



Giles M. Roblyer
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June 3, 2016

VIA E-MAIL

Office of the Chief Counsel
Division of Corporate Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
shareholderproposals@sec.gov

Re: Shareholder Proposal to The Procter & Gamble Company

Ladies and Gentlemen:

The Procter & Gamble Company (the “Company”) submits this letter under Rule 14a-8(j) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to notify the Securities and Exchange Commission (the “Commission”) of the Company’s intent to exclude a shareholder’s proposal (with the supporting statement, the “Proposal”) from the proxy materials for the Company’s 2016 Annual Meeting of Shareholders (the “2016 Proxy Materials”) for the following reasons:

- Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business operations; and
- Rule 14a-8(i)(3) because the Proposal is so vague and indefinite that neither the Company nor its shareholders would be able to determine with reasonable certainty what action or measures the resolution requires.

The Proposal was submitted by Northstar Asset Management, Inc. (the “Proponent”) on April 20, 2016. The Company asks that the staff of the Division of Corporation Finance of the Commission (the “Staff”) confirm that it will not recommend to the Commission that any

enforcement action be taken if the Company excludes the Proposal from its 2016 Proxy Materials as described below. In accordance with Rule 14a-8(j), a copy of this letter and its attachments are being provided to the Proponent.¹ The letter informs the Proponent of the Company's intention to omit the Proposal from its 2016 Proxy Materials. Pursuant to Rule 14a-8(j), this letter is being submitted not less than 80 days before the Company intends to file its definitive 2016 Proxy Materials with the Commission.

I. BACKGROUND

A. The Proposal

The Proposal is entitled "Application of Company Non-discrimination Policies in States with Pro-discrimination Laws" and reads as follows:

Resolved: Shareholders request that the Company issue a public report to shareholders, employees, customers, and public policy leaders, omitting confidential information and at a reasonable expense, by April 1, 2017, detailing the known and potential risks and costs to the Company caused by any enacted or proposed state policies supporting discrimination against LGBT people, and detailing strategies above and beyond litigation or legal compliance that the Company may deploy to defend the Company's LGBT employees and their families against discrimination and harassment that is encouraged or enabled by the policies.

Supporting Statement: Shareholders recommend that the report evaluate risks and costs including, but not limited to, negative effects on employee hiring and retention, challenges in securing safe housing for employees, risks to employees' LGBT children and risks to LGBT employees who need to use public facilities, and litigation risks to the Company from conflicting state and company anti-discrimination policies. Strategies evaluated should include public policy advocacy, human resources and educational strategies, and the potential to relocate operations or employees out of states with discriminatory policies (evaluating the costs to the Company and resulting economic losses to pro-discriminatory states).

A copy of the Proposal is attached to this letter as Exhibit A.

II. ANALYSIS

A. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals With Matters Related to the Company's Ordinary Business Operations.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business operations." According to the Commission, the underlying policy of the ordinary business exclusion is "to confine the

¹ Because this request is being submitted electronically, the Company is not submitting six copies of the request, as otherwise specified in Rule 14a-8(j).

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 shareholder meeting.” Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals, [1998 Transfer Binder] Fed. Sec. L. Rep. (CCH) 86,018, at 80,539 (May 21, 1998) (the “1998 Release”).

In the 1998 Release, the Commission described two “central considerations” for the ordinary business exclusion. The first is that certain tasks 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.” The second consideration relates to “the degree to which the proposal seeks to ‘micro-manage’ 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.* at 86,017-18 (footnote omitted).

