

# COVINGTON

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June 4, 2024

## 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”), to request 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 2024 annual meeting of shareholders. A copy of the Proposal and the cover letter to the Proposal are attached hereto 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 and the exhibit thereto to the Proponent as notice of the Company’s intent to omit the Proposal from its 2024 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 resolved clause states as follows:

**RESOLVED:** Shareholders request the Board adopt as policy, and amend the governing documents as necessary, to require each year that director nominees to furnish the Company, in sufficient time before publication of the annual proxy statement, information about their political and charitable giving. The information would be most valuable if it contained:

- a list of his or her donations to federal and state political candidates, and to political action committees, in amounts that exceed \$999 per year, for each of the preceding 10 years;
- a list of his or her donations to nonprofit (under all IRS categories) and charitable organizations, in amounts that exceed \$1,999 per year, for each of the preceding five years.

Information that nominees provide to the Company shall be made conveniently available to shareholders and to the public at the time the annual proxy statement is issued.

### BASIS FOR EXCLUSION

We request that the Staff concur in our view that the Proposal may be excluded from the Company's 2024 proxy materials pursuant to Rule 14a-8(i)(7), because the Proposal relates to the Company's ordinary business operations.

### ANALYSIS

#### I. The Proposal should be excluded under Rule 14a-8(i)(7)

##### *Overview of Rule 14a-8(i)(7) and Micromanagement*

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.*

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Staff Legal Bulletin No. 14E (Oct. 27, 2009) (“SLB 14E”) provides that, when analyzing a proposal to determine its underlying subject matter, the Staff looks not only to the resolved clause, but to the supporting statement and the proposal in its entirety. This position is not only expressed in SLB 14E, but also in Staff Legal Bulletin No. 14C (June 28, 2005), which states that the Staff will consider both the resolved clause and the supporting statement as a whole when analyzing a proposal for which exclusion is sought under Rule 14a-8(i)(7).

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

The Commission and Staff have long recognized that a proposal that seeks to micromanage a company is excludable under Rule 14a-8(i)(7). 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 implementing complex policies.” *1998 Release*. The Commission further stated that the micromanagement consideration stands for “the general proposition that some proposals may intrude unduly on a company’s ‘ordinary business’ operations by virtue of the level of detail that they seek.” *Id.*

The Proposal micromanages the Company by seeking intricate personal details about the Company’s directors. The Staff recently determined that an identical proposal submitted to Comcast Corporation could be excluded from Comcast’s proxy statement because it micromanaged the company. *See Comcast Corp.* (Apr. 16, 2024) (proposal requesting that the board adopt as policy, and amend the governing documents as necessary, to require each year that director nominees furnish to the company information about their political and charitable giving was excludable under Rule 14a-8(i)(7) as it micromanaged the company). The Proposal and the *Comcast* proposal both call for annual disclosure of (i) a list of all donations to federal and state political candidates and political action committees exceeding \$999 per year for each of the 10 preceding years and (ii) a separate list of all donations to IRS nonprofit and charitable organizations exceeding \$1,999 per year for each of the preceding five years. This granular and voluminous disclosure of each director’s political and charitable contributions is irrelevant to an investor’s determination of whether a particular individual possesses the necessary qualifications to serve as a director of the Company. The Proposal’s requirement to provide this detailed, intrusive disclosure micromanages the Company just as the *Comcast* proposal micromanaged Comcast. Accordingly, the Proposal also should be excluded under Rule 14a-8(i)(7).

Furthermore, the Staff has previously determined that proposals seeking detailed personal information about company directors micromanage companies under Rule 14a-8(i)(7). *See Lowe’s Companies, Inc.* (Apr. 8, 2024) (proposal that requested the board adopt a policy, and amend the company’s bylaws as necessary, requiring directors to disclose their expected allocation of hours among all formal commitments set forth in the director’s official bio on a weekly, monthly, or annual basis was excludable under Rule 14a-8(i)(7) as it micromanaged the company); *Verizon Communications Inc.* (Mar. 14, 2024) (same); *Johnson & Johnson* (Mar. 1, 2024) (same). The Proposal micromanages the Company in a similar way by requiring the Company to prepare extensive disclosure on a director-by-director basis and include detailed

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historical data about matters that do not relate to the director's responsibilities as a member of the Board. In this case, requiring such detailed personal disclosures, against the informed judgment of the Company's Board of Directors, represents an even more significant micromanagement concern.

