UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 19, 2019

Meredith B. Cross
Wilmer Cutler Pickering Hale and Dorr LLP
meredith.cross@wilmerhale.com

Re: Northrop Grumman Corporation
Incoming letter dated January 8, 2019

Dear Ms. Cross:

This letter is in response to your correspondence dated January 8, 2019 and March 15, 2019 concerning the shareholder proposal (the "Proposal") submitted to Northrop Grumman Corporation (the "Company") by the Sisters of St. Dominic of Caldwell, New Jersey et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponents dated March 4, 2019. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: Mary Beth Gallagher
Tri-State Coalition for Responsible Investment
mbgallagher@tricri.org

March 19, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Northrop Grumman Corporation
Incoming letter dated January 8, 2019

The Proposal requests that the board prepare a report on the Company's management systems and processes to implement its human rights policy.

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters and does not seek to micromanage the Company to such a degree that exclusion of the Proposal would be appropriate. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(10). Based on the information you have presented, it does not appear that the Company's public disclosures compare favorably with the guidelines of the Proposal. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(10).

Sincerely,

Mike Killoy
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

WILMERHALE

Meredith B. Cross

+1 202 663 6644 (t)
+1 202 663 6363 (f)
meredith.cross@wilmerhale.com

March 15, 2019

Via E-mail to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Northrop Grumman Corporation
Exclusion of Shareholder Proposal Submitted by the Sisters of St. Dominic of Caldwell New Jersey, School Sisters of Notre Dame Cooperative Investment Fund and Sisters of St. Francis of Philadelphia

Ladies and Gentlemen:

We are writing on behalf of our client, Northrop Grumman Corporation (the "Company"), in response to the correspondence from the Sisters of St. Dominic of Caldwell New Jersey, School Sisters of Notre Dame Cooperative Investment Fund and Sisters of St. Francis of Philadelphia (the "Proponents") dated March 4, 2019 (the "Reply Letter") concerning the Company's intention to exclude from its 2019 Annual Meeting of Shareholders (the "Proxy Materials") the shareholder proposal and supporting statement (collectively, the "Shareholder Proposal") submitted by the Proponents. The Company continues to believe, both for the reasons set forth below and the reasons provided in the Company's January 8, 2019 correspondence (the "No-Action Request"), that the Shareholder Proposal may be excluded from the Proxy Materials pursuant to Rule 14a-8(i)(7) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on the basis that the Shareholder Proposal deals with matters relating to the Company's ordinary business operations or, alternatively, Rule 14a-8(i)(10) of the Exchange Act, on the basis that the Company has substantially implemented the Shareholder Proposal. Capitalized terms used but not defined in this letter shall have the meanings provided in the No-Action Request. In accordance with Rule 14a-8(j), a copy of this supplemental letter is being sent to the Proponents.

I. The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(7) Because It Involves Matters that Relate to the Ordinary Business Operations of the Company

The Proponents assert in the Reply Letter that the Company has misinterpreted the Shareholder Proposal, concluding that the Company has overlooked the Proponents' request and the focus of the Shareholder Proposal. In this regard, the Proponents attempt to analogize the Shareholder Proposal to human rights-related shareholder proposals at issue in other no-action letters, all the while ignoring that nearly half of the Shareholder Proposal is unrelated to human rights and is focused on the Company's relationship with its largest customer – the U.S. government. As articulated in the No-Action Request, the Shareholder Proposal implicates both considerations underlying the Rule 14a-8(i)(7) exclusion in that it (a) involves "certain tasks [that] 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" and (b) "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."

a. The Subject Matter of the Shareholder Proposal Directly Concerns the Company's Ordinary Business Operations

As illustrated in the No-Action Request, respect for human rights is extremely important to the Company and is ingrained in the Company's culture. Nevertheless, the true focus of the Shareholder Proposal is on day-to-day aspects of the company's business operations. Despite the Proponents' attempt to distinguish the Shareholder Proposal from the no-action letter precedent discussed in the No-Action Request, the Proponents' arguments fail because they overlook the Shareholder Proposal's specific focus on the U.S. government, which is a fundamental, precedent-distinguishing fact.

The Proponents' reliance on *Amazon.com, Inc.* (March 25, 2015) and *Yahoo! Inc.* (April 5, 2011) is misplaced, and these letters are inapplicable in this instance. In neither of those letters did the shareholder proposal, including any related recital or supporting statement, target any specific customer, much less the company's largest customer. This distinction is critical. As described in the No-Action Request, the Staff has concurred in exclusion of shareholder proposals that, like the subject Shareholder Proposal, purport to concern a significant policy issue, such as a company's policies related to human rights, but where the focus of the shareholder proposal actually relates to the company's ordinary business operations, such as specific company relationships. Specifically, in *The Home Depot, Inc.* (February 13, 2018) and *Pfizer Inc.* (February 12, 2018), the Staff concurred in exclusion pursuant to Rule 14a-8(i)(7) of shareholder proposals requesting that management of both companies "review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings." The shareholder proposals at issue in *The Home Depot* and *Pfizer* ultimately focused on each company's relationships with specific organizations, including the

Human Rights Campaign, which the Staff has concluded "relat[e] to the Company's ordinary business operations."

