



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

August 19, 2025

Kerry Shannon Burke
Covington & Burling LLP

Re: The Procter & Gamble Company (the "Company")
Incoming letter dated June 10, 2025

Dear Kerry Shannon Burke:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by National Legal and Policy Center for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the board of directors' Compensation and Leadership Development Committee eliminate discriminatory DEI and ESG goals from compensation inducements.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal seeks to micromanage the Company. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which the Company relies.

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Luke Perlot
National Legal and Policy Center

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BEIJING BOSTON BRUSSELS DUBAI FRANKFURT
JOHANNESBURG LONDON LOS ANGELES NEW YORK
PALO ALTO SAN FRANCISCO SEOUL SHANGHAI WASHINGTON

Covington & Burling LLP
One CityCenter
850 Tenth Street, NW
Washington, DC 20001-4956
T +1 202 662 6000

June 10, 2025

By Electronic Submission

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: The Procter & Gamble Company — Shareholder Proposal Submitted by the National Legal and Policy Center

Ladies and Gentlemen:

On behalf of The Procter & Gamble Company (the “Company” or “P&G”), we are submitting this letter pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company requests confirmation from the staff of the Division of Corporation Finance (the “Staff”) that it will not recommend enforcement action to the U.S. Securities and Exchange Commission (the “Commission”) if the Company excludes a shareholder proposal (the “Proposal”) submitted by the National Legal and Policy Center (the “Proponent”) from the proxy materials for its 2025 annual meeting of shareholders. Copies of the Proposal and the Proponent’s cover letter are attached as Exhibit A.

In accordance with the Staff’s announcement of November 7, 2023, we are submitting this letter via the Staff’s electronic shareholder proposal submission form. We are simultaneously sending a copy of this letter to the Proponent as notice of the Company’s intent to omit the Proposal from its 2025 proxy materials in accordance with Exchange Act Rule 14a-8(j). We take this opportunity to inform the Proponent that a copy of any correspondence it submits to the Commission or the Staff with respect to the Proposal should be provided concurrently to the Company pursuant to Rule 14a-8(k) and Staff Legal Bulletin No. 14D, and request that a copy also be provided to the undersigned at the address above.

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THE PROPOSAL

The proposal is as follows (footnotes omitted):

Eliminate DEI and ESG Goals From Executive Pay Incentives

Resolved: Since the June 2023 U.S. Supreme Court decision in *Students for Fair Admissions v. Harvard College*, hundreds of higher education institutions have shuttered their diversity, equity and inclusion (DEI) programs and positions.

Consequently, “there has been a sharp uptick in litigation challenging corporate DEI programs and initiatives, alleging that they require unlawful employment and contracting decisions to be made on the basis of race, in violation of Title VII of the Civil Rights Act of 1964...”

Corporate compliance lawyers now advise clients that “DEI initiatives and programs that are not open to all applicants or those that apply an explicit race- or gender-based focus will likely face continued and heightened scrutiny.” Also: “We also expect to see ongoing scrutiny of perceived hiring quotas and set asides, particularly those that may appear to be incentivized by bonuses for management or company leadership.”

Further, “companies, and their management teams and boards, should be prepared for increased employment-related litigation including litigation that seeks to hold executive officers and directors personally liable for purported breaches of their fiduciary duties in connection with the corporation’s DEI policies.”

Many corporations dramatically reduced or eliminated their DEI programs, and companies face retribution for their discrimination. For example, Starbucks was the subject of a \$28.3 million judgment after a former worker claimed she was fired for being white.

Supporting Statement: The Proctor & Gamble Company (“P&G” or “Company”) includes “Equality & Inclusion” goals in its broader Environmental, Social, and Governance (ESG) programs. These include the Company’s aims to reach 50% women and 40% multicultural employees.

According to P&G’s 2024 Proxy Statement:

ESG outcomes drive various elements of our NEOs’ compensation. With respect to salary and long-term incentive awards, the CEO assesses and can make adjustments based upon an NEO’s individual contributions in the areas of Equality & Inclusion and Governance. In addition, the short-term incentive award includes an assessment of an NEO’s focus on internal controls as well as the ESG Factor, which accounts for progress against key long-term metrics in the areas of Environmental Sustainability and Equality & Inclusion.

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These discriminatory initiatives leave P&G ripe for regulatory, reputational and litigation risk. Its attempt to cram DEI's non-GAAP nature into the proxy statement's compensation discussion demands either a legally dubious quota regime, or it fails SEC compliance. The Council of Institutional Investors' general counsel stated that research shows "companies are engaging in an opportunistic use of non-GAAP earnings to justify higher executive pay."

FTI Consulting advises there is a "heightened focus" on "litigation risk," which "has transitioned from being merely an operational concern to becoming a strategic priority for the highest levels of corporate governance."

Resolved: Shareholders request the Board of Directors' Compensation and Leadership Development Committee to eliminate discriminatory DEI and ESG goals from compensation inducements.

BASES FOR EXCLUSION

We request that the Staff concur in our view that the Proposal may be excluded from the Company's 2025 proxy materials pursuant to Rule 14a-8(i)(7), because the Proposal seeks to micromanage the Company, and Rule 14a-8(i)(10), because the Company has already substantially implemented the Proposal.