The Proposal is also analogous to proposals requesting that a company disclose its charitable contributions above a certain dollar threshold. See *Paramount Global* (Apr. 19, 2024) (proposal that requested the company list the recipients of corporate charitable contributions of \$5,000 or more on the company's website, along with the amount contributed and any material limitations or monitoring of the contributions, was excludable under Rule 14a-8(i)(7) as it micromanaged the company); *Merck & Co., Inc.* (Mar. 29, 2023) (same). The Staff determined that the *Paramount* and *Merck* proposals' request for charitable donation disclosures micromanaged the respective company. The Proposal's request for extensive and specific disclosure of directors' political and charitable contributions, in certain instances for a ten year period, contemplates even more detailed disclosure than the *Paramount* and *Merck* proposals. The Proposal is an even more compelling case for a micromanagement exclusion under Rule 14a-8(i)(7).

**B. The Proposal should be excluded under Rule 14a-8(i)(7) because it relates to the Company's ordinary business operations and does not focus on a significant social policy issue.**

Information about directors' personal political and charitable donations should not be subject to granular oversight by the Company's shareholders, and the Staff has determined that proposals requesting information about directors acting in their personal capacities relate to ordinary business operations and are excludable under Rule 14a-8(i)(7). For example, a proposal submitted to NSTAR requested that NSTAR annually disclose in its proxy statement how each board member voted his or her personal shareholdings as well as other securities and property. See *NSTAR* (Jan. 4, 2005, recon. denied Apr. 29, 2005). The Staff determined that the decision whether to voluntarily disclose the information requested by the *NSTAR* proposal related to the company's ordinary business operations and therefore, was excludable under Rule 14a-8(i)(7). The Staff also permitted exclusion of a proposal submitted to American Electric Power Co. that mandated how and in what manner directors should allocate their time between their board commitments and other activities. See *American Electric Power Co.* (Jan. 27, 2003, recon. denied Mar. 20, 2003). The policy requested by the *American Electric Power* proposal mandated that each director expend a minimum of twenty hours per month on board matters, with forty percent of that time devoted to board meeting matters. The Staff stated that the proposal was a "restriction on activities of directors" and therefore, related to the company's ordinary business operations. The Staff further permitted exclusion of a proposal submitted to The Walt Disney Co. that requested the company to disclose "the political donations of its board members", to describe its process for determining whether the political beliefs and advocacy of directors violated the company's code of conduct and to disclose any such violations. See *The Walt Disney Co.* (Dec. 12, 2011). Similar to the *NSTAR*, *American Electric* and *Walt Disney* proposals, the disclosure contemplated by the Proposal has no relevance to the qualifications of the Company's directors and instead relates solely to outside, unrelated activities. The decision to disclose additional information on director political and charitable contributions relates to

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the ordinary business of the Company and should be left to the Company to determine, especially in light of the potential chilling effects it may have on an individual's willingness to serve as a director of the Company or to make charitable or political contributions. Accordingly, the Proposal should be excluded under Rule 14a-8(i)(7).

The Proposal is also analogous to a series of charitable donation disclosure proposals that the Staff determined were excludable under Rule 14a-8(i)(7). *See Netflix, Inc.* (Apr. 9, 2021) (proposal requesting that the company disclose and analyze charitable contributions in excess of \$5,000 was excludable under Rule 14a-8(i)(7)); *Facebook, Inc.* (Mar. 26, 2021) (same); *McDonald's Corp.* (Mar. 26, 2021) (proposal requesting that the company disclose and analyze charitable contributions in excess of \$500 was excludable under Rule 14a-8(i)(7)); *AT&T Inc.* (Jan. 15, 2021) (same). These proposals all requested that the respective company disclose to shareholders on an annual basis the recipients of the company's charitable contributions above a certain dollar threshold, which is identical to the request made by the Proposal with regard to the Company's directors, except the Proposal contemplates that this disclosure would be made over a significantly more extensive period. The *Netflix, Facebook, McDonald's* and *AT&T* proposals also requested further disclosure of past and proposed donations, expressed concern that "political and social events" triggered the companies' "potentially highly divisive" donations and those donations exposed the companies to reputational risks. The Proposal similarly requests disclosure of past donations and also expresses concern that the Company is supporting "potentially controversial stances, especially on social and cultural issues" that present material risks to the Company's reputation. Consistent with the *Netflix, Facebook, McDonald's* and *AT&T* proposals, the Proposal should be excluded under Rule 14a-8(i)(7).