As in *The Home Depot* and *Pfizer* and the other no-action letter precedent cited in the No-Action Request, the Shareholder Proposal facially requests action involving human rights but actually focuses, impermissibly, on the Company's relationship with a specific organization. Contrary to the Proponents' assertions in the Reply Letter, the Shareholder Proposal's discussion of the U.S. Government and specific contracts between it and the Company does not serve as an illustration but rather as the focus of the Shareholder Proposal. Multiple paragraphs of the preamble to the Shareholder Proposal discuss the Company's recent contracts with the U.S. government, and such emphasis in comparison to the balance of the Shareholder Proposal necessarily causes the Shareholder Proposal to relate to the particular products and services sold by the Company and the customers to whom it sells them. Accordingly, for these reasons and consistent with the applicable no-action letter precedent cited above and in the No-Action Request, the Company believes that the Shareholder Proposal may be excluded from the Proxy Materials pursuant to Rule 14a-8(i)(7) because it delves into the core of the Company's ordinary business operations.

b. The Shareholder Proposal "Micromanages" 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"

In attempting to distinguish the Shareholder Proposal from shareholder proposals at issue in the no-action letter precedent described in the No-Action Request, the Proponents entirely disregard the Staff's recent guidance set forth in Staff Legal Bulletin 14J (October 23, 2018) ("SLB 14J"), which provides as follows:

> This framework also applies to proposals that call for a study or report. For example, a proposal that seeks an intricately detailed study or report may be excluded on micromanagement grounds. In addition, the staff would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report. Thus, for example, a proposal calling for a report may be excludable if the substance of the report relates to the imposition or assumption of specific timeframes or methods for implementing complex policies.

As described more fully in the No-Action Request, the report requested by the Shareholder Proposal falls squarely within the example set forth in SLB 14J. Specifically, the Shareholder Proposal requests a report that directly relates to the imposition or assumption of specific methods for implementing complex policies. As a large multinational corporation, a description like the one requested in the Shareholder Proposal regarding the Company's implementation of its Human Rights Policy cannot be distilled into the simplistic report envisaged by the Proponents in the Reply Letter.

The Proponents' attempt to distinguish the Shareholder Proposal from the shareholder proposal at issue in *JPMorgan & Chase & Co.* (March 30, 2018), and those at issue in *Amazon.com, Inc.*, *PayPal Holdings, Inc.* and *Verizon Communications Inc.* (March 6, 2018), is irrelevant and unpersuasive. Irrespective of the topic of a proposal, in no event has the Staff established a certain minimum threshold of requested actions for a shareholder proposal to satisfy the micromanagement prong of Rule 14a-8(i)(7). Moreover, and despite the Proponents' conclusory assertions to the contrary, the specific information requested by the Shareholder Proposal is not "straightforward." The Proponents' veiled attempt to characterize the Shareholder Proposal as a simple request for a report touching on three discrete bullet points of information fails to address the clear substance of the Shareholder Proposal's request, which is in fact just as complex as in the no-action letter precedent cited in the No-Action Request that the Proponents have failed to refute. As an initial matter, the Shareholder Proposal requests that several detailed elements be included in the report:

1. The Company's human rights due diligence process;

2. The indicators used by the Company to assess effectiveness of its due diligence process;

3. The role of the Board in oversight of human rights risks;

4. Systems to embed respect for human rights into business decision-making processes for the Company's operations;

5. Systems to embed respect for human rights into business decision-making processes for the Company's contracts; and

6. Systems to embed respect for human rights into business decision-making processes for the Company's supply chain.

For a large multinational corporation like the Company, due diligence processes, oversight structures and business decision-making processes for multiple elements of the business inherently involve the kind of complexity that does not lend itself to "straightforward" explanation. The Proponents' utter failure to refute the complexity of the request or articulate the alleged simplicity of the request is best illustrated by their proffer that the Company could simply satisfy the Shareholder Proposal with something as simple as "reporting that [the Company] has not taken a single step to implement the Human Rights Policy." Such a response is not only inaccurate, it is also clearly an oversimplification of the report requested in this regard.

Further, though the Company already has a Human Rights Policy, requesting that the Company publish a detailed report on its implementation thereof with respect to numerous aspects of the policy can clearly be viewed as a method of implementing an already complex policy (i.e.

dictating the approach taken by the Company for tracking performance), and to request that the Company do so is inappropriate in the context of a shareholder proposal. Accordingly, in keeping with SLB 14J and the applicable no-action letter precedent cited above and in the No-Action Request, seeking publication of a report covering each of the elements listed above to demonstrate how the Company implements its Human Rights Policy necessarily "relates to the imposition or assumption of specific timeframes or methods for implementing complex policies" and impermissibly "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."