Generally the Staff has denied relief under Rule 4a-8(i)(7) with regard to shareholder proposals on discrimination matters because such proposals raise significant policy considerations. *See generally JP Morgan Chase* (Feb. 22, 2006) (denying relief under Rule 14a-8(i)(7) with regard to proposal that JPMorgan Chase amend its written equal employment opportunity policy to explicitly exclude reference to sexual orientation). However, proposals that relate to such matters but that also relate to ordinary business matters remain excludable under Rule 14a-8(i)(7). *See, e.g., PG&E Corporation* (Mar. 7, 2016) (proposal requesting that the board institute a policy prohibiting discrimination based on race, religion, donations, gender or sexual orientation in hiring vendor contracts or customer relations, excludable under Rule 14a-8(i)(7) where the company argued that ordinary business matters were implicated by the principles prohibiting discrimination in the context of hiring, vendor contracting and customer relations), *Apache Corporation* (Mar. 5, 2008) (proposal requesting that management implement equal employment opportunity policies prohibiting discrimination based on sexual orientation and gender identity, excludable under Rule 14a-8(i)(7) where the company argued that ordinary business matters were implicated by principles prohibiting the consideration of sexual orientation in the allocation of employee benefits, corporate advertising, corporate advertising and marketing policy, the sale of goods and services, and corporate charitable contributions); *The Walt Disney Company* (Nov. 22, 2006) (proposal requesting report on the steps Disney is undertaking to avoid the use of negative racial ethnic and gender stereotypes in its products, excludable under Rule 14a-8(i)(7) on the basis that it related to its ordinary business operations (i.e., the nature, presentation and content of programming and film production)); *ATT Corp.*, (Feb. 25, 2005) (proposal requesting that ATT consider discontinuing all domestic partner benefits for executives making over \$500,000 per year, excludable under Rule 14a-8(i)(7) on the basis that the “thrust and focus” of the proposal is on the ordinary business matter of employee benefits); *see also Associates First Capital*, (Feb. 23, 1999) (granting relief under Rule 14a-8(i)(7) where five of the six elements of proposal regarding predatory lending related to ordinary business matters); *E*Trade Group, Inc.*, (Oct. 31, 2000) (granting relief under Rule 14a-8(i)(7) regarding proposal to establish committee to advise the board on how to increase shareholder

value where two out of the four potential mechanisms for increasing shareholder value involved the company's ordinary business operations).

Here, the proposal requests that the Company report on "known and potential risks and costs to the Company caused by any enacted or proposed state policies supporting discrimination against LGBT people" and indicates that several specific topics should be addressed by the requested report. Although the Proposal relates to the creation of a report, the Commission has long held that such proposals are evaluated by the Staff by considering the underlying subject matter of the proposal when applying Rule 14a-8(i)(7). See Commission Release No. 34-20091 (Aug. 16, 1983).

Along similar lines, the Proposal requests that the report evaluate risks and costs raised by conflicting state and company anti-discrimination policies. In Staff Legal Bulletin No. 14E (October 27, 2009), a proposal that requires a risk assessment will be excludable under Rule 14a-8(i)(7) where its subject matter does not transcend the day-to-day business matters of the company or raise policy issues so significant that it would be appropriate for a shareholder vote. For example, on March 14, 2016, the SEC granted no-action relief to Netflix, Inc., with respect to a proposal that requested that the company issue a report describing how company management identifies, analyzes and oversees reputational risks related to offensive and inaccurate portrayals of Native Americans, American Indians and other indigenous peoples, how it mitigates these risks and how the company incorporates these risk assessment results into company policies and decision-making. See *Netflix, Inc.* (Mar. 14, 2016). The SEC agreed with Netflix that it could exclude the proposal under Rule 14a-8(i)(7), as relating to Netflix's ordinary business operations, notwithstanding the fact that proposal requested an assessment of risk and raised discrimination-related concerns. In this regard, the SEC noted that the proposal related to the nature, presentation and content of programing and film production.

Like the proposals above that related to discrimination but also related to ordinary business matters, the focus of the Proposal is broad and encompasses a number of "ordinary business matters." For example, the supporting statement indicates that the report should address hiring and workplace practices, and Company decisions on the location of operations and facilities. Because these matters are a significant portion of the subject matter of the Proposal, the Proposal is excludable from the 2016 Proxy Materials in reliance on Rule 14a-8(i)(7).

1. The Proposal Relates to the Litigation Risks

The Proposal is excludable as relating to the Company's ordinary business operations because both the Proposal and Supporting Statement focus on how the Company manages litigation risks. Although the resolved clause asks for strategies beyond litigation strategies, the Supporting Statement requests that the report cover "litigation risks to the Company from conflicting state and company anti-discrimination policies." The Proposal also requests disclosure of the Company's evaluation of the risks and costs associated with "enacted or proposed state policies" that discriminate against LGBT people. Thus, the Proposal requests a report on how the Company views a certain category of litigation risks and how it intends to manage those risks.