### *The Proposal Does Not Focus on a Significant Social Policy Issue*

The essence of the Proposal is the disclosure of director political and charitable donations, instead of a significant social policy issue. The Staff has routinely permitted the exclusion of proposals under Rule 14a-8(i)(7) where significant social policy issues have been raised in the body of a proposal but are not the focus of the proposal.<sup>1</sup> For example, the Staff recently permitted Verizon Communications Inc. to exclude a proposal submitted by the Proponent that included in a supporting statement language substantially similar to language in the Proposal's supporting statement. *See Verizon Communications Inc.* (Mar. 14, 2024) (permitting exclusion under Rule 14a-8(i)(7) for a proposal relating to the company's positions

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<sup>1</sup> *See Broadridge Financial Solutions, Inc.* (Sept. 16, 2022) (proposal requesting a report on the distribution of stock-based incentives throughout the company's workforce, including for the purpose of combatting wealth inequality, was excludable under Rule 14a-8(i)(7) as the proposal "relate[d] to, and [did] not transcend, ordinary business matters"); *Amazon.com, Inc.* (Apr. 8, 2022) (same); *Repligen Corp.* (Apr. 1, 2022) (same); *The Goldman Sachs Group, Inc.* (Mar. 8, 2022, recon. denied Mar. 21, 2022) (proposal requesting a study on the external costs created by the company's securities underwriting services was excludable under Rule 14a-8(i)(7) as the proposal "relate[d] to, but [did] not transcend, ordinary business matters"); *The TJX Companies, Inc.* (Apr. 9, 2021) (a proposal seeking information about the company's monitoring of supplier compliance with the company's policy that prohibited prison labor was excludable under Rule 14a-8(i)(7) because the proposal "[did] not transcend the [c]ompany's ordinary business operations").

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and advocacy on immaterial social policy issues and their effect on the company's growth or decline). The *Verizon* proposal claimed that viewpoint disagreements in the U.S. have intensified, stated that many companies are involved in contentious matters immaterial to their businesses and then proceeded to discuss two examples of "potentially controversial stances" that those companies took on "social and cultural issues" that damaged the companies' relationships with customers, employees and investors and created material reputational risks. Notwithstanding these statements, the Staff determined that no significant social policy issue was at play in the proposal. The Proposal includes nearly identical language that also does not focus on a significant social policy issue. Therefore, it also should be excluded under Rule 14a-8(i)(7).

The Staff has also permitted the exclusion of proposals submitted to CVS Health Corp., The Walt Disney Co. and Costco Wholesale Corp. that raised employees' political ideology and their participation in the political process. *See CVS Health Corp.* (Feb. 27, 2015) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested the company amend its equal employment opportunity policy to explicitly prohibit discrimination based on political ideology, affiliation or activity, and to substantially implement the policy); *The Walt Disney Co.* (Nov. 24, 2014, *recon. denied* Jan. 5, 2015) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested the board consider the possibility of adopting anti-discrimination principles to protect employees' right to engage in legal activities relating to the political process, civic activities and public policy without retaliation in the workplace); *Costco Wholesale Corp.* (Nov. 14, 2014, *recon. denied* Jan. 5, 2015) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested the board to adopt an anti-discrimination policy to protect employees' right to engage in the political process, civic activities and government without retaliation). The *CVS*, *Disney* and *Costco* proposals focused on ordinary business matters relating to the companies' employees and not on the political and social issues raised by the proponents. This Proposal is no different. It is similarly focused on ordinary business matters relating to the Company's directors, and not on the political and social issues raised in the supporting statement.

Finally, the Staff has determined that proposals that raised political and social "viewpoint" and "ideology" issues did not focus on significant social policy issues. *See The Kroger Co.* (Apr. 12, 2023) (proposal requesting a public report on the potential risks of omitting "viewpoint" and "ideology" from the company's equal employment opportunity policy was excludable under Rule 14a-8(i)(7) as the proposal "relate[d] to, but [did] not transcend, ordinary business matters"); *BlackRock, Inc.* (Apr. 4, 2022) (same). Here, the Proposal also makes reference to directors' "ideological and political views," but like the *Kroger* and *BlackRock* proposals, those references alone do not transcend ordinary business matters. Accordingly, the Proposal should be excluded under Rule 14a-8(i)(7).

## 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 2024 proxy materials under Rule 14a-8(i)(7).

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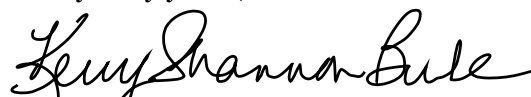
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The Company anticipates filing its 2024 proxy materials on or about August 23, 2024, and that such materials should be finalized for printing and distribution no later than August 14, 2024. Accordingly, the Company would appreciate receiving the Staff's response to this no-action request by August 7, 2024.