II. The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Shareholder Proposal

Similar to the Proponents' Rule 14a-8(i)(7) assertions, the Reply Letter overlooks analogous Staff precedent and attempts to distinguish the Shareholder Proposal by citing inapposite no-action letters. Here, as in the no-action letter precedent cited in the No-Action Request, the Company believes that it has substantially implemented the Shareholder Proposal, most specifically by disclosing how the Company implements its Human Rights Policy. In this regard, the Company's Human Rights Policy, Standards of Business Conduct and annual proxy statement include a number of statements specifically describing implementation of the Company's Human Rights Policy. Moreover, as described more fully in the No-Action Request, when a company can demonstrate that it already has taken actions that address the "essential objective" of a shareholder proposal, the Staff has concurred that the proposal has been "substantially implemented" and may be excluded as moot, even where the company's actions do not precisely mirror the terms of the shareholder proposal. *See Texaco, Inc.* (March 6, 1991, *recon. granted* March 28, 1991). While the disclosures that the Company has provided may not be identical to those suggested in the Reply Letter, to the extent that the Shareholder Proposal is regarded as seeking a report on how the Company has implemented its Human Rights Policy, the Company has more than satisfied the essential objective of the Shareholder Proposal.

Furthermore, the *Eli Lilly and Company* (March 2, 2018) and *AmerisourceBergen Corporation* (January 11, 2018) precedent on which the Proponents rely is inapposite in the present context. Neither of those letters involved requests regarding how such companies were implementing an existing policy. Rather, the shareholder proposals involved in those letters sought reports describing company responses to and other measures implemented in response to ongoing and developing risks stemming from the opioid crisis. Here, the Shareholder Proposal requests a report regarding how the Company is implementing its own, currently existing Human Rights Policy, which by its nature contains specified implementation measures. As described in the No-Action Request, the Company's disclosures to implement the Shareholder Proposal are akin to those in *MGM Resorts International* (February 28, 2012), in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting a report on the company's sustainability policies and performance and recommending the use of the Governance Reporting

Initiative Sustainability Guidelines, on the basis that the company's "public disclosures compare favorably with the guidelines of the proposal and that MGM Resorts has, therefore, substantially implemented the proposal," where the company published an annual sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein.

Conclusion

Based on the foregoing discussion and the No-Action Request, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7), on the basis that the Shareholder Proposal deals with a matter relating to the Company's ordinary business operations, or, alternatively, pursuant to Rule 14a-8(i)(10), on the basis that the Company has substantially implemented the Shareholder Proposal.

If the Staff has any questions regarding this request or requires additional information, please do not hesitate to contact me at meredith.cross@wilmerhale.com or (202) 663-6644, or Jennifer C. McGarey, Corporate Vice President & Secretary, Northrop Grumman Corporation at Jennifer.McGarey@ngc.com. In addition, should the Proponents choose to submit any response or other correspondence to the Commission, we request that the Proponents concurrently submit that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned.

Very truly yours,

Meredith B. Cross

Enclosures

cc: Jennifer C. McGarey
Mary Beth Gallagher, Tri-State Coalition for Responsible Investment
Patricia Daly, Sisters of St. Dominic of Caldwell New Jersey
Ethel Howley, School Sisters of Notre Dame Cooperative Investment Fund
Nora Nash, Sisters of St. Francis of Philadelphia

Tri-State Coalition
for Responsible Investment

40 South Fullerton Avenue
Montclair, NJ 07042
973-509-8800
Fax: 973-509-8808
E-Mail: info@tricri.org
www.tricri.org

March 4, 2019

Via e-mail at shareholderproposals@sec.gov

Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Request by Northrop Grumman Corporation to omit proposal submitted by the Sisters of St. Dominic of Caldwell, New Jersey and co-filers

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, the Sisters of St. Dominic of Caldwell, New Jersey and the Sisters of St. Francis of Philadelphia, as co-lead filers, together with the School Sisters of Notre Dame Cooperative Investment Fund (together, the "Proponents") submitted a shareholder proposal (the "Proposal") to Northrop Grumman Corporation ("Northrop Grumman" or the "Company"). The Proposal asks Northrop Grumman to report to shareholders on the systems and processes it uses to implement its Human Rights Policy.

In a letter to the Division dated January 8, 2019 (the "No-Action Request"), Northrop Grumman stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company's 2019 annual meeting of shareholders. Northrop Grumman argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(7), on the ground that the Proposal deals with the Company's ordinary business operations; and Rule 14a-8(i)(10), arguing that the Company has substantially implemented the Proposal. As discussed more fully below, Northrop Grumman has not met its burden of proving its entitlement to exclude the Proposal on either of those bases, and the Proponents respectfully request that Northrop Grumman's request for relief be denied.