The Staff consistently has concurred with the exclusion under Rule 14a-8(i)(7) of shareholder proposals that relate to litigation matters. *See, e.g., Johnson & Johnson* (Feb. 14, 2012) (proposal requesting “report describing “new initiatives instituted by management to address the health and social welfare concerns of people harmed by adverse effects from Levaquin” excludable under rule 14a-8(i)(7), as relating to Johnson & Johnson’s ordinary business operations where the Staff noted that “the company is presently involved in litigation relating to the subject matter of the proposal” and that “[p]roposals that would affect the conduct of ongoing litigation to which the company is a party are generally excludable under rule 14a-8(i)(7)”); *Merck Inc.*, (February 3, 2009) (proposal providing that Merck should take various actions relating to Vioxx litigation that are specified in the proposal, including that Merck should publicly declare that criminal acts have occurred and that, instead of paying for lawyers, Merck should use the funds to compensate the victims of Vioxx and their families, excludable under rule 14a-8(i)(7), as relating to Merck’s ordinary business operations (i.e., litigation strategy)); *Reynolds American Inc.* (Mar. 7, 2007) (proposal requesting that the company provide information on the health hazards of secondhand smoke, including legal options available to minors to ensure their environments are smoke free, where the company was currently litigating six separate cases alleging injury as a result of exposure to secondhand smoke and a principal issue concerned the health hazards of secondhand smoke, excludable as relating to ordinary business matter, (i.e., litigation strategy)).

Evaluating the risks and costs associated with enacted or proposed state policies that discriminate against LGBT people are exactly the types of “core matters involving the [C]ompany’s business and operations” that are the basis for Rule 14a-8(i)(7). *See generally* the 1998 Release. For that reason, the Staff consistently has concurred that shareholder proposals that implicate a company’s conduct of litigation or litigation strategy are properly excludable under the “ordinary course of business” exception contained in Rule 14a-8(i)(7). For example, in 1991, the Staff agreed with *Benihana National Corp.* (Sept. 13, 1991) that the company could exclude under Rule 14a-8(c)(7) a proposal requesting the company to publish a report prepared by a board committee analyzing claims asserted in a pending lawsuit. Since then, the Staff repeatedly has concurred in the exclusion of proposals that, in a variety of ways, addressed pending litigation or litigation strategy that the companies faced. *See, e.g., Wal-Mart Stores, Inc.* (Apr. 14, 2015) (proposal requesting that the company create reports on gender-based pay inequity excludable under Rule 14a-8(i)(7) where the company was involved in litigation relating to the subject matter of the proposal because “[p]roposals that would affect the conduct of ongoing litigation to which the company is a party are generally excludable under rule 14a-8(i)(7)”).

As in the letters cited above, the Company views analyzing the risks, costs, and strategic approaches to compliance with the laws and regulations of the states in which it does business as fundamental activities central to management’s ability to run the Company. For these reasons, the Proposal is excludable under Rule 14a-8(i)(7).

2. *The Proposal Focuses on Matters that Relate to Hiring and Workplace Practices*

The Commission stated in the 1988 Release that “management of the workforce” is a subject matter that is “so fundamental to management’s ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight.” In this regard, the Staff has concurred with exclusion of proposals relating to hiring. *See, e.g., Merck & Co. Inc.* (Mar. 6, 2015) (proposal to only fill entry level positions with outside candidates, excludable under Rule 14a-8(i)(7) where the Staff noted that “the proposal relates to procedures for hiring and promoting employees. Proposals concerning a company’s management of its workforce are generally excludable under rule 14a-8(i)(7)”; *Starwood Hotels & Resorts Worldwide, Inc.* (Feb. 14, 2012) (proposal that, by a certain date, management verify United States citizenship for certain workers, excludable under Rule 14a-8(i)(7) on the basis that “Proposals concerning a company’s management of its workforce are generally excludable under rule 14a-8(i)(7)”; *National Instruments Corporation* (Mar. 5, 2009) (proposal to adopt detailed succession planning policy); *Wilshire Enterprises, Inc.* (Mar. 27, 2008) (proposal to replace the current chief executive officer); and *Wells Fargo & Company* (Feb. 22, 2008) (proposal to not employ individuals who had been employed by a credit rating agency during the previous year).

The Supporting Statement asks the Company to address the “negative effects on hiring and retention” in its report. Given the large number of employees of the Company, the importance of workforce maintenance and development to the Company’s sustainability, and the numerous other legal and governance considerations that must be considered when making hiring and retention decisions, it is impracticable for hiring and retention to be subject to direct shareholder oversight, as requested by the Proposal.

The Proposal also involves workforce management practices such as “the potential to relocate . . . employees out of states with discriminatory policies.” Similar to hiring and retention, decisions on where to place employees among the Company’s operations and when to relocate them are a fundamental part of management’s day-to-day work of running the Company.

