



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

EUROFER

Data : 17/12/2020

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The Procter & Gamble Company

1 P&G Plaza

Cincinnati, OH 45202, USA

Mr John Chevalier, Senior Vice President, Global Investor Relations

Dear Mr Chevalier,

Fondo Pensione EUROFER is the pension fund for employees of the Italian State Railways, established in March 2002 as a non-profit organization with the goal of ensuring the associated workers their standard of living during retirement, thanks to an additional contribution pension plan, complementary to the public one.

As of December 31st, 2019, over 75,000 active workers from 117 companies were members of the fund with assets under management of €1,153,779,296 a portion of which is invested in shares of your Company.

EUROFER integrates the principles of sustainability and ESG (i.e. environmental social and governance) in its investment strategies, coupled with investment principles of a typical pension fund, which require a non-speculative investment approach, a long-term time horizon, a low portfolio turnover, and a stable relationship with its members. All investments (both equity and debt) of EUROFER follow a social responsibility policy.

With this letter, we bring to your attention specific ESG aspects with the aim of creating a positive, constructive and long-term dialogue, specifically assess corporate diversity and inclusion efforts.

EUROFER, in line with a similar request from other investor networks, requires Procter & Gamble to publish an annual report evaluating the company's diversity and inclusion efforts, at reasonable expense and excluding confidential information.

The report should include:

- **the process that the Board follows to evaluate the effectiveness of diversity and inclusion programs**
- **the Board's assessment of the effectiveness of the program, and how it is reflected in any objectives, metrics and trends relating to its promotion, recruitment and retention of protected categories of employees.**

Numerous studies have highlighted the business benefits of a diverse workforce.

In particular:

1. Companies with the strongest racial and ethnic diversity are 35% more likely to achieve financial returns above the industry average.
2. Companies in the top quartile for gender diversity are 21% more likely to outperform in profitability and 27% more likely to generate superior value creation¹.
3. Business teams perform better in terms of sales and profits when their gender mix is balanced².

¹

https://www.mckinsey.com/~media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx

² <https://gap.hks.harvard.edu/impact-gender-diversity-performance-business-teams-evidence-field-experiment>

1

However, there are still significant barriers for employees of different categories to advancement in their careers. Women entry in the labor market is similar to men's, yet they represent only 22% of management. Similarly, people of color make up 33% of entry-level positions, but only 13% of executives.

As P&G's Chief Diversity & Inclusion Officer Shelly McNamara states in the company's "Citizenship Report 2019", " We believe in using our voice in advertising and media to call attention to bias and equality, spark dialogue and motivate change in the world... Many of our brands are advancing diversity and inclusion perspectives through accurate and positive portrayals in everyday advertising, and by calling attention to issues like racial and LGBT+ biases.³"

P&G has organized #WeSeeEqual forums globally, supported the #SeeHer movement, and created advertisements around equality themes for brands including Fairy, Gillette, Pantene, Safeguard, Secret and Vicks.

On its website, P&G states: "We know the importance of diversity in the workplace. That's why we attract, hire, and keep diverse people on our team so that we can better understand our world and our consumers. To keep that talent here, we're creating opportunities and investing in plans for hiring, retaining, and developing them—to the executive level "

However, P&G does not provide any significant quantitative or statistical data to enable investors to determine the effectiveness of its human capital management in relation to workplace diversity. Stakeholders may worry that such P&G statements are "corporate puffery", a term described by the US Federal Trade Commission as marketing exaggerations intended to "inflate" product informations where consumers and investors cannot rely on.

EUROFER asks you to publish comparable quantitative data to understand the effectiveness of its diversity, equity and inclusion programs.

We hope that you will consider our requests as a stimulus to obtain greater consensus from all your stakeholders.

We await a kind response to our requests and we are ready to carefully analyze any further documentation regarding the points highlighted.

Sincerely,

Avv. Antonella D'Andrea, Presidente



³ <https://www.asyousow.org/resolutions/2020/07/13/procter-and-gamble-diversity-in-the-workplace>