The Proposal

The Proposal states:

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy.

Ordinary Business

Rule 14a-8(i)(7) allows exclusion of proposals related to a company's ordinary business operations. Northrop Grumman urges that the Proposal is excludable on ordinary business grounds because it:

- Addresses relationships with Northrop Grumman's largest customer, the U.S. federal government, as well as the Company's sale of particular products and services, which are ordinary business matters; and
- Would micromanage Northrop Grumman by dictating "how the Company contracts with its customers and the specific management systems and processes that the Company uses to implement its [Human Rights] Policy."

Because any connection to the sale of products or relationships with customers occurs only within the larger context of the Proposal's subject of human rights, and the Proposal focuses only on disclosure of steps Northrop Grumman is already taking rather than dictating any particular steps, neither of the Company's arguments is persuasive.

The Proposal's Subject is Human Rights, Not the Company's Relationships With Customers or Sale of Products or Services

Northrop Grumman recognizes that the Division has consistently denied requests to exclude on ordinary business grounds proposals asking a company to adopt or amend a human rights policy.[1] Northrop Grumman claims, however, that the Proposal merely "references" human rights, while the actual subject is the sale of products and relationships with customers. The Company urges that the Proposal "does not actually seek to address respect of human rights" and instead focuses on "the Company's customers, products and services, in addition to its management systems and processes."[2]

What Northrop Grumman omits is that the management systems and processes at issue are the ones the Company uses to implement its Human Rights Policy. Those systems and processes are critical for embedding the commitment

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[1] E.g., Halliburton Co. (Mar. 9, 2009) (proposal asking Halliburton to "review its policies related to human rights to assess areas where the company needs to adopt and implement additional policies" not excludable); Abbott Laboratories (Feb. 28, 2008) (proposal asking Abbott to "amend the company's human rights policy to address the right to access to medicines" not excludable).

[2] No-Action Request, at 7.

made in the Human Rights Policy into Northrop Grumman's business and achieving the goals intended by the adoption of the Policy. The Proposal does not ask Northrop Grumman to disclose information about any non-human rights-related systems or processes. The resolved clause, then, is concerned solely with implementation of the Human Rights Policy, with no mention of products or customers.

Northrop Grumman's efforts to distinguish the Proposal from "proposals seeking analyses of potential and actual human rights risks in a company's operations"[3] (hereinafter, "human rights due diligence" proposals) are unconvincing. The Proposal's supporting statement recommends disclosure on Northrop Grumman's "human rights due diligence process and indicators used to assess effectiveness." The Proposal and human rights due diligence proposals have a common goal: informing shareholders about how a company is meeting an existing commitment to respect human rights. The importance of implementation is emphasized in the UN Guiding Principles on Business and Human Rights ("UNGP"), which outlines three steps companies should take to satisfy their obligation to respect human rights: adopt a policy commitment, put in place a human rights due diligence process and provide "[p]rocesses to enable the remediation of any adverse human rights impacts they cause or to which they contribute."[4]

The Staff has rejected the "sale of products or services" argument as applied to human rights due diligence proposals.[5] In Amazon.com Inc.,[6] the proposal requested that the company report on its "process for comprehensively identifying and analyzing potential and actual human rights risks of Amazon's entire operations and supply chain," including the principles and methodology used to frame and measure performance, the nature and extent of consultation with relevant stakeholders, and actual and/or potential risks identified related to "Amazon's use of contractors/subcontractors, temporary staffing agencies or similar employment agencies."

Amazon argued that the proposal was excludable on ordinary business grounds, claiming that it "relates to the products and services offered for sale by the Company because it requests a report assessing the 'potential and actual human rights risks' related to the Company's 'entire operations and supply chain.'" The

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[3] No-Action Request, at 7.

[4] Office of the High Commissioner on Human Rights, "Guiding Principles on Business and Human Rights," at 15-16 (2011)

[5] Human rights due diligence is a process companies use to meet their responsibility under the U.N. Guiding Principles on Business and Human Rights to respect human rights. Human rights due diligence allows companies "to identify, prevent, mitigate and account for how they address their impacts on human rights." (Office of the High Commissioner on Human Rights, "Guiding Principles on Business and Human Rights," at 15-16 (2011))

[6] Amazon.com, Inc. (Mar. 25, 2015).

proponents responded that the proposal addressed the sale of products only in the context of human rights, a significant policy issue. The Staff declined to grant relief, explaining, "In our view, the proposal focuses on the significant policy issue of human rights."[7]

Northrop Grumman focuses on the fact that the Proposal's "whereas" clauses cite risks related to work the Company has done for the U.S. government to support its contention that the Proposal's subject is not human rights but rather Northrop Grumman's relationships with customers. Under Northrop Grumman's logic, identifying products or customers that increase human rights risk has the effect of changing the Proposal's subject from human rights to "sale of products" or "relationships with customers."