The proposal also implicates the provision of safe housing and restrooms to employees in states with discriminatory policies. The Staff has permitted exclusion of a wide range of other proposals that seek to regulate the workplace environment. *See, e.g., Bristol-Myers Squibb Company.* (Jan. 7, 2015) (proposal that the board consider the possibility of adopting anti-discrimination principles that protect employees’ human right to engage, on their personal time, in legal activities relating to the political process, civic activities and public policy without retaliation in the workplace, excludable under Rule 14a-8(i)(7) on the basis that proposal relates to Bristol-Myers’ policies concerning its employees); *Wal-Mart Stores, Inc.* (Mar. 23, 1998) (concurring with the exclusion of a proposal requesting a report on working conditions for employees of manufacturers of company products because the proposal was “directed at matters relating to the conduct of the [c]ompany’s ordinary business operations (*i.e.*, primarily employment-related matters”).

The Proposal specifically discusses hiring and retention, the relocation of the Company’s workforce, and providing safe housing and restrooms to employees. Decisions on these matters are of the type that are routinely considered, implemented, and evaluated by the Company’s

management as part of its day-to-day operations. For these reasons, the Proposal is excludable under Rule 14a-8(i)(7).

3. *The Proposal Concerns Company Decisions Regarding the Location of Its Operations*

The Proposal is also excludable as relating to the Company's ordinary business operations because the Proposal focuses on where the Company chooses to place its operations and facilities. The Staff consistently has concurred in the view that decisions regarding the location of company facilities implicate a company's ordinary business operations. For example, the proposal in *Sempra Energy* (Jan. 12, 2012, recon. denied Jan. 23, 2012) asked the company's board to review and report on the company's management of certain "risks posed by Sempra operations in any country that may pose an elevated risk of corrupt practices." The company argued that the proposal could be excluded under Rule 14a-8(i)(7), and the Staff agreed, noting that "although the proposal requests the board to conduct an independent oversight review of . . . management of particular risks, the underlying subject matter of these risks appears to involve ordinary business matters." Likewise, in *Hershey Co.* (Feb. 2, 2009), the proponent was concerned that the company's decision to locate manufacturing facilities in Mexico instead of in the United States and Canada could harm the company's reputation and was "un-American." Based on a long line of precedent, the Staff concurred that the proposal could be excluded under Rule 14a-8(i)(7) because it implicated the company's ordinary business decisions by addressing decisions relating to the location of the company's operations. *See also Tim Hortons, Inc.* (Jan. 4, 2008) (concurring in the exclusion of a proposal involving decisions relating to the location of restaurants); *Minnesota Corn Processors, LLC* (Apr. 3, 2002) (proposal excludable as involving decisions relating to the location of corn processing plants); *MCI Worldcom, Inc.* (Apr. 20, 2000) (concurring in the exclusion of a proposal that called for analysis of any future plans to abandon, relocate, or expand office or operating facilities); *Tenneco, Inc.* (Dec. 28, 1995) (concurring in the exclusion of a proposal requesting a report relating to the relocation of the company's corporate headquarters); *Pacific Gas and Electric Co.* (Jan. 3, 1986) (concurring in the exclusion of a proposal requesting a feasibility study leading to relocation of the company's corporate headquarters).

Similarly, the Proposal requests that the report address "the potential to relocate operations or employees out of states with discriminatory policies (evaluating the costs to the Company and resulting economic losses to pro-discriminatory states)." The Company's management must routinely make decisions regarding whether to commence, expand, contract, relocate, or discontinue operations. The Company's decisions and actions regarding the location of its operations and facilities are a fundamental part of the Company's ordinary business operations and take into account a multitude of complex factors. As with the long line of precedent concurring with the exclusion of proposals implicating the location of company operations, the Proposal may properly be excluded under Rule 14a-8(i)(7).

B. The Proposal May Be Excluded Under Rule 14a-8(i)(3) Because It Is So Vague and Indefinite That Neither the Company Nor Its Shareholders Would Be Able To Determine With Reasonable Certainty What Action or Measures the Resolution Requires.

Rule 14a-8(i)(3) permits a company to exclude a shareholder proposal from its proxy materials if the proposal is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials. In Staff Legal Bulletin No. 14B, issued on September 15, 2004, the Commission's staff confirmed that "reliance on Rule 14a-8(i)(3) to exclude or modify a statement may be appropriate where . . . the resolution contained in the proposal is so inherently vague or indefinite that neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires . . ." The Commission's staff has also agreed not to recommend any enforcement action when a shareholder proposal is excluded because "the shareholders will not understand what they are being asked to consider from the text of the proposal." *Kohl's Corp.* (March 13, 2001).