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  
Associate Director  
Corporate Integrity Project  
National Legal and Policy Center

**Exhibit A**





April 1, 2024

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 41 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 in order to promote shareholder value by requesting members and nominees for the Board of Directors to exhibit transparency by disclosing their political and charitable contributions. Either an NLPC representative or I will present the Proposal for consideration at the annual meeting of shareholders.

I and/or an NLPC representative are able to meet with the Company via teleconference to discuss the proposal on April 11 at 10 a.m. or April 16 at 10 a.m., 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 black ink, appearing to read "L Perlot". The signature is fluid and cursive, with the first name "L" being particularly prominent.

Luke Perlot  
Associate Director  
Corporate Integrity Project

Enclosure: “Request for the Board to Adopt a  
Policy for Director Transparency” proposal

## Request for the Board to Adopt a Policy for Director Transparency

**WHEREAS:** Viewpoint disagreements have intensified, and businesses are caught in the middle. While shareholders should expect corporate engagement over matters that affect operations – like taxation and regulation – many companies get involved in contentious matters unrelated to their core businesses.

**SUPPORTING STATEMENT:** Corporate support of potentially controversial stances, especially on social and cultural issues, can damage relationships with customers, employees, and investors, and present material risks to companies' reputation and sustainability. For example:

- Consumers boycotted Bud Light following advertising efforts featuring transgender influencer Dylan Mulvaney, and the brand lost its status as the best-selling beer in the United States.<sup>1</sup> Parent company Anheuser-Busch InBev lost 28 percent in pre-tax profit in the quarter following the boycott, and the boycott created lasting damage to the Bud Light brand that continues to hamstring the company.<sup>2</sup>
- Target Corporation highlighted its sale of sexually charged children's products and corporate donations to partisan organizations.<sup>3</sup> Its quarterly sales fell for the first time in six years,<sup>4</sup> despite increased consumer spending during that period,<sup>5</sup> and the company lost \$10 billion in market value over ten days.

The Procter & Gamble Company ("P&G" or "Company") is not exempt. The Company is historically one of the largest advertisers in the world, a major driver of its sales. However, several of its marketing campaigns in recent years have prioritized a political agenda that insult much of its target demographic. For example, Gillette launched a #MeToo-inspired ad campaign in 2019 vilifying so-called "toxic masculinity."<sup>6</sup> Another Gillette ad featured a prominent transgender influencer.<sup>7</sup> Razors are highly interchangeable products, like Bud Light. Both ad campaigns were a poor fit for the product's target audience, and P&G's could have drawn similar backlash.

Corporate underperformance can be avoided if directors exercise greater risk oversight objectively, but shareholders are uninformed about members' ideological and political views. Greater transparency is needed for shareholders to discern whether our Board suffers the partisan capture and therefore the group-think ideological blinders that have cost some companies in recent years.

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<sup>1</sup> <https://www.theguardian.com/business/2023/jun/14/bud-light-loses-top-us-beer-spot-after-promotion-with-transgender-influencer>

<sup>2</sup> <https://hbr.org/2024/03/lessons-from-the-bud-light-boycott-one-year-later>

<sup>3</sup> <https://nypost.com/2023/05/28/target-loses-10b-following-boycott-calls-over-lgbtq-friendly-clothing/>

<sup>4</sup> <https://www.cnn.com/2023/08/16/investing/target-stock-earnings/index.html>

<sup>5</sup> <https://www.reuters.com/markets/us/us-consumer-spending-july-surges-weekly-jobless-claims-fall-2023-08-31/>

<sup>6</sup> <https://www.fastcompany.com/90293402/gillette-responds-to-the-backlash-against-its-woke-viral-ad>

<sup>7</sup> <https://www.cbsnews.com/news/gillette-ad-depicts-dad-showing-transgender-son-how-to-shave>

**RESOLVED:** Shareholders request the Board adopt as policy, and amend the governing documents as necessary, to require each year that director nominees to furnish the Company, in sufficient time before publication of the annual proxy statement, information about their political and charitable giving. The information would be most valuable if it contained:

- a list of his or her donations to federal and state political candidates, and to political action committees, in amounts that exceed \$999 per year, for each of the preceding 10 years;
- a list of his or her donations to nonprofit (under all IRS categories) and charitable organizations, in amounts that exceed \$1,999 per year, for each of the preceding five years.

Information that nominees provide to the Company shall be made conveniently available to shareholders and to the public at the time the annual proxy statement is issued.