ANALYSIS

I. The Proposal should be excluded under Rule 14a-8(i)(7) because it seeks to micromanage the Company.

Overview of Rule 14a-8(i)(7)

Rule 14a-8(i)(7) permits the exclusion of a shareholder proposal from a company's proxy materials if the proposal "deals with a matter relating to the company's ordinary business operations." The Commission has stated that the purpose of the ordinary business exception is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." *Amendments to Rules on Shareholder Proposals*, SEC Rel. No. 34-40018 (May 21, 1998) (the "1998 Release"). The Commission has further stated that the policy underlying this exclusion rests on two "central considerations," specifically whether the proposal (i) concerns tasks that are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" and (ii) "seeks to 'micromanage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.*

The Commission has stated that the exclusion of a proposal under Rule 14a-8(i)(7) on micromanagement grounds "may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for

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implementing complex policies.” *Id.* In accordance with the 1998 Release, the Staff has permitted proposals to be excluded under Rule 14a-8(i)(7) where the proposal seeks to micromanage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.¹

The Staff has subsequently provided additional guidance on the scope and meaning of micromanagement under Rule 14a-8(i)(7). As noted in Staff Legal Bulletin No. 14K (Oct. 16, 2019) (“SLB 14K”), which was reinstated in relevant part by Staff Legal Bulletin No. 14M (Feb. 12, 2025), the Staff looks “to whether the proposal seeks intricate detail *or imposes a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board*” (emphasis added). The Staff further explained that “if the method or strategy for implementing the action requested by the proposal is overly prescriptive, thereby potentially limiting the judgment and discretion of the board and management, the proposal may be viewed as micromanaging the company.”² Staff Legal Bulletin No. 14J (Oct. 23, 2018), as reinstated by SLB 14M, confirms that proposals addressing senior executive or director compensation can be excluded under Rule 14a-8(i)(7) on the basis of micromanagement.

The Proposal Micromanages the Company’s Executive Compensation Program

The Proposal seeks to micromanage the Company’s executive compensation program by mandating that the Compensation and Leadership Development Committee (the “Committee”) of the Company’s Board of Directors (the “Board”) “eliminate discriminatory DEI and ESG goals from compensation inducements” for the Company’s executives. As described in further detail below, the Company’s executive compensation program has been carefully designed to reflect the Company’s compensation philosophy and is the product of a considerable and sustained investment of time and attention by the Committee, management and their advisors. The Company’s executive compensation program has incentivized the achievement of the Company’s strategy of delivering balanced, long-term growth and value creation for shareholders through the use of different factors, including a factor related to the integration of environmental, social and governance initiatives into the Company’s strategy (we refer to such initiatives as the “Initiatives”). The Company’s executive compensation program also permits the CEO to

¹ See, e.g., *Amazon.com, Inc.* (April 7, 2023) (proposal requesting the company measure and disclose scope 3 greenhouse gas emissions from the company’s full value chain was excludable under Rule 14a-8(i)(7) because it sought to micromanage the company by imposing a specific method for implementing a complex policy without affording discretion to management); *Chubb Limited* (March 27, 2023) (proposal requesting the board adopt and disclose a policy related to risks associated with new fossil fuel exploration and development project sought to micromanage the company); and *Exxon Mobil Corporation* (Mar. 6, 2020) (proposal requesting the formation of a new board committee on climate risk was found to have micromanaged the company by limiting the board’s flexibility and discretion).

² The micromanagement analysis rests on an evaluation of the manner in which a proposal seeks to address the subject matter raised and the analysis under Rule 14a-8(i)(7) is independent of whether the proposal is cast as precatory. The Staff noted in SLB 14K that “the precatory nature of a proposal does not bear on the degree to which a proposal micromanages,” and exclusion under Rule 14a-8(i)(7) may be appropriate regardless of the precatory nature of the proposal in question.

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consider individual contributions of an executive that further the Company's financial and business performance, including with respect to the Initiatives and other matters. None of the Initiatives nor any related executive compensation goals are discriminatory—the Proponent's statement to the contrary is false. Further, the Proponent is not qualified to direct the Committee or the Company's management on how to best incentivize the Company's executives, especially when those incentives are tied to the Company's goals and strategy, which are themselves overseen by the Board, and are clearly ordinary business matters. The Proposal mandates the removal of a specific component of the Company's executive compensation program, thereby supplanting the Committee's and management's judgment and probing too deeply into complex compensation matters on which the Proponent and other shareholders are not in a position to make an informed decision. Accordingly, the Proposal should be excluded under Rule 14a-8(i)(7).

Indeed, the Proposal attempts to impose a specific method for achieving the Proponent's executive compensation policy preferences without regard to the complexities involved in implementing such matters or the potential impact on the Company's broader executive compensation program. The Company's executive compensation program is clear in its mission and by nature requires proper calibration of nuanced and distinct elements that are designed to accomplish multiple goals: emphasizing pay for performance, providing competitive pay and focusing on long-term success. As disclosed in further detail in the Company's proxy statements, this multifaceted program is designed so that the main components of compensation (salary, short-term cash bonus, long-term equity incentive awards and a performance stock program) vary by type (fixed versus performance-based awards), length of performance period (short-term versus long-term) and form (cash versus equity).³ These compensation components are assessed based on the performance of the individual, the individual's business unit and the Company as a whole. The mix and design of the nuanced components are intended to incentivize both individual accountability and collaboration to build long-term shareholder value. For instance, the short-term cash bonus component of the Company's executive compensation program (the "STAR program") incorporates various factors, including with respect to the Initiatives for the fiscal 2025 program. STAR program awards are calculated using the following formula, as disclosed in the Company's 2024 proxy statement:



³ See e.g., 2024 Proxy Statement on Schedule 14A (Aug. 23, 2024), available at <https://www.sec.gov/Archives/edgar/data/80424/000119312524205691/0001193125-24-205691-index.htm>.