The Staff has on numerous occasions concurred in the exclusion of shareholder proposals under Rule 14a-8(i)(3) where key terms used in the proposal were so inherently vague and indefinite that shareholders voting on the proposal would be unable to ascertain with reasonable certainty what actions or policies the company should undertake if the proposal were enacted. For example, in *Puget Energy, Inc.* (Mar. 7, 2002), the Staff concurred in the exclusion of a shareholder proposal under Rule 14a-8(i)(3) where the proposal requested that the company's board of directors implement "a policy of improved corporate governance" and included a broad array of unrelated topics that could be covered by such a policy. *See also Berkshire Hathaway, Inc.* (Jan. 31, 2012) (concurring in the exclusion of a proposal that specified company personnel "sign off [by] means of an electronic key . . . that they . . . approve or disapprove of [certain] figures and policies" because it did not "sufficiently explain the meaning of "electronic key" or "figures and policies"); *The Boeing Co. (Recon.)* (Mar. 2, 2011) (concurring in the exclusion of a proposal under Rule 14a-8(i)(3), noting "that the proposal does not sufficiently explain the meaning of 'executive pay rights' and that, as a result, neither stockholders nor the company would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires").

The Proposal asks the Company to report on "known and potential risks and costs to the Company caused by enacted or proposed state policies supporting discrimination against LGBT people . . ." The term "enacted or proposed state policies supporting discrimination against LGBT people" is key to the Proposal because the Company would first have to determine which policies would guide the requested evaluation of risks and costs. Similar to the proposals in *Puget Energy*, *Berkshire Hathaway*, and *Boeing*, the Proposal does not define or explain exactly which policies the Company must consider. Even if the Company is able to determine which policies are necessary, the Proposal does not explain how the Company will determine which of these policies support the kind of discrimination against LGBT people that must be part of the report.

By definition, "policies" encompasses more than state laws, and could include the administrative policies and guidelines of executive agencies in each state. It is unclear what the Company must do to respond to "proposed policies," which could potentially include bills in committee, laws or policies proposed in speeches by state legislators, or even policies proposed by public interest groups.

The Supporting Statement highlights the lack of clarity about which "policies" the Proponent believes "discriminate against LGBT people." It mentions "at least one state that has recently established a policy that is an outright attack on LGBT rights and equality" but goes on to list three state laws. One of these laws is described as a "religious freedom bill" that "paves the way for future policies that could constrain our Company's ability to defend the rights of its LGBT employees." Does the Company need to report only on enacted or proposed policies that are an "outright attack" on LGBT rights or must it also consider bills such as the "religious freedom bill" that may not directly address LGBT rights but could, in the future, lead to policies that impact these rights?


Because of the multiple ambiguities in the term "enacted or proposed state policies supporting discrimination against LGBT people," the Company believes that the Proposal should be excluded, as neither shareholders voting on the Proposal, nor the Company's management in its potential implementation of the Proposal, would be able to determine with any reasonable certainty what actions should be taken should the Proposal be approved.

III. CONCLUSION

For the reasons given above, we respectfully request that the Staff not recommend any enforcement action from the Commission if the Company omits the Proposal from its 2016 Proxy Materials pursuant to Rule 14a-8(i)(7) and Rule 14a-8(i)(3).

If you have any questions regarding this request or desire additional information, please let me know. Thanks you for your attention to this matter.

Sincerely,


Giles Roblyer

Cc: Julie N.W. Goodridge
President and CEO
Trustee, NorthStar Asset Management, Inc. Funded Pension Plan
P.O. Box 301840
Boston, MA 02130
E-mail: jgoodridge@northstarasset.com

Exhibit A

The Proposal and Related Correspondence

NORTHSTAR ASSET MANAGEMENT INC

SOCIALLY
RESPONSIBLE
PORTFOLIO
MANAGEMENT

April 20, 2016

Deborah P. Majoras
Chief Legal Officer and Secretary
The Procter & Gamble Company
One Procter & Gamble Plaza
Cincinnati, OH 45202-3315

Dear Ms. Majoras:

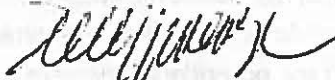
In early part of this year, several states have passed or begun to pass pro-discrimination regulations which are specifically aimed at downgrading the rights of LGBT (lesbian, gay, bisexual, and transgender) individuals. Given P&G's firm nondiscrimination policy and its operations in at least one state with such discrimination policies, we are very concerned about how these pro-discrimination policies may affect our Company's employees and shareholder value.