That argument is undercut by a 2011 Staff determination involving a proposal that requested a human rights policy to guide the sale of specific products and services to particular kinds of customers. In Yahoo Inc.,[8] the proposal asked Yahoo to adopt human rights principles to "guide its business relating to its business in China and other repressive countries." The proposal's resolved clause further specified that Yahoo should not sell "information technology products or technologies," provide assistance "to authorities in China and other repressive countries that could contribute to human rights abuses" or provide information "that would place individuals at risk of persecution based on their access or use of the Internet or electronic communications for free speech and free association purposes." The proposal directed that "Yahoo will support the efforts to assist users to have access to encryption and other protective technologies and approaches, so that their access and use of the Internet will not be restricted by the Chinese and other repressive authorities."

Yahoo challenged the proposal on ordinary business grounds, claiming that the proposal's subject was not limited to a significant policy issue because certain principles "clearly relate to the ordinary business matters of determining the manner in which the Company should or should not provide its products and services, determining what products and services to offer, and establishing procedures for protecting customer information." Although the proponent did not respond substantively to the company's request, the Staff declined to grant relief, reasoning that "the proposal focuses on the significant policy issue of human rights."

The Yahoo determination, then, undermines Northrop Grumman's argument that mentioning specific products or services or relationships with particular customers requires exclusion on ordinary business grounds. Although the Yahoo proposal's resolved clause circumscribed Yahoo's ability to provide particular

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[7] Amazon.com, Inc. (Mar. 25, 2015).
[8] Yahoo, Inc. (Apr. 5, 2011).

products and services to the Chinese government, the Staff nonetheless viewed those limits as part of or subordinate to the proposal's general focus on human rights.

The Proposal is far less prescriptive than the Yahoo proposal because it does not try to influence which products Northrop Grumman can sell to particular customers. Nor does the Proposal ask the Company to change its relationship with any of its customers. Instead, the Proposal cites risks associated with the Company's sales of products and services to the Department of Defense, intelligence communities and other agencies "whose activities may be linked to human rights violations" as one reason shareholders would benefit from information about Northrop Grumman's human rights due diligence practices. Without such a connection to the Company's business, the Proposal could be viewed as lacking a sufficient nexus to the Company and therefore excludable.

Northrop Grumman urges that the Proposal is most closely analogous to proposals asking companies to cease or report on relationships with particular charitable organizations, which the Staff has allowed companies to exclude on ordinary business grounds even when they "purport to concern a company's policies related to human rights."[9] They key word here is "purport."

In The Home Depot Inc.[10] and Pfizer Inc.,[11] the resolved clauses of two substantially similar proposals asked each company to "review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies . . . ." The supporting statements, however, did not address human rights issues related to the companies' own conduct or that of its suppliers. Instead, vague allegations were made regarding the human rights records of charitable organizations to which the companies contributed and the proponents objected.[12] The proposals did not refer to the companies' existing human rights policies or changes to those policies advocated by the proponent.

Despite the Home Depot and Pfizer proposals' talismanic invocation of the phrase "human rights," human rights was merely a hook on which the proponent hung proposals complaining about particular charitable contributions made by the companies. It is thus unsurprising that the Staff viewed the proposals as relating to the companies' ordinary business operations instead of human rights.[13] By contrast,

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[9] No-Action Request, at 4.

[10] The Home Depot Inc. (Feb. 13, 2018).

[11] Pfizer Inc. (Feb. 12, 2018).

[12] These assertions were: "Religious freedom is also a human right," "Human Rights Campaign works to direct corporate free speech and freedom of association rights," and "These groups [Human Rights Campaign and Southern Poverty Law Center] are also working to direct corporate free speech and freedom of association rights."

[13] Some other determinations on which Northrop Grumman relies involved proposals seeking disclosure regarding lobbying and public policy activities, which the Proposal does not do.

the Proposal's supporting statement explains how Northrop Grumman's business relationships may cause the Company to contribute to human rights violations and requests information about how Northrop Grumman is implementing its existing Human Rights Policy.

It is true, as Northrop Grumman contends, that proposals focused on products or services, absent a significant policy issue, have been deemed excludable on ordinary business grounds.[14] In Amazon.com Inc.,[15] Amazon successfully argued that a proposal asking it to "disclose to shareholders any reputational and financial risks that it may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells" did not focus solely on animal cruelty, which had been considered a significant policy issue, and lacked a sufficient nexus to Amazon, which provided a platform for others to sell products but did not itself sell the product to which the proponent objected. Similarly, the putative significant policy issues identified by the proponent in Papa John's International[16]—"the environment, animal welfare and human health"—were likely viewed as both too general and too remote from the proposal's request that Papa John's "expand its menu offerings to include vegan cheeses and vegan meats."