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Decisions about the existence or design of one or more components of the Company's executive compensation program are the Committee's prerogative, and requiring cessation or redesign of these programs at the Proponent's behest is micromanagement under Rule 14a-8(i)(7).

The Proposal attempts to supplant the Committee's role in overseeing the goals and incentives underlying the Company's executive compensation program. The Committee is required under its charter to review and approve the executive compensation program and the underlying performance goals of the Company's executive officers, including the CEO.⁴ These responsibilities are best placed with the Committee, which has a much deeper appreciation than the Proponent of how to appropriately design an executive compensation program to further advance the Company's strategy and operations. SEC rules permit the Proponent and other shareholders to express their opinion on the Company's executive compensation program through the Company's annual say-on-pay vote, but do not permit the Proponent to usurp the Committee's oversight role. The Proposal's interference in these matters constitutes micromanagement under Rule 14a-8(i)(7) and should therefore be excluded from the Company's proxy statement.

Permitting exclusion of the Proposal on micromanagement grounds would be consistent with past no-action letter determinations where the Staff permitted the exclusion of proposals that micromanaged components of company executive compensation programs. The Staff has noted that "[w]hen a proposal prescribes *specific* actions that the company's management or the board *must* undertake without affording specific flexibility or discretion in addressing a complex matter presented by the proposal, the proposal may micromanage the company to such a degree that the exclusion of the proposal would be warranted."⁵ For example, in *Verizon Communications Inc.* (Mar. 25, 2025), the Staff concurred with the exclusion of a proposal that requested the company's compensation committee adopt a policy requiring senior executives to retain a significant portion of equity obtained through the company's equity compensation plans for two years after their departure from the company. The *Verizon* proposal went beyond providing high level guidance to the company and instead requested a specific executive compensation policy change in a way that would have supplanted the compensation committee's prerogative to approve any such changes. The Proposal is equally as prescriptive as the *Verizon* proposal because of the specificity of the request to remove executive compensation measures related to the Initiatives from the Company's executive compensation program. Requiring such removal imposes too specific of an approach to the design of the Company's multifaceted executive compensation program, thereby subverting one of the Committee's mandates under its charter. Accordingly, the Proposal should be excluded under Rule 14a-(8)(i)(7). *See also Rite Aid Corp.* (Apr. 23, 2021) (proposal recommended the board adopt a policy prohibiting any

⁴ The Committee's responsibilities include: "review and approve compensation-related actions including base pay and short- and long-term incentive target opportunities and payouts for principal officers of the Company elected by the Board" and "review and approve performance goals and objectives relevant to the Chief Executive Officer's compensation." *See* The Procter & Gamble Company Board of Directors Compensation & Leadership Development Committee Charter (Feb. 13, 2024), *available at* https://assets.ctfassets.net/oggad6svuzkv/2rJLf9SoMavKdpk6iHvvg5/14d252ed9f79c222645eef308127b8ea/charter-compensation-and-leadership-development-committee-2024-02-13_accessible.pdf.

⁵ SLB 14K (emphasis added).

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equity compensation awards to senior executives if at the time of grant the company's stock price was below the grant date market price of any previous awards to such executives); *Walmart Inc.* (Mar. 27, 2020) (proposal urged the board's compensation committee to change the annual cash incentive program to provide that any award to a senior executive based on financial measurements where the performance period was one year or shorter would not be paid in full for a certain period of time); *Johnson & Johnson* (Feb. 12, 2020) (same); *Johnson & Johnson* (Feb. 12, 2020) (proposal urged the board to adopt a policy requiring an explanation of adjustments to financial metrics when calculating progress on goals for purposes of awarding incentive compensation); *AbbVie Inc.* (Feb. 15, 2019) (same); and *JPMorgan Chase & Co.* (Mar. 22, 2019) (proposal requested that the board adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service).

