

## **The Procter & Gamble Company Board of Directors Compensation & Leadership Development Committee Charter**

- I. Purposes.** The Compensation and Leadership Development Committee (the “Committee”) is appointed by the Board for the primary purposes of:
- A. Overseeing overall Company compensation principles and policies including base pay, short and long-term pay, retirement benefits, perquisites, severance arrangements, recoupment, stock ownership guidelines and stock option holding requirements if any, and their specific application to principal officers elected by the Board and to members of the Board; and
  - B. Assisting the Board in the development and evaluation of principal officers.
- II. Duties and Responsibilities.** The Committee has the following duties and responsibilities (responsibilities with respect to setting compensation of the Chief Executive Officer and principal officers of the Company elected by the Board cannot be delegated to Company management).
- A. General.**
- 1. To approve compensation principles that apply generally to Company employees;
  - 2. To make recommendations to the Board with respect to incentive compensation plans and equity based plans;
  - 3. To select a peer group of companies against which to benchmark/compare the Company’s compensation systems for principal officers elected by the Board;
  - 4. To administer and otherwise exercise the various authorities prescribed for the Committee by the Company’s Stock Plans;
  - 5. To monitor compensation trends and solicit independent advice where appropriate;
  - 6. To review the results of shareholder advisory votes regarding the Company’s executive compensation program and recommend to the Board how to respond to such votes;
  - 7. To recommend to the Board whether to have an annual, biannual or triennial advisory shareholder vote regarding executive compensation;
  - 8. To review shareholder proposals related to executive compensation matters and recommend to the Board how to respond to such proposals;
  - 9. To annually review the Company’s compensation policies and practices and assess whether such policies and practices are reasonably likely to have a material adverse effect on the Company;

10. To prepare a report of the Committee on executive compensation which is to be included in the Company's proxy statement relating to the annual meeting of shareholders or annual report filed on Form 10-K with the Securities and Exchange Commission ("SEC"), which complies with applicable rules and regulations, including disclosure of whether the Committee has reviewed and discussed with management the Compensation Discussion and Analysis section of such proxy statement or annual report and recommended it be included in such proxy statement or annual report;
11. To fulfill any disclosure, reporting, or other requirements imposed on or required of Compensation Committees of public companies by the SEC, New York Stock Exchange ("NYSE") or other applicable laws, rules and regulations, as the foregoing may be amended from time to time;
12. To approve and oversee the application of the Company's recoupment policy;
13. To determine and oversee stock ownership guidelines and stock option holding requirements, including periodic review of compliance by principal officers and members of the Board;
14. To periodically review organizational diversity and supporting systems and plans;
15. To perform any other activities as the Committee deems appropriate, or as are requested by the Board, consistent with this Charter, the Company's By Laws and applicable laws and regulations; and
16. To maintain and update, as appropriate, this Charter, which will be published on the Company's website.

**B. Principal Officers.**

1. To regularly review and evaluate compensation of principal officers of the Company elected by the Board (see also special additional responsibilities with respect to the Chief Executive Officer in II.C. below);
2. To approve any compensation-related action for principal officers of the Company elected by the Board;
3. To review and approve compensation arrangements for individuals who will be made offers to join the Company as a Principal Officer elected by the Board; and
4. To assist the Board in developing and evaluating principal officers and to assist the Board in the development of principal officer succession and continuity plans.

**C. Chief Executive Officer.**

1. To review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation;
  2. To evaluate the performance of the Chief Executive Officer in light of the approved corporate goals and objectives;
  3. To set the base salary and short-term incentive compensation of the Chief Executive Officer based on the Committee's evaluation of competitive compensation practices and the Chief Executive Officer's performance in achieving the corporate goals established for the position by the Committee; and
  4. To set the long-term incentive component of the compensation of the Chief Executive Officer considering the Company's performance and relative shareholder return, the value of incentive awards to Chief Executive Officers at other companies, the Chief Executive Officer's performance, and (as appropriate) the awards given to the Company's Chief Executive Officers in past years.
- D. **Directors.** To regularly review and evaluate the compensation program for Directors and, as appropriate, recommend changes to the Board.

