

NOTICE OF EXEMPT SOLICITATION

NAME OF REGISTRANT: The Procter & Gamble Company

NAME OF PERSONS RELYING ON EXEMPTION: Arjuna Capital

ADDRESS OF PERSON RELYING ON EXEMPTION: 13 Elm St. Manchester, MA 01944

WRITTEN MATERIALS: The attached written materials are submitted pursuant to Rule 14a-6(g)(1) (the "Rule") promulgated under the Securities Exchange Act of 1934,* in connection with a proxy proposal to be voted on at the Registrant's 2024 Annual Meeting. *Submission is not required of this filer under the terms of the Rule but is made voluntarily by the proponent in the interest of public disclosure and consideration of these important issues.

August 26, 2024

Dear Procter & Gamble Shareholders,

We are writing to urge you to **VOTE "FOR" ITEM 4** on the proxy card, which asks the Company to report on median and adjusted pay gaps across race and gender. We believe shareholders should vote FOR the proposal for the following reasons:

1. Research shows there are significant company performance benefits associated with disclosing and acting to narrow statistically-adjusted **and** median pay gaps.
2. P&G does not follow best practice pay equity reporting practices as it does not report median racial or gender pay gap data.
3. Median pay gap reporting provides valuable data distinct from the Company's diversity data.
4. Median pay disclosures can benchmark P&G's progress in Equality & Inclusion (E&I).
5. P&G lags peers on racial and gender pay equity disclosures/commitments.

Expanded Rationale FOR Item 4

The Proposal makes the following request:

Resolved: Shareholders request Procter & Gamble report on both quantitative median and adjusted pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively).

We believe shareholders should vote "FOR" the Proposal for the following reasons:

1. **Research shows there are significant company performance benefits associated with disclosing and acting to narrow statistically-adjusted and median pay gaps:**
 - a. Pay equity within companies leads to greater workforce diversity, and greater workforce diversity leads to strong company performance benefits. ^{1,2,3,4}
 - b. Closing **median pay gaps** by increasing female and minority representation in leadership positions is associated with strong company performance benefits. ^{5,6}
 - c. Disclosing pay gaps leads to the narrowing of these gaps, resulting in company performance benefits. ^{7,8,9,10,11}
2. **P&G does not follow best practice pay equity reporting practices as it does not report median racial or gender pay gap data.**
 - a. Best practice pay equity reporting consists of annually reporting two metrics:
 - i. Unadjusted-Median Pay Gaps: Assess how pay is distributed by race and gender, and which groups hold the high versus low-paying jobs. P&G has refused to provide this transparency.
 1. This data point is measured by assessing the median pay of minorities/women working full time versus non-minorities/men working full time. This is the metric that the United States Census Bureau, Department of Labor, OECD, and International Labor Organization use when discussing pay gaps.
 2. Black workers in the U.S. earn 81 cents on the dollar versus white workers, and women in the U.S. earn 84 cents on the dollar versus men on this basis.
 3. United Kingdom and Ireland-based companies, and soon companies in the European Union, are mandated to report median pay gap data.
 - ii. Statistically-Adjusted Pay Gaps: Assess the pay between minorities/non-minorities and women/men performing similar roles — data we pressed P&G to begin annually reporting with this proposal.
 1. This data point is measured by performing a statistical analysis of race and gender pay gaps by controlling for factors such as job, seniority, and geography. These gaps are often smaller and easier to remedy than median pay gaps.

¹ <https://www.inc.com/marcel-schwantes/new-report-pay-transparency-may-be-key-to-keeping-your-employees-in-2021.html>

² <https://www.gartner.com/en/articles/gartner-top-10-strategic-predictions-for-2023-and-beyond>

³ <https://clsbluesky.law.columbia.edu/2018/11/23/iss-looks-at-gender-diversity-and-company-performance/>

- ⁴ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-matters-even-more-the-case-for-holistic-impact>
- ⁵ <https://www.credit-suisse.com/about-us-news/en/articles/news-and-expertise/cs-gender-3000-report-2019-201910.html>
- ⁶ <https://www.bcg.com/publications/2018/how-diverse-leadership-teams-boost-innovation>
- ⁷ <https://justcapital.com/reports/just-jobs-analysis-why-pay-equity-is-still-critically-important-in-the-time-of-coronavirus/>
- ⁸ https://hbr.org/2019/01/research-gender-pay-gaps-shrink-when-companies-are-required-to-disclose-them?utm_medium=email&utm_source=newsletter_daily&utm_
- ⁹ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3682949
- ¹⁰ https://www.refinitiv.com/content/dam/marketing/en_us/documents/gated/reports/gender-pay-gap-and-investment-strategies.pdf
- ¹¹ <https://www.gartner.com/en/human-resources/trends/payequity>
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2. There is a 4.9% adjusted gender pay gap in the United States.¹²

3. Median pay gap reporting provides valuable data distinct from the company's diversity data.

- a. The Board contends the adoption of the proposal is unnecessary, arguing representation and statistically-adjusted data are adequate substitutions. However, median pay gaps provide a comprehensive view as to whether minorities/women are holding as many high-paying jobs as non-minorities/men.
- b. Median pay data provides a digestible data point for investors to compare progress year-over-year. This data shows us, quite literally, how companies assign value to their employees through the roles they inhabit and the pay they receive.
- c. Statistically-adjusted numbers alone can be misleading if not complemented with median pay gap data. While it may be easier for companies to narrow statistically-adjusted pay gaps with a handful of pay adjustments within certain employment categories, such adjustments may not impact employees at-large nor improve representation across pay scales. Conversely, narrowing median pay gaps requires hiring, developing, and promoting minorities/women into higher-paying positions across the firm.

4. Median pay disclosures can benchmark P&G's progress in Equality and Inclusion (E&I).

- a. The Company describes its E&I strategy to justify its obfuscation of median pay data. While this strategy is important, disclosure of median pay gap data will ensure investors and employees that P&G's E&I work is improving pay equity and diverse representation. Median pay gap data will complement the Company's efforts and allow P&G to benchmark its progress toward E&I goals. P&G's refusal to publish median pay gap data reflects a lack of transparency and accountability to investors and employees.

5. P&G lags peers on racial and gender pay equity disclosures/commitments.

- a. More companies are disclosing racial and gender median pay gaps annually, committing to an honest accounting of pay equity that will strengthen diversity and talent retention. Of the 100 largest U.S. companies, 25 percent of the consumer companies have committed to disclosing median pay gaps. This includes Starbucks, Lowe's, Home Depot - and most recently Walmart.¹³

For all the reasons provided above, we strongly urge you to support the Proposal. Pay transparency has been shown to narrow pay gaps and improve diversity at companies that disclose them, which we believe is in the long-term best interest of shareholders.

Please contact Julia Cedarholm at juliac@arjuna-capital.com for additional information.

Sincerely,



Natasha Lamb
Arjuna Capital

¹² <https://www.glassdoor.com/research/app/uploads/sites/2/2019/03/Gender-Pay-Gap-2019-Research-Report-1.pdf>

¹³ <https://static1.squarespace.com/static/5bc65db67d0c9102cca54b74/t/65f0b24549f03056f8edb5b9/1710273095112/Arjuna+Capital+-+Racial+and+Gender+Pay+Scorecard+2024.pdf>

This is not a solicitation of authority to vote your proxy. Please DO NOT send us your proxy card. Arjuna Capital is not able to vote your proxies, nor does this communication contemplate such an event. The proponent urges shareholders to vote for Proxy Item 4 following the instruction provided on the management's proxy mailing.

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