The proposal in Dominion Resources Inc.,[17] which asked the company to constitute a committee of outside renewable energy experts and Green Power customers to develop options for changing the Green Power program, lacked a connection to a significant policy issue like climate change and focused on very specific program changes. The Staff appears not to have accepted the proponent's argument in Danaher, Inc.[18] that a proposal focusing on mercury in dental amalgam implicated a significant policy issue.

Here, though, the Proposal does not address any particular product or customer in the resolved clause, unlike all of the proposals in the determinations Northrop Grumman cites. Moreover, the discussion of the Company's relationship with the federal government in the supporting statement serves to illustrate the potential human rights risks to which Northrop Grumman may be exposed, and thus is subsumed within and consistent with the larger subject of human rights. As a result, the Proposal's subject is not Northrop Grumman's sale of products or services, or its relationships with particular customers, but rather implementation of the Human Rights Policy.

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[14] No-Action Request, at 5-6.
[15] Amazon.com Inc. (Mar. 27, 2015).
[16] Papa John's International, Inc. (Feb. 13, 2015).
[17] Dominion Resources, Inc. (Feb. 19, 2014).
[18] Danaher, Inc. (Mar. 8, 2013; reconsideration denied, Mar. 20, 2013).

The Proposal Would Not Micromanage Northrop Grumman

Northrop Grumman claims that the Proposal requests a report with "intricate detail" and seeks to "direct how the Company implements its Human Rights Policy into existing policies, processes and procedures."[19] As a result, Northrop Grumman urges, the Proposal would micromanage the Company.

Contrary to Northrop Grumman's assertion, nothing about the Proposal would "direct" how the Company implements the Human Rights Policy. The Proposal asks only for disclosure, and Northrop Grumman could satisfy the Proposal by reporting that it has not taken a single step to implement the Human Rights Policy. There is thus no basis for the Company's claim that the Proposal would micromanage it "by seeking to impose specific methods for implementing complex policies."[20]

Northrop Grumman cites determinations in which the Staff concurred that disclosure proposals would micromanage companies, but those proposals requested significantly more detailed and technical reporting than the Proposal. The proposal in JPMorgan Chase & Co. ("JPMC"),[21] for example, asked for a report "on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation [including] assessments of:

• Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.

• Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".

• How tar sands financing aligns with our company's support for Indigenous People's rights.

• Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies."

The JPMC proposal would have required the company to conduct several detailed analyses involving technical inputs and results:

- The first bullet asked for analyses of the short- and medium-term risks associated with "lending, underwriting, advising and investing for tar sands production," including portfolio devaluation risks from asset stranding due to the high cost of extracting oil from tar sands. Such analyses would have involved modeling of portfolios, break-even prices for reserves and future oil prices under various scenarios.

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[19] No-Action Request, at 9-10.
[20] No-Action Request, at 10.
[21] JPMorgan Chase & Co. (Mar. 30, 2018).

- The second bullet would have mandated an analysis of the role played by tar sands in supplying oil globally, how JPMC's tar sands-related business activities contribute to tar sands production, and the extent to which the availability of oil from tar sands might frustrate efforts to limit global temperature increase.
- The fourth bullet requested an analysis of how restricting financing for tar sands projects and companies would affect JPMC's reputational and financial risks, which would involve modeling the impacts of such a change in business strategy on both JPMC's financial results and risk profile.

The disclosure requested by the Proposal would not compel Northrop Grumman to conduct quantitative and technical analyses as in JPMC.[22] Rather, the Proposal focuses on the processes and systems Northrop Grumman uses to identify and assess risks, track progress and integrate respect for human rights into the business. That disclosure need not involve any modeling, quantitative or financial analysis or scientific or economic data.

Northrop Grumman's reliance on the proposals in Amazon.com, Inc.,[23] PayPal Holdings, Inc.[24] and Verizon Communications, Inc.[25] is likewise misplaced. Those proposals asked the companies to report to shareholders about the feasibility of achieving "net-zero" greenhouse gas emissions from all aspects of the business by 2030, as well as the feasibility of reducing other emissions associated with the companies' activities. The companies argued that the proposals micromanaged because they imposed a specific date for the goal; set the emissions reduction target; would involve "evaluation and prioritization of competing business and strategic interests" in order to conduct feasibility analyses;[26] and would mandate that the companies obtain emissions information from their suppliers, and consider whether and how the companies could influence them.

The Proposal differs substantially from the "net-zero" proposals. The basis for the reporting requested by the Proposal is Northrop Grumman's own Human Rights Policy, not an outside standard with its own timeline and objectives. As well, the Company would not be required to disclose a complex analysis involving balancing business and strategic priorities or obtaining information from suppliers in order to implement the Proposal. The specific information requested by the Proposal is straightforward, and Northrop Grumman would have discretion over the amount of detail it provides. Accordingly, the Proposal would not micromanage Northrop Grumman, making exclusion on ordinary business grounds inappropriate.