### III. Membership, Structure and Operations

#### A. Appointment and Removal of Members.

1. **Appointment.** At the first meeting of the Board following the annual meeting of shareholders, the Board will, by resolution, designate the members of the Committee, which shall consist of not fewer than three (3) members. The Board may also appoint additional members from time to time throughout the year.
2. **Removal.** The Board may remove a member from the Committee at any time; provided, however, that if removing a member or members of the Committee would cause the Committee to have fewer than three (3) members, then the Board must at the same time appoint enough additional members to the Committee so that the Committee will have at least three (3) qualified members.

#### B. Member Qualifications. To be a member of the Committee, a Board member must meet the following requirements:

1. S/he must have, or obtain within a reasonable period of time after his/her appointment to the Committee, familiarity with the key issues relevant to the work of the Committee; and
2. S/he must be independent as determined by the Board in accordance the Company's Corporate Governance Guidelines, Director independence under IRC rules related to Section 162(m), NYSE listing standards and applicable

regulation.

C. **Appointment and Removal of Chair.**

1. **Appointment.** At the time the Board appoints members of the Committee, the Board also will appoint one of the members to act as Chair of the Committee. In addition to chairing meetings of the Committee, the Chair will be the liaison to Company management and will be responsible for setting the agenda for meetings, reporting to the Board and being available to answer questions at annual meetings of shareholders. The Chair may temporarily delegate his or her responsibilities to another member of the Committee if s/he is not available to perform them.
2. **Removal.** The Chair may be removed by the Board at any time, provided that a new Chair is appointed by the Board at the same time.

D. **Quorum.** A majority of the Committee will constitute a quorum.

E. **Voting.** Each member of the Committee will have one vote.

F. **Required Vote.** Action may be taken with the approval of a majority of the Committee present at a duly constituted meeting. Actions may be taken without a meeting with the affirmative vote or approval of all members of the Committee.

G. **Delegation.** Except where otherwise prohibited, the Committee may delegate to a subcommittee or to the Chair the right to hear and determine any issue (whether specific or general) on behalf of the whole Committee, and the Committee may also delegate administrative tasks to employees of the Company; provided, however, that no such delegation can alter the fundamental duties and responsibilities of the Committee.

H. **Meetings.**

1. **Frequency.** Unless the Committee determines that fewer meetings are required in a particular year, Committee will meet at least four (4) times per year.
2. **Calling of Meetings.** The Committee will meet at the request of any member of the Committee, at the time specified in the request.
3. **Form of Meetings.** Meetings may be in person or by telephone or other form of interactive real time electronic communication.
4. **Notice of Meetings.** Notice of meetings will be given to each member, normally at least one day before the meeting. Any meeting at which all members are present will be a duly called meeting, whether or not notice was given.
5. **Participation in Meetings.** The Committee may include in its meetings members of the Company's management, other members of the Board, or third parties; provided, however, that at least once per year the Committee

will meet, without the Chief Executive Officer or other employees of the Company present, to discuss any matters that the Committee deems appropriate.

6. ***Reporting to the Board.*** At the next meeting of the Board after any Committee meeting, the Chair or his/her nominee will provide the Board with a report on the matters addressed at the Committee meeting.

**IV. Use of Advisors.** The Committee shall have sole discretion to select, direct, and, if appropriate, terminate any compensation consultant, legal counsel, or other advisor the Committee deems necessary to assist in the evaluation of Director, CEO or principal officer compensation, or to otherwise advise the Committee in the performance of its duties.

A. **Independence Analysis and Disclosure.** Prior to retaining an advisor, the Committee will consider the independence of the advisor in accordance with SEC, NYSE, or other applicable laws, rules and regulations, as the foregoing may be amended from time to time. If the Committee retains an advisor who the Committee has determined has a conflict of interest, the Committee will comply with SEC, NYSE or other applicable disclosure requirements.

B. **Funding.** The Company will provide appropriate funding, as determined by the Committee to make reasonable compensation payments to any advisor retained by the Committee.

**V. Annual Performance Evaluation of the Committee.** At least annually, the Committee will evaluate how well it has fulfilled its purpose during the previous year and report its findings to the full Board.