Therefore as the beneficial owner, as defined under Rule 13(d)-3 of the General Rules and Regulations under the Securities Act of 1934, of more than \$2,000 worth of shares of P&G common stock held for more than one year, the NorthStar Asset Management Funded Pension Plan is submitting for inclusion in the next proxy statement, in accordance with Rule 14a-8 of the General Rules, the enclosed shareholder proposal. The proposal requests that the Company prepare a report detailing the known and potential risks and costs to the Company caused by any enacted or proposed state policies supporting discrimination against LGBT people.

As required by Rule 14a-8, the NorthStar Asset Management, Inc Funded Pension Plan has held these shares for more than one year and will continue to hold the requisite number of shares through the date of the next stockholders' annual meeting. Proof of ownership will be provided within the next 15 days. I or my appointed representative will be present at the annual meeting to introduce the proposal.

A commitment from P&G to prepare a report as described in the proposal will allow this proposal to be withdrawn. We believe that this proposal is in the best interest of our Company and its shareholders.

Sincerely,



Julie N.W. Goodridge
President and CEO
Trustee, NorthStar Asset Management, Inc. Funded Pension Plan

Encl.: shareholder resolution

Application of Company Non-discrimination Policies in States with Pro-discrimination Laws

WHEREAS: Procter & Gamble (P&G) has numerous documents and policies regarding nondiscrimination, and states that “we want to be, and be recognized as, the Global Leader in Diversity & Inclusion. Diversity & Inclusion is in our DNA — at the heart of our Purpose, Values and Principles — and critical to our growth”;

P&G has an employee group for LGBT (lesbian, gay, bisexual, and transgender) employees, and a perfect score on the Human Rights Campaign’s Corporate Equality Index;

Our Company operates in much of the United States, including at least one state that has recently established a policy that is an outright attack on LGBT rights and equality;

Mississippi adopted a state policy which legalizes discrimination against LGBT individuals in employment, housing, retail establishments, and healthcare, and sanctions the creation of “sex-specific standards or policies concerning employee or student dress or grooming”;

Passed originally to override a city LGBT nondiscrimination ordinance, North Carolina’s discriminatory policy requires transgender people to use public restrooms according to the sex on their birth certificate. This policy, if it withstands legal challenges, could force transgender individuals to risk their safety and personal dignity by being forced to use the bathroom of their biological sex, rather than their outwardly-displayed gender;

In Tennessee, the state House of Representatives approved a discriminatory “religious freedom” bill” which paves the way for future policies that could constrain our Company’s ability to defend the rights of its LGBT employees;

Many businesses such as PayPal and The Walt Disney Company have spoken out against the new pro-discrimination policies. Executives from companies such as Apple, Intel, Google, Microsoft, EMC, PayPal, and Whole Foods Market are calling for repeal of certain state pro-discrimination policies;

RESOLVED: Shareholders request that the Company issue a public report to shareholders, employees, customers, and public policy leaders, omitting confidential information and at a reasonable expense, by April 1, 2017, detailing the known and potential risks and costs to the Company caused by any enacted or proposed state policies supporting discrimination against LGBT people, and detailing strategies above and beyond litigation or legal compliance that the Company may deploy to defend the Company’s LGBT employees and their families against discrimination and harassment that is encouraged or enabled by the policies.

SUPPORTING STATEMENT: Shareholders recommend that the report evaluate risks and costs including, but not limited to, negative effects on employee hiring and retention, challenges in securing safe housing for employees, risks to employees’ LGBT children and risks to LGBT employees who need to use public facilities, and litigation risks to the Company from conflicting state and company anti-discrimination policies. Strategies evaluated should include public policy advocacy, human resources and educational strategies, and the potential to relocate operations or employees out of states with discriminatory policies (evaluating the costs to the Company and resulting economic losses to pro-discriminatory states).

Roblyer, Giles

From: Mari Schwartzer <mschwartz@northstarasset.com>
Sent: Monday, April 25, 2016 1:30 PM
To: Roblyer, Giles
Cc: Julie Goodridge
Subject: RE: P&G Shareholder Proposal

Hi Giles,

Please find our proof of ownership and associated cover letter attached. I will be sending a hard copy of both as well, which you should receive tomorrow.

We look forward to engaging with P&G on this matter.

