppliers need to determine their own renewable electricity sourcing strategy considering financial and reputational implications, and resource requirements.

Do you need support to build your renewable electricity sourcing strategy? Register to the P&G Accelerate program to get free consultancy. See page 9.

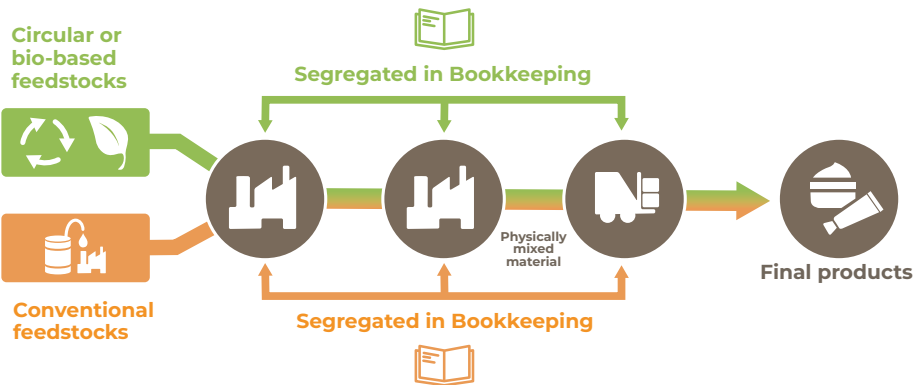
Need help to understand what are "bundled" and "unbundled" RECs?

Join the Accelerate program to get education on renewable electricity – included in **P&G Climate Unlock program page 9**

Market -Based Accounting

Market-based accounting for GHG allows greater flexibility in how emissions are tracked and reported. Traditionally, GHG guidelines focus on materials and processes with a secure physical connection, known as "Physical Segregation." However, as methodologies evolve, new approaches like Mass Balance and Insetting are emerging.

When your proposal or solutions includes market-based accounting allocation schemes, such as Mass Balance, get in touch with your Purchases Contact. P&G currently recognizes some certifications, but it can evolve over time.



Example of mass balance chain of custody



P&G CLIMATE UNLOCK PROGRAM FOR SUPPLIERS

We understand that the only way we can succeed in achieving our Net Zero Emission ambitions is by working together and supporting each other. P&G is sharing a range of resources with our P&G Climate Unlock Program for suppliers.

For those Starting their Journey

For those Already Underway

1

Climate & Carbon Footprint Fundamentals

We developed this resource guide to provide fundamental definitions on LCA, Climate and GHG. It includes guidelines and important resources to start your Climate journey!



CLICK HERE
TO DOWNLOAD

2

The Net Zero Guidebook

The most up-to-date and comprehensive guidebook to help businesses along the corporate decarbonization journey (e.g., how to set a target, reduce & report). You can also explore the Climate Drives Action library providing 120+ actions & case studies.



CLICK HERE
TO ACCESS

3

P&G Scope 1 & 2 reductions Best practices

P&G created this best practices toolkit for suppliers to share our insights, tips, and effective strategies to reduce Scope 1 and 2 emissions.



CLICK HERE
TO DOWNLOAD

4

Manufacture 2030

Manufacture 2030 can support you on your carbon reduction journey using one simple platform. Get access to over 550 best practice reduction actions, expert implementation and cost saving advice, capability building tools and guidance.



CLICK HERE
TO REGISTER*

5



This program provides training and support to help you establish or enhance your renewable electricity sourcing strategy. It includes free consulting services and access to sourcing options for Renewable Energy Certificates (RECs), including access to buying cohorts.



CLICK HERE
TO ACCESS

6

How-to-guide for Product Carbon Footprint calculations

This guide is a simple introduction to PCF calculation in accordance with the PACT Methodology and how it can be used. It answers common questions and makes users feel empowered to get started.



CLICK HERE
TO ACCESS

*Access to the Manufacture 2030 platform requires registration