Planet Tracker

ENGAGEMENT SHEET

Procter & Gamble (PG:US) – Climate Transition Analysis

Questions for investors and lenders to ask management of companies concerning their 2030 climate ambitions (or targets)

Recommended Questions

Q.1 How does Procter & Gamble explain the substantial average annual increase of 28% in Upstream Scope 3 emissions from 2017 to 2021, when average revenue growth of 4% was recorded during the same period?

Background: Over the past five years, Procter & Gamble has witnessed a notable rise in key emissions requiring mitigation. These Upstream Scope 3 emissions are projected to contribute approximately 97% of the company's total GhG emissions by 2030. If left unaddressed, it would result in Procter & Gamble exceeding the recommended emissions threshold established by the SBTi by a factor of seven, as highlighted on page 9 of Planet Tracker's report.

Q.2 Is Procter & Gamble planning to align its Upstream Scope 3 targets with industry peers and overcome the current lag?

Background: Procter & Gamble's Climate Transition plan addresses its Scope 3 emissions through an intensity target. However, upon analysis by Planet Tracker for benchmarking purposes, the corresponding absolute mitigation target is comparatively modest when compared to the targets set by its counterparts, such as Colgate-Palmolive and Unilever (p.8).

Q.3 What are Procter & Gamble's plans to address the significant increase in Upstream Scope 3 emissions over the past five years, particularly in relation to supplier engagement?

Background: Despite Procter & Gamble's focus on supply chain innovation and its efforts to collaborate with suppliers to achieve deforestation-free supply chains, the company experienced a substantial average annual growth of 28% in Upstream Scope 3 emissions from 2017 to 2021 (p.5).

Report's Key Takeaways

- Procter & Gamble's projected GhG emissions level by 2030, based on current trends and without further mitigation, is seven times higher than the recommended SBTi level.
- The company's Scope 3 target is less ambitious in absolute terms compared to its peers (Colgate-Palmolive and Unilever).
- Procter & Gamble's value chain engagement strategy exhibits shortcomings, with notable emissions expansion in key areas in the last five years.
- The company lacks disclosures of financial impacts, metrics for managing climate risks, and a clear strategy to reduce Scope 3 emissions, risking a temperature pathway alignment of over 3°C by 2030.

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