Sincerely,
Mari

Mari Schwartzer
Coordinator of Shareholder Activism
NorthStar Asset Management, Inc.
mschwartz@northstarasset.com
eFax: (617) 344-0520
www.northstarasset.com

"Where creative shareholder engagement is a positive force for change."TM

From: Roblyer, Giles [mailto:roblyer.g@pg.com]
Sent: Monday, April 25, 2016 11:16 AM
To: Julie Goodridge
Cc: Mari Schwartzer
Subject: P&G Shareholder Proposal

Dear Julie,

Please find attached a letter requesting proof of share ownership under Rule 14a-8 in regard to the NorthStar shareholder proposal. Let me know if you have any questions. Thanks!

Giles Roblyer
P&G Legal
Senior Counsel, Corporate, Securities, and Employee Benefits
513-983-2695



Giles M. Roblyer
Senior Counsel
Legal Division

The Procter & Gamble Company
One Procter & Gamble Plaza
Cincinnati, Ohio 45202-3315
(513) 983-2695 phone
(513) 983-3932 fax
Roblyer.g@pg.com

April 25, 2016

Via Email and Federal Express

Julie N.W. Goodridge, President
NorthStar Asset Management, Inc.
P.O. Box 301840
Boston, MA 02130

Dear Ms. Goodridge:

We received your letter dated April 20, 2016 with the shareholder proposal that you submitted on behalf of the NorthStar Asset Management Funded Pension Plan ("NorthStar") for consideration at The Procter & Gamble Company (the "Company") 2016 Annual Meeting of Stockholders. Your letter was received by the Company on April 21, 2016.

The purpose of this letter is to inform you that your proposal does not comply with the rules and regulations promulgated under the Securities and Exchange Act of 1934. Rule 14a-8(b) provides that stockholder proponents must submit sufficient proof of their continuous ownership of at least \$2,000 in market value, or 1%, of a company's shares entitled to vote on the proposal for at least one year as of the date the stockholder proposal was submitted. According to our records, NorthStar is not a registered holder of the Company's securities, and you have not provided us with the ownership and verification information required by Rule 14a-8(b)(2). A copy of Rule 14a-8 is included for your convenience.

To remedy this defect, NorthStar must submit sufficient proof of its ownership of the requisite number of Company shares as of the date that the proposal was submitted to the Company. As explained in Rule 14a-8(b), sufficient proof must be in the form of:

(1) a written statement from the record holder of NorthStar's shares verifying that, as of the date the Proposal was submitted, Northstar continuously held the requisite number of Company shares for at least one year; or

(2) if NorthStar has filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting its ownership of the requisite number of Company shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that NorthStar has continuously held the requisite number of Company shares for the one-year period.



Pursuant to Rule 14a-8(f), if you would like us to consider your proposal, you must send us a revised submission that corrects the deficiency cited above. If you mail a response to the address above, it must be postmarked no later than 14 days from the date you receive this letter. If you wish to submit your response electronically, you must submit it to the e-mail address or fax number above within 14 days of your receipt of this letter.

The Company may exclude your proposal if you do not meet the requirements set forth in the enclosed rules. However, if we receive a revised submission on a timely basis that complies with the aforementioned requirements and other applicable procedural rules, we are happy to review it on its merits and take appropriate action. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Giles M. Roblyer'.

Giles M. Roblyer

Enclosure

§240.14c-8

information after the termination of the solicitation.

(e) The security holder shall reimburse the reasonable expenses incurred by the registrant in performing the acts requested pursuant to paragraph (a) of this section.

NOTE 1 TO §240.14A-7. Reasonably prompt methods of distribution to security holders may be used instead of mailing. If an alternative distribution method is chosen, the costs of that method should be considered where necessary rather than the costs of mailing.

NOTE 2 TO §240.14A-7 When providing the information required by §240.14a-7(a)(1)(ii), if the registrant has received affirmative written or implied consent to delivery of a single copy of proxy materials to a shared address in accordance with §240.14a-3(e)(1), it shall exclude from the number of record holders those to whom it does not have to deliver a separate proxy statement.

[57 FR 48292, Oct. 22, 1992, as amended at 59 FR 63684, Dec. 8, 1994; 61 FR 24657, May 15, 1996; 65 FR 65750, Nov. 2, 2000; 72 FR 4167, Jan. 29, 2007; 72 FR 42238, Aug. 1, 2007]

§240.14a-8 Shareholder proposals.

