THE PROCTER & GAMBLE COMPANY

MEETING DATE	Tue, 12 Oct 2021 12:00	TYPE	AGM	ISSUE DATE	Thu, 30 Sep 2021
MEETING LOCATION	www.virtualshareholdermeeting.com/PG2021				
CURRENT INDICES	S&P500				
SECTOR	Soap, detergents, and cleaning preparations; perfumes, cosmetics, and other toilet preparations				
FYE	30 Jun 2021				

	PROPOSALS	ADVICE
1.a	**Elect Marc Allen - Non-Executive Director** Independent Non-Executive Director. Triodos supports this resolution.	**For**
1.b	**Elect Angela F. Braly - Non-Executive Director** Non-Executive Director and non-independent member of the Audit Committee but there is sufficient independent representation on the Audit Committee. Not considered independent owing to a tenure of over nine years, however, there is sufficient independence on the board. Triodos supports this resolution.	**For**
1.c	**Elect Amy L. Chang - Non-Executive Director** Independent Non-Executive Director.	**For**
1.d	**Elect Joseph Jimenez - Non-Executive Director** Independent Non-Executive Director.	**For**
1.e	**Elect Christopher Kempczinski - Non-Executive Director** Independent Non-Executive Director.	**For**
1.f	**Elect Debra L. Lee - Non-Executive Director** Independent Non-Executive Director.	**For**
1.g	**Elect Terry J. Lundgren - Non-Executive Director** Non-Executive Director. Not considered independent as the director is considered to be connected with a significant shareholder: BlackRock. Long-Term Private Capital is a BlackRock private equity fund. There is sufficient independent representation on the Board. Triodos supports this resolution.	**For**
1.h	**Elect Christine M. McCarthy - Non-Executive Director** Independent Non-Executive Director.	**For**
1.i	**Elect Jon R. Moeller - Executive Director** Executive Director. Support recommended.	**For**
1.j	**Elect David S. Taylor - Chair & Chief Executive** Chair and CEO. Combined roles at the head of the company. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. Triodos opposes this resolution.	**Oppose**
1.k	**Elect Margaret C. Whitman - Non-Executive Director** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. Triodos supports this resolution.	**For**

1.l Elect Patricia A. Woertz - Non-Executive Director **For**

Non-Executive Director, Chair of the Audit Committee. Not considered independent owing to a tenure of more than nine years, however, there is sufficient independence on the board.
Triodos supports this resolution.

2 Appoint the Auditors **Oppose**

Deloitte proposed. Non-audit fees represented 2.73% of audit fees during the year under review and 2.69% on a three-year aggregate basis.
This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years and there are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.
Triodos opposes this resolution.

3 Advisory Vote on Executive Compensation **Oppose**

The company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment.
The company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The company does not consider non-financial metrics in its assessment of performance. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is not aligned with peer group averages.
Triodos opposes this resolution.

4 Shareholder Resolution: Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates **For**

Proponent's argument: Procter & Gamble Company shareholders propose that the board adopt a policy of promoting significant representation of employee perspectives among corporate decision makers by requiring the initial list of candidates from which new director nominees are chosen by the Governance and Public Responsibility Committee include (but need not be limited to) current or past PG non-management employees. The Policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates. Anticipated benefits include reduced turnover as employees are more empowered to influence firm-specific investments, better informed decision-making because employees have specialized knowledge, better monitoring of management with increased information channels, and reduced myopia since employees often take a longer-term view

Company's response: The board argues that the current Director candidate selection process is sound and serves the best interests of our Company and shareholders. The existing election process has resulted in a diverse set of active, capable, and diligent Board members. In addition, employees have a wide variety of channels to communicate with senior leadership and the Board of Directors, and the board ensures through the annual employee survey that the senior leaders and the Board of Directors are aware of any issues of particular concern to our employee population. The proposal to alter the Director nomination process is unnecessary and not in the best interests of our shareholders or our Company.

PIRC analysis: It is considered that the appointment of representatives of (non-management) employees to the board has the potential to create a positive influence in areas of decision making normally reserved for the Board and senior management. The election of employee-representative director(s) is common practice in a number of major economies, and is considered to be an effective way of ensuring that employee views and concerns are considered properly at board level.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: C - The company has failed to provide the fees it paid the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The peer groups used for the purpose of pay comparison have been fully disclosed by the company. The performance metrics used to award the Annual bonus have not been disclosed. The performance-based long term incentive is subject to quantified performance targets for Relative Organic Sales Growth, Core EPS Growth, Constant Currency Core Before–Tax Operating Profit Growth and Adjusted Free Cash Flow Productivity.

Balance: D - The company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The company does not consider non-financial metrics in its assessment of performance. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is not aligned with peer group averages.

Contract: C - Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. The company does not appear to have double-trigger provisions in place, which is a concern as single-trigger vesting allows for awards to automatically vest in the event of a change-of-control. Change-in-control payments are subject to double-trigger provisions. 'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

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