Additionally, the Proposal does not provide the Company with *any* discretion with regard to implementation, which differentiates the Proposal from the proposals that were the subject of the *Tesla, Inc.* (May 6, 2025) and *Merck & Co., Inc.* (Apr. 4, 2025) no-action letters. The Proponent also submitted the *Merck* proposal and there, requested that the company's compensation committee "revisit its incentive guidelines for executive pay, to identify and *consider eliminating* discriminatory DEI milestones from compensation inducements" (emphasis added). In correspondence to the Staff dated March 14, 2025, the Proponent stated with regard to the *Merck* proposal that it "carefully structured [the] request – 'to revisit...identify and consider eliminating discriminatory DEI goals from compensation inducements' - in a way that allows the [c]ompany maximum flexibility to implement it." The Proposal does not provide any such flexibility and requires the Committee "to eliminate" Initiatives from all applicable components of the executive compensation program. The Proponent also stated that the *Merck* proposal did "not unilaterally impose a strict outcome" because the "[p]roposal expressly asks the [b]oard to 'identify and consider' removing such goals." Again, the Proposal includes no such discretionary language and instead unilaterally imposes a strict outcome. The *Tesla* proposal requested that the board's compensation committee "adopt targets and publicly report quantitative data appropriate to *assessing the feasibility of* integrating sustainability metrics, including those regarding diversity and independence among senior executives, into performance measures or vesting conditions that *may* apply to senior executives under compensation plans or arrangements" (emphasis added). As with the *Merck* proposal, the *Tesla* proposal provided flexibility to the board that is not present in the Proposal, which directs a specific result. Here, the Committee would have no discretion to consider any specific circumstances or the possibility of reasonably redesigning how the Initiatives are incorporated into the executive compensation program — its only option would be to remove the compensation components at issue in their entirety if the Proposal is adopted. The Proposal unduly limits the flexibility of the Committee in connection with its oversight of the Company's complex executive compensation program. Given the Proposal seeks to impose such a specific and determinative method, it should be excluded under Rule 14a-8(i)(7).

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II. The Proposal should be excluded under Rule 14a-8(i)(10) because the Company has already substantially implemented the Proposal.

Overview of Rule 14a-8(i)(10)

Rule 14a-8(i)(10) permits the exclusion of a shareholder proposal from a company's proxy materials if "the company has already substantially implemented the proposal." This provision recognizes that a company's existing policies or actions may render a shareholder proposal moot and therefore it is appropriate to exclude such a proposal. As the Commission stated of the predecessor rule to Rule 14a-8(i)(10), the purpose of the rule is "to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management" of a company. *Proposed Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders*, SEC Rel. No. 34-12598 (July 7, 1976). The current rule's emphasis on substantial implementation, as opposed to full or exact implementation, was designed to prevent the exclusion of a proposal "where the company has taken most but not all of the actions requested by the proposal." *Proposed Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders*, SEC Rel. No. 34-19135 (Oct. 26, 1982). The Commission has stated that "substantially implemented" does not require the action requested by a proposal to be "fully effected," and the language of the rule was designed to prevent a "formalistic" application of this basis for exclusion. *Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders*, SEC Rel. No. 34-20091 (Aug. 23, 1983). In light of these Commission statements regarding Rule 14a-8(i)(10)'s emphasis on substantial, but not perfect implementation, the Staff has permitted the exclusion of proposals where a company's actions satisfy the proposal's essential objectives or where a company's existing policies, practices and procedures are similar in comparison to the proposal's request. *See e.g. Delta Air Lines, Inc.* (Mar. 12, 2018) (proposal that asked the board to provide proxy access to shareholders was excludable because the board adopted a proxy access bylaw "that address[ed] the [p]roposal's essential objective"); *Dunkin' Brands Group, Inc.* (Mar. 6, 2019) (proposal that requested the compensation committee assess the feasibility of integrating sustainability metrics into executive compensation plan was excludable because "the [c]ompany's policies, practices and procedures compare[d] favorably with the guidelines of the [p]roposal").

The Committee Has Removed the ESG Factor from the Company's Executive Compensation Program, Thereby Substantially Implementing the Proposal

The Proposal requests that the Committee "eliminate discriminatory DEI and ESG goals from compensation inducements." As noted above, none of the Initiatives nor any related executive compensation metrics of the Company are discriminatory, and on that basis alone the Proposal is moot, necessitating exclusion under Rule 14a-8(i)(10).

Further, ignoring the 'discriminatory' characterization, the Proposal seeks removal of metrics relating to the Initiatives from executive compensation. As disclosed in the Company's proxy statements, one of the main components of the Company's executive compensation program are short-term cash bonuses under the STAR program. The STAR program links a portion of each executive's annual cash compensation to the performance of the executive's

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business unit and includes a component that measures the Company's overall performance. The Company performance component of the STAR program is modified by an environmental, social and governance factor (the "ESG Factor"), which assesses the Company's progress toward the Initiatives. The ESG Factor is the only compensation metric of the Company that is specifically cited by the Proponent.

As part of its review of the Company's executive compensation program, the Committee decided not to include the ESG Factor in the design of the STAR program for fiscal year 2026.⁶ Now that the Committee has removed the ESG Factor from fiscal 2026 executive compensation, it has substantially implemented the essential objective articulated by the Proponent, and accordingly, the Proposal is now moot. The Company's fiscal 2026 executive compensation program compares favorably to the request in the Proposal to remove specific DEI and ESG goals, and therefore, the Company has substantially implemented the Proposal under Rule 14a-8(i)(10).