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[22] For this reason, the determination in Ford Motor Company (Mar. 2, 2004), in which the proposal requested a detailed and technical study regarding global warming/cooling, replete with data on temperature measurement and carbon dioxide absorption, is inapposite.

[23] Amazon.com, Inc. (Mar. 6, 2018).

[24] PayPal Holdings, Inc. (Mar. 6, 2018).

[25] Verizon Communications, Inc. (Mar. 6, 2018).

[26] Amazon.com, Inc. (Mar. 6, 2018).

Substantial Implementation

Rule 14a-8(i)(10) permits exclusion of a proposal that has been "substantially implemented." Northrop Grumman urges that it has substantially implemented the Proposal because its Human Rights Policy, Standards of Business Conduct and proxy statement disclose the requested information. Those documents, however, contain very little information of the kind sought in the Proposal.

The Proposal's core request is for disclosure regarding the steps Northrop Grumman is taking—the "management systems and processes"—to ensure that its employees, contractors and suppliers adhere to the commitments made in the Human Rights Policy. The UNGP emphasize that a human rights policy statement like the Human Rights Policy is most effective when it is "embedded from the top of the business enterprise through all its functions," including through internal communication, training, procurement practices, human rights due diligence, and policies and procedures that set financial and other incentives.[27]

The Human Rights Policy itself consists of principles and aspirational goals such as "Northrop Grumman does not tolerate the use of child labor, forced labor, bonded labor, or human trafficking" and "The company expects suppliers to conduct themselves in a manner consistent with the values set forth in our Standards of Business Conduct."[28] But there is no information in the Human Rights Policy about how Northrop Grumman translates those principles into business practices. For example, the Human Rights Policy is silent regarding typical implementation information such as who at Northrop Grumman has responsibility for overseeing human rights performance, how that performance is measured, how respect for human rights is communicated to employees and contractors, how suppliers are evaluated, whether Northrop Grumman evaluates how its procurement policies reinforce or undermine its commitment, and whether and how Northrop Grumman consults with affected stakeholders.[29]

Northrop Grumman urges that its Standards of Business Conduct (the "Standards") express the Company's "expectation that its partners and suppliers in its worldwide supply chain share in the commitment to adopt human rights principles similar to those in the Company's Human Rights Policy."[30] The Company does not identify specific language in the Standards to show the partners and suppliers "share in the commitment" or how it is implemented, however, and the Proponents are unable to locate any. Even if the Standards were to express the "expectation" Northrop

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[27] UNGP, at 17.

[28] See http://www.northropgrumman.com/CorporateResponsibility/Pages/HumanRightsPolicy.aspx.

[29] See Shift & Mazars LLP, "UN Guiding Principles Reporting Framework With Implementation Guidance," at 9-10 (2015) (listing measures to embed respect for human rights in operations); Ethical Trading Initiative, "Human Rights Due Diligence Framework," at 9-11, 19.

[30] No-Action Request, at 13.

Grumman identifies, an expectation is an aspirational goal rather than a discussion of implementation.

Northrop Grumman may have intended to refer to the Supplier Standards of Business Conduct ("SSBC"), which state: "We expect our suppliers to treat people with respect and dignity, encourage diversity, remain receptive to diverse opinions, promote equal opportunity for all, and foster an inclusive and ethical culture. Suppliers must refrain from violating the rights of others and address any adverse human rights impacts of their operations."[31] The SSBC identifies specific practices, such as child labor and harassment, that Northrop Grumman's suppliers must not engage in or tolerate. As with the Human Rights Policy and Standards of Business Conduct, the SSBC expresses principles, but includes no information regarding the systems or processes Northrop Grumman uses to incorporate the principles into its business and advance its professed objectives.

Finally, Northrop Grumman points to language in the "Board Role in Risk Management" section of the proxy statement, urging that "human rights risks naturally would be addressed by the Board through its oversight of the Company's Enterprise Risk Management Council."[32] That section asserts:

> The Board and its Committees provide oversight of the Company's risk management processes, including the Enterprise Risk Management Council (ERMC). The ERMC is comprised of all members of the Corporate Policy Council, the Chief Accounting Officer, Chief Compliance Officer, Secretary, head of Internal Audit and Treasurer. The ERMC seeks to ensure that the Company has identified the most significant risks and implemented effective mitigation plans for each.[33]

"Human rights" is not mentioned in the "Board's Role in Risk Management," but Northrop Grumman urges that shareholders should assume "the most significant risks" include risks related to human rights and that such risks are therefore overseen by the Board and its committees. There is no reason for shareholders to make that assumption, though. Several other specific risks, but not human rights risk, are mentioned in that section of the proxy: "cyber and other security risks," "risks that could impact our financial performance," risks associated with Northrop Grumman's compensation programs, "legal and other compliance risks" and "global security, political and budgetary issues and trends that could impact the Company's business."[34] Even "corporate responsibility," which might be

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[31] See http://www.northropgrumman.com/suppliers/Documents/ssobc/Ethics_SupplierSOBC_Book_English(US).pdf

[32] No-Action Request, at 13.