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1:* What is a proposal? A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is

placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2:* Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible? (1) In order to be eligible to submit a proposal, you must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d-101), Schedule 13G (§240.13d-102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this

chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c) *Question 3:* How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) *Question 4:* How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) *Question 5:* What is the deadline for submitting a proposal? (1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§ 249.308a of this chapter), or in shareholder reports of investment companies under § 270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous

year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) *Question 6:* What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section?

(1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under § 240.14a-8 and provide you with a copy under Question 10 below, § 240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) *Question 7:* Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) *Question 8:* Must I appear personally at the shareholders' meeting to present the proposal? (1) Either you, or your representative who is qualified

under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(1) *Question 9: If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal?* (1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

NOTE TO PARAGRAPH (1)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law:* If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

NOTE TO PARAGRAPH (1)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) *Violation of proxy rules:* If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including § 240.14a-9, which pro-

hibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest:* If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance:* If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority:* If the company would lack the power or authority to implement the proposal;

(7) *Management functions:* If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Director elections:* If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal:* If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

NOTE TO PARAGRAPH (1)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented:* If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (1)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant

to Item 402 of Regulation S-K (§229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by §240.14a-21(b) of this chapter a single year (i.e., one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by §240.14a-21(b) of this chapter.

(11) *Duplication*: If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) *Resubmissions*: If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends*: If the proposal relates to specific amounts of cash or stock dividends.

(j) *Question 10*: What procedures must the company follow if it intends to exclude my proposal? (1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its de-

finitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) *Question 11*: May I submit my own statement to the Commission responding to the company's arguments?

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(l) *Question 12*: If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) *Question 13*: What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may

express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, §240.14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a-8.

[63 FR 29119, May 28, 1998; 63 FR 50622, 50623, Sept. 22, 1998, as amended at 72 FR 4168, Jan. 29, 2007; 72 FR 70456, Dec. 11, 2007; 73 FR 977, Jan. 4, 2008; 78 FR 6045, Feb. 2, 2011; 75 FR 56782, Sept. 16, 2010]

§240.14a-9 False or misleading statements.

(a) No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading

with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

(b) The fact that a proxy statement, form of proxy or other soliciting material has been filed with or examined by the Commission shall not be deemed a finding by the Commission that such material is accurate or complete or not false or misleading, or that the Commission has passed upon the merits of or approved any statement contained therein or any matter to be acted upon by security holders. No representation contrary to the foregoing shall be made.

(c) No nominee, nominating shareholder or nominating shareholder group, or any member thereof, shall cause to be included in a registrant's proxy materials, either pursuant to the Federal proxy rules, an applicable state or foreign law provision, or a registrant's governing documents as they relate to including shareholder nominees for director in a registrant's proxy materials, include in a notice on Schedule 14N (§240.14n-101), or include in any other related communication, any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to a solicitation for the same meeting or subject matter which has become false or misleading.

NOTE: The following are some examples of what, depending upon particular facts and circumstances, may be misleading within the meaning of this section.

a. Predictions as to specific future market values.

b. Material which directly or indirectly impugns character, integrity or personal reputation, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation.

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Morgan Stanley

April 25, 2016

Deborah P. Majoras
Chief Legal Officer and Secretary
The Procter & Gamble Company
One Procter & Gamble Plaza
Cincinnati, OH 45202-3315

Dear Ms. Majoras:

Morgan Stanley Wealth Management, a DTC participant, acts as the custodian for the NorthStar Asset Management, Inc. Funded Pension Plan. As of April 20, 2016, the NorthStar Funded Pension Plan held 269 shares of Procter & Gamble common stock valued at \$21,936.95. Morgan Stanley has continuously held these shares on behalf of the NorthStar Asset Management Funded Pension Plan since April 20, 2015 and will continue to hold the requisite number of shares through the date of the next stockholders' annual meeting.

Sincerely,



Stephen A. Calderara CFP®
Financial Advisor

Investments and Services are offered through Morgan Stanley Smith Barney LLC & accounts carried by Morgan Stanley & Co. Incorporated. Member SIPC

The information contained herein is based upon data obtained from sources believed to be reliable. However, such data is not guaranteed as to its accuracy or completeness and is for informational purposes only. Clients should refer to their confirmations and statements for tax purposes as the official record for their account.

THE ABOVE SUMMARY/QUOTE/STATISTICS CONTAINED HEREIN HAVE BEEN OBTAINED FROM SOURCES BELIEVED RELIABLE BUT ARE NOT NECESSARILY COMPLETE AND CANNOT BE GUARANTEED. ERRORS AND OMISSIONS ACCEPTED.