The Staff has consistently permitted exclusion of proposals under Rule 14a-8(i)(10) where the proposal requests a compensation committee to change the goals or metrics incorporated into a company's executive compensation program, and the compensation committee's actions compare favorably to the actions requested in the proposal. *See Mastercard Inc.* (Apr. 23, 2025) (proposal requested the compensation committee consider eliminating discriminatory DEI and ESG goals from compensation inducements); *General Motors Co.* (Apr. 14, 2025) (proposal requested the compensation committee revisit its incentive guidelines for executive pay to consider eliminating discriminatory DEI goals and aspirations from compensation formulas); *Amazon, Inc.* (Mar. 27, 2020) (proposal requested the compensation committee assess the feasibility of integrating sustainability metrics into executive compensation plan performance goals); *Visa Inc.* (Oct. 11, 2019) (proposal recommended that the compensation committee revise the company's executive compensation philosophy to include social factors); *eBay Inc.* (Mar. 29, 2018) (same); and *Walmart Inc.* (Mar. 25, 2015) (proposal urged the compensation committee to include an employee engagement goal in the company's executive compensation program). In the *General Motors* no-action letter, the proposal requested the company's compensation committee "revisit its incentive guidelines for executive pay, to consider eliminating discriminatory DEI goals and aspirations from compensation formulas." The supporting statement specifically identified the company's short-term cash bonus program and stated that it incorporated DEI and similar goals. The Staff determined that the company substantially implemented the proposal when it removed employee and DEI-related goals from its short-term cash bonus program. Here, the Proposal requests the Committee to eliminate DEI and ESG goals from executive compensation inducements and explicitly noted the ESG Factor. The Staff should similarly determine that the Company substantially implemented the Proposal because the Committee has removed the ESG Factor from the Company's short-term cash bonus program. Consistent with the no-action letters cited above, the Committee's decision to remove the ESG Factor addresses the essential objective of the Proposal, and the Company's practices therefore compare favorably to the

⁶ The Company intends to include disclosure describing this decision in its 2025 annual meeting proxy statement.

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Proposal. Accordingly, the Company has substantially implemented the Proposal, thus warranting exclusion under Rule 14a-8(i)(10).

CONCLUSION

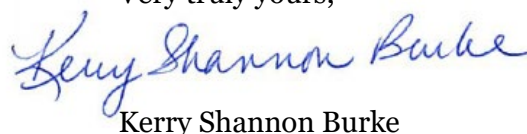
Based on the foregoing analysis, we respectfully request that the Staff concur that the Company may exclude the Proposal and supporting statements from its 2025 proxy materials under Rule 14a-8(i)(7) and Rule 14a-8(i)(10).

* * * * *

The Company anticipates filing its 2025 proxy materials on or about August 29, 2025, and that such materials will need to be finalized for printing and distribution no later than August 19, 2025. Accordingly, the Company would appreciate receiving the Staff's response to this no-action request by August 12, 2025.

If the Staff disagrees with the Company's view that it can omit the Proposal, we request the opportunity to confer with the Staff prior to the final determination of the Staff's position. If the Staff has any questions regarding this request or requires additional information, please contact me at (202) 662-5297.

Very truly yours,



Kerry Shannon Burke

cc: Susan Street Whaley
Chief Legal Officer and Secretary
The Procter & Gamble Company

Luke Perlot
National Legal and Policy Center

Exhibit A



April 25, 2025

Ms. Susan Street Whaley
Chief Legal Officer & Secretary
The Procter & Gamble Company
The Corporate Secretary's Office
One Procter & Gamble Plaza
Cincinnati, OH 45202-3315

VIA UPS & EMAIL: [REDACTED], [REDACTED]

Dear Ms. Whaley/Corporate Secretary:

I hereby submit the enclosed shareholder proposal (“Proposal”) for inclusion in The Procter & Gamble Company’s (“Company”) proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the U.S. Securities and Exchange Commission’s proxy regulations.

National Legal and Policy Center (NLPC) is the beneficial owner of 68.996 shares of the Company’s common stock with a value exceeding \$2,000, which shares have been held continuously for more than three years prior to this date of submission. NLPC intends to hold the shares through the date of the Company’s next annual meeting of shareholders. A proof of ownership letter is forthcoming and will be delivered to the Company.

The Proposal is submitted to promote shareholder value by requesting the Board of Directors consider eliminating DEI and ESG incentives from executive compensation. Either an NLPC representative or I will present the Proposal for consideration at the annual meeting of shareholders.

I and/or an NLPC representative can meet with the Company via teleconference to discuss the proposal on May 7 at 10 am or May 9 at 10 am in the Eastern Time Zone (U.S.). While we can potentially accommodate other dates and times that would align with Company representatives’ schedules, NLPC will *not* be able to meet with the Company outside the time window of 10 to 30 days from the date of the Proposal’s submission, as specified by SEC guidelines. I can be reached at [REDACTED] or at [REDACTED].

Nat’l Headquarters: 107 Park Washington Court, Falls Church, Virginia 22046

Phone: [REDACTED] Email: [REDACTED]

If you have any questions, please contact me at the above phone number. Copies of correspondence or a request for a “no-action” letter should be forwarded to me via email or sent to my attention at [REDACTED].

Sincerely,

A handwritten signature in cursive script, appearing to read "L Perlot".