[33] Definitive Proxy Statement of Northrop Grumman Corp. filed on Mar. 30, 2018, at 14.

[34] Id.

considered to encompass human rights, only figures in as the subject of a report received by the Policy Committee, rather than as a topic on which the Board or a committee exercises oversight.

Last year, the Staff rejected similar substantial implementation arguments made by AmerisourceBergen Corp.[35] and Eli Lilly.[36] The proposal submitted to AmerisourceBergen sought a report on how the company was responding to risks related to the opioid epidemic, including whether any changes had been made in board risk oversight of the issue or executive compensation arrangements. AmerisourceBergen urged that the general disclosures regarding risk oversight and executive compensation in its proxy statement should be viewed as substantially implementing those requests; the proponents objected that those disclosures, which did not mention opioids, fell far short of the proposal's request. Similarly, Eli Lilly urged that its general executive compensation disclosure substantially implemented the proposal's request that the company disclose the extent to which risks related to public concern over high drug prices are incorporated into Eli Lilly's senior executive compensation incentive arrangements. The Staff declined to grant the relief requested by both companies, stating that the companies' existing disclosures did not "compare favorably with the guidelines of the Proposal." The same result is appropriate here.

* * *

For the reasons set forth above, Northrop Grumman has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7) or (i)(10). The Proponents thus respectfully request that Northrop Grumman's request for relief be denied.

The Proponents appreciate the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact me at (973) 509 -8800.

Sincerely,

Mary Beth Gallagher
Executive Director
Tri-State Coalition for Responsible Investment

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[35] AmerisourceBergen Corp. (Jan. 11, 2018).
[36] Eli Lilly and Company (Mar. 2, 2018).

cc: Meredith B. Cross
WilmerHale
Meredith.Cross@wilmerhale.com

WILMERHALE

Meredith B. Cross

+1 202 663 6644 (t)
+1 202 663 6363 (f)
meredith.cross@wilmerhale.com

January 8, 2019

Via E-mail to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Northrop Grumman Corporation
Exclusion of Shareholder Proposal Submitted by the Sisters of St. Dominic of Caldwell New Jersey, School Sisters of Notre Dame Cooperative Investment Fund and Sisters of St. Francis of Philadelphia

Ladies and Gentlemen:

We are writing on behalf of our client, Northrop Grumman Corporation (the "Company"), to inform you of the Company's intention to exclude from its proxy statement and proxy to be filed and distributed in connection with its 2019 Annual Meeting of Shareholders (the "Proxy Materials") the enclosed shareholder proposal and supporting statement (collectively, the "Shareholder Proposal") submitted by the Sisters of St. Dominic of Caldwell New Jersey, School Sisters of Notre Dame Cooperative Investment Fund and Sisters of St. Francis of Philadelphia (the "Proponents") requesting that the board of directors of the Company (the "Board") "prepare a report, at reasonable cost and omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy," where such report should include specific elements set forth in the Shareholder Proposal.

The Company respectfully requests that the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") advise the Company that it will not recommend any enforcement action to the Commission if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on the basis that the Shareholder

*** FISMA & OMB Memorandum M-07-16

Proposal deals with matters relating to the company's ordinary business operations or, alternatively, Rule 14a-8(i)(10) of the Exchange Act, on the basis that the Company has substantially implemented the Shareholder Proposal.

Pursuant to Rule 14a-8(j) of the Exchange Act and Staff Legal Bulletin No. 14D (November 7, 2008) ("SLB 14D"), the Company is submitting electronically to the Commission this letter and the Shareholder Proposal and related correspondence (attached as Exhibit A to this letter), and is concurrently sending a copy to the Proponents, no later than eighty calendar days before the Company intends to file its definitive Proxy Materials with the Commission.

Background

On November 30, 2018, the Company received the Shareholder Proposal from the Proponents, which states:

> **Whereas:** Corporations have a responsibility to respect human rights within company-owned operations and through business relationships under the UN Guiding Principles on Business and Human Rights (UNGPs). To meet this responsibility, companies are expected to conduct human rights due diligence to assess, identify, prevent, mitigate, and remedy adverse human rights impacts. Due diligence should address any human rights impacts a company causes or contributes to through its own business activities and those which are directly linked to its products or services. Meaningful implementation of a human rights policy requires effective due diligence systems.
>
> Northrop Grumman is the third largest government contractor in the United States, and the U.S. Government accounts for 85% of the company's 2017 sales. Developing products and services for the Department of Defense (DoD), the Intelligence Community, and other agencies whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks. Therefore, it