Luke Perlot
Associate Director
Corporate Integrity Project

Enclosure: “Eliminate DEI and ESG Goals From
Executive Pay Incentives” proposal

Eliminate DEI and ESG Goals From Executive Pay Incentives

Resolved: Since the June 2023 U.S. Supreme Court decision in *Students for Fair Admissions v. Harvard College*,¹ hundreds of higher education institutions have shuttered their diversity, equity and inclusion (DEI) programs and positions.²

Consequently, “there has been a sharp uptick in litigation challenging corporate DEI programs and initiatives, alleging that they require unlawful employment and contracting decisions to be made on the basis of race, in violation of Title VII of the Civil Rights Act of 1964...”³

Corporate compliance lawyers now advise clients that “DEI initiatives and programs that are not open to all applicants or those that apply an explicit race- or gender-based focus will likely face continued and heightened scrutiny.” Also: “We also expect to see ongoing scrutiny of perceived hiring quotas and set asides, particularly those that may appear to be incentivized by bonuses for management or company leadership.”⁴

Further, “companies, and their management teams and boards, should be prepared for increased employment-related litigation including litigation that seeks to hold executive officers and directors personally liable for purported breaches of their fiduciary duties in connection with the corporation’s DEI policies.”⁵

Many corporations dramatically reduced or eliminated their DEI programs,⁶ and companies face retribution for their discrimination. For example, Starbucks was the subject of a \$28.3 million judgment after a former worker claimed she was fired for being white.⁷

Supporting Statement: The Proctor & Gamble Company (“P&G” or “Company”) includes “Equality & Inclusion” goals in its broader Environmental, Social, and Governance (ESG) programs. These include the Company’s aims to reach 50% women⁸ and 40% multicultural employees.⁹

According to P&G’s 2024 Proxy Statement:¹⁰

ESG outcomes drive various elements of our NEOs’ compensation. With respect to salary and long-term incentive awards, the CEO assesses and can make adjustments based upon an NEO’s individual contributions in the areas of Equality & Inclusion and

¹ https://www.supremecourt.gov/opinions/22pdf/20-1199_hgdj.pdf

² <https://www.chronicle.com/article/tracking-higher-eds-dismantling-of-dei>

³ <https://www.wilmerhale.com/insights/client-alerts/20240627-corporate-dei-landscape-one-year-after-sffa>

⁴ <https://www.skadden.com/insights/publications/2023/12/2024-insights/esg/the-supreme-courts-affirmative-action-opinion>

⁵ <https://corpgov.law.harvard.edu/2024/02/14/how-boards-should-be-thinking-about-the-supreme-courts-sffa-affirmative-action-decision/>

⁶ <https://nypost.com/2024/09/03/us-news/how-robbey-starbucks-is-prompting-brands-like-ford-to-ditch-dei/>

⁷ <https://www.cnn.com/2023/08/17/business/starbucks-payment-racial-discrimination-white/index.html>

⁸ <https://us.pg.com/our-workforce/gender/>

⁹ <https://us.pg.com/our-workforce/race-and-ethnicity/>

¹⁰ https://d18rn0p25nwr6d.cloudfront.net/CIK-0000080424/d2641ee8-34f4-4afa-b05a-3efe825faf90.html#D657922DDEF14A_HTM_toc657922_8

Governance. In addition, the short-term incentive award includes an assessment of an NEO's focus on internal controls as well as the ESG Factor, which accounts for progress against key long-term metrics in the areas of Environmental Sustainability and Equality & Inclusion.

These discriminatory initiatives leave P&G ripe for regulatory, reputational and litigation risk. Its attempt to cram DEI's non-GAAP nature into the proxy statement's compensation discussion demands either a legally dubious quota regime, or it fails SEC compliance.¹¹ The Council of Institutional Investors' general counsel stated that research shows "companies are engaging in an opportunistic use of non-GAAP earnings to justify higher executive pay."

FTI Consulting advises there is a "heightened focus" on "litigation risk," which "has transitioned from being merely an operational concern to becoming a strategic priority for the highest levels of corporate governance."¹²

Resolved: Shareholders request the Board of Directors' Compensation and Leadership Development Committee to eliminate discriminatory DEI and ESG goals from compensation inducements.

¹¹ <https://tax.thomsonreuters.com/news/council-of-institutional-investors-again-urges-sec-to-close-loophole-on-non-gaap-in-executive-pay/>

¹² <https://www.fticonsulting.com/insights/articles/de-risking-litigation-exposure-conflict-management-integral-business-administration>



July 10, 2025

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *The Procter & Gamble Company*
Shareholder Proposal of the National Legal and Policy Center (“NLPC”)
Securities Exchange Act of 1934—Rule 14a-8

SUBMITTED THROUGH THE SEC ONLINE SHAREHOLDER PORTAL

Ladies and Gentlemen:

This letter reflects spelling corrections made to the letter sent July 10, by Luke Perlot of National Legal and Policy Center, responding to the letter dated June 10, 2025 from Kerry Shannon Burke of Covington & Burling LLP, on behalf of The Procter & Gamble Company (“P&G” or “Company”), requesting that the Division of Corporation Finance (“Staff”) take no action if the Company excludes our shareholder proposal (“Proposal”) from its proxy materials (“Proxy”) for its 2025 annual shareholder meeting.

The Company’s request provides insufficient justification for exclusion and should be denied no-action relief.

The Proposal requests the “Shareholders request the Board of Directors’ Compensation and Leadership Development Committee to eliminate discriminatory DEI and ESG goals from compensation inducements.”

P&G’s request to exclude the Proposal—on the grounds that it “seeks to micromanage the Company” under Rule 14a-8(i)(7) and has been “substantially implemented” under Rule 14a-8(i)(10)—is insufficient and should be denied. Contrary to the Company’s arguments, the Proposal does not micromanage the Company, nor has it been meaningfully addressed by its existing compensation review processes. Therefore, as explained more fully below, the Proposal is eligible for inclusion in the Proxy, and the Staff should recommend enforcement action if P&G omits it.

To address the Company’s no-action request, I will address the Company’s “Analysis” of its points of objection to the Proposal submission as presented in its June 10 letter.

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The Proposal does not “micromanage the Company”, and therefore the Proposal should NOT be excluded from its Proxy under Rule 14a-8(i)(7)

P&G’s assertion that the Proposal impermissibly “micromanages the Company” under Rule 14a-8(i)(7) is misplaced. The ordinary-business exclusion is designed to prevent shareholders from prescribing the intricate, day-to-day mechanics of corporate affairs, not to insulate boards from high-level direction on questions that bear directly on fiduciary oversight.

The Staff rejected an identical micromanagement argument in the context of an NLPC proposal at *Merck & Co., Inc.* (Apr. 4, 2025).¹ In its response to Merck’s no-action request, the Staff stated: “In our view, the Proposal does not address the Company’s ordinary business operations and does not seek to micromanage the Company.” The language there—asking the board’s compensation committee to “revisit ... identify and consider eliminating discriminatory DEI milestones from compensation inducements”—differs minimally from the request here to eliminate DEI and ESG goals that prove discriminatory. In both cases the board retains full latitude to determine what constitutes a discriminatory metric, the timetable on which any changes occur, and the mechanics of implementation. That flexibility is precisely what SLB 14M envisions.

P&G’s reliance on *Verizon Communications Inc.* (Mar. 25, 2025) and *Rite Aid Corp.* (Apr. 23, 2021) is misplaced. In *Verizon* the proposal mandated that departing executives retain a fixed percentage of equity for two full years—an inflexible, prescriptive holding-period formula that left the compensation committee no room to calibrate implementation. *Rite Aid* similarly dictated a bright-line prohibition on underwater option grants, again imposing a specific method and timeline. By contrast, NLPC’s Proposal does not impose any formula, percentage, or schedule; it merely directs the Committee to ensure that compensation incentives do not reward conduct that could be deemed discriminatory. Because the Committee retains discretion over whether, when, and how to modify individual metrics, the Proposal lacks the rigidity that caused those earlier resolutions to be viewed as micromanagement and therefore is distinguishable from the precedents on which the Company relies.

Accordingly, we deliberately streamlined the resolved clause in the present Proposal to avoid the very escape hatch companies invoked last season. After we used the “identify and revisit” formulation at *Merck*, several issuers—most notably *American Express* (Mar. 20, 2025)²—argued they could exclude the resolution because their compensation committees already “revisit” incentive metrics as a matter of routine practice. By replacing “revisit and consider” with a clear directive to eliminate any discriminatory DEI- or ESG-based goals, we foreclose that procedural objection while

¹ <https://www.sec.gov/files/corpfm/no-action/14a-8/nlpcmerck4425-14a8.pdf>

² <https://www.sec.gov/files/corpfm/no-action/14a-8/nlpcamerican31325-14a8.pdf>

leaving substantive discretion to the Committee. The change ensures the Proposal cannot be deemed satisfied by a perfunctory annual review and therefore eliminates the basis on which American Express and others sought no-action relief.

Further, although the “significant social policy,” test no longer applies universally, it applies to P&G specifically. SLB 14M proposal may not be excludable if it “raises a policy issue that transcends the individual company’s ordinary business operations.”³ Here the Proposal highlights a substantial policy issue: the risk of discriminatory or otherwise legally questionable employment practices that are woven into executive pay incentives. Concerns over potential civil rights violations, regulatory fines, and reputational harm are not trivial or purely operational matters, as evidenced by examples in the Proposal.^{4 5 6} DEI and ESG are clearly significant social policy issues,⁷ which now bear legal consequences as well.⁸ The Proposal does not ask the Company to alter its operations altogether, but simply remove DEI and ESG goals from executive pay. If Say on Pay proposals are legally mandated,^{9 10} how could a Proposal addressing an aspect of executive compensation be considered micromanagement?

The Proposal has not been “substantially implemented,” and therefore the Proposal should NOT be excluded from its Proxy under Rule 14a-8(i)(10)

P&G’s “substantial implementation” argument relies on the same sleight of hand the Staff rejected when American Express tried it last year. In that case, the company claimed it had already “revisited” DEI-linked incentives because its Compensation Committee conducts a routine annual pay review. The Staff was unmoved because a perfunctory, cyclical look is no substitute for the focused policy re-examination shareholders actually requested. As our American Express response observed, “the Committee’s standard annual compensation review is no substitute for the specific policy reexamination proposed by shareholders” and therefore “the claim that the Proposal is ‘substantially implemented’ fails.”¹¹ The same reasoning applies here with P&G.

The Company points to a single change—the decision not to label one line-item in the STAR bonus formula “ESG Factor” for fiscal 2026—as proof that the core request has been satisfied.

³ <https://www.sec.gov/about/shareholder-proposals-staff-legal-bulletin-no-14m-cf>

⁴ <https://corpgov.law.harvard.edu/2024/02/14/how-boards-should-be-thinking-about-the-supreme-courts-sffa-affirmative-action-decision/>

⁵ <https://www.skadden.com/insights/publications/2023/12/2024-insights/esg/the-supreme-courts-affirmative-action-opinion>

⁶ <https://www.wilmerhale.com/insights/client-alerts/20240627-corporate-dei-landscape-one-year-after-sffa>

⁷ <https://nypost.com/2024/09/03/us-news/how-robby-starbuck-is-prompting-brands-like-ford-to-ditch-dei/>

⁸ <https://www.cnn.com/2023/08/17/business/starbucks-payment-racial-discrimination-white/index.html>

⁹ <https://corpgov.law.harvard.edu/2018/01/25/say-on-pay-is-it-needed-does-it-work/>

¹⁰ <https://www.sec.gov/news/press/2011/2011-25.htm>

¹¹ <https://www.sec.gov/files/corpfm/no-action/14a-8/nlpcamerican31325-14a8.pdf>

However, P&G has left untouched the CEO’s express authority to adjust named-executive-officer pay upward “based upon an NEO’s individual contributions in the areas of Equality & Inclusion and Governance,” as disclosed in the 2024 proxy statement. That discretion is itself a compensation modifier tied to DEI performance, even if the STAR grid no longer carries an “ESG” heading. Simply put, a renamed lever is still a lever, and the Company offers no assurance that it will refrain from using culture, leadership, or “people” scorecards—each a recognized proxy for diversity metrics—as indirect means of rewarding the very conduct the Proposal seeks to eliminate.

The Company’s assertion that “the ESG Factor is the only compensation metric of the Company that is specifically cited by the Proponent” is incorrect. The supporting statement expressly identifies the broader Equality & Inclusion goals and the CEO adjustment mechanism, making clear that the request is directed at every compensation element that embeds DEI or ESG criteria, regardless of title. The Proposal therefore cannot be deemed satisfied while any such element persists.

Disclosures issued this year confirm that the very Equality & Inclusion targets we flagged continue to drive P&G’s talent-management strategy—and, by extension, the pay decisions those scorecards inform. The Company’s *Equality & Inclusion* website highlights its current women and multicultural employment percentages.¹² Additionally, the Company’s 50% women,¹³ 40% multicultural workforce,¹⁴ and other ESG goals remain unchanged.¹⁵ By all accounts, P&G remains committed to its DEI and ESG goals, which it has admitted may affect compensation outside the ESG factor. These 2025 updates, coming months after the Company says it “removed” the ESG Factor, demonstrate that the underlying DEI objectives—and the internal dashboards that track executives’ success in meeting them—remain firmly in place. P&G therefore cannot plausibly claim to have “substantially implemented” a Proposal that seeks elimination of precisely these still-operative incentives.

Shareholders must ask: what other factors have been added? The Company has given shareholders no insight into executive compensation for the upcoming year, so shareholders have no choice but to rely on the previous year’s proxy statement for guidance. Given P&G’s ongoing commitments to DEI and ESG, shareholders are right to assume that these principles will remain factors in executive compensation, albeit in new forms or under different names. Removing the “ESG Factor” header while leaving the underlying quotas, scorecards, and principles intact is simply wordplay, not implementation.

¹² <https://us.pg.com/equality-and-inclusion/>

¹³ <https://www.pg.ca/en-ca/gender-equality/>

¹⁴ <https://us.pg.com/our-workforce/race-and-ethnicity/>

¹⁵ <https://us.pg.com/environmental-sustainability/>

The Proposal does not focus on nomenclature; it targets the continued use of DEI and ESG principles, under whatever label, to influence executive pay. Note that the Proposal does not ask for the removal of ESG Factor alone, but rather the removal of “discriminatory DEI and ESG goals.” P&G has not given any evidence that it has actually addressed, or even intends to address, the Proposal’s underlying concern that DEI and ESG goals in compensation diminish shareholder value. Thus, the Company’s attempt to claim substantial implementation is disingenuous and should be rejected.

Regarding The Company’s Request for Meeting

P&G and Ms. Burke conclude their no-action request by stating:

If the Staff disagrees with the Company’s view that it can omit the Proposal, we request the opportunity to confer with the Staff prior to the final determination of the Staff’s position. If the Staff has any questions regarding this request or requires additional information, please contact me at (202) 662-5297.

NLPC fully expects Staff to act professionally and transparently with us as proponents, to not engage in ex parte communications with P&G or its legal counsel, and therefore demand that we be included in all discussions regarding this no-action request. Otherwise we expect all communications regarding this matter to be conducted in view of all parties through the SEC’s online no-action portal.

Conclusion

As outlined above in further explanatory detail and context, that was either misrepresented or omitted by the Company in its no-action request, the Proposal is fully compliant with all aspects of Rule 14a-8. For this reason, NLPC asks the Staff to recommend enforcement action should the Company omit the Proposal.

A copy of this correspondence has been timely provided to the Company. If you have any questions or need more information, please feel free to contact me via email at lperl@nlpc.org or by telephone at (571) 749-5085.

Sincerely,



Luke Perlot
Associate Director
Corporate Integrity Project

Office of Chief Counsel
Division of Corporation Finance
July 10, 2025
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Cc: Susan Street Whaley, The Procter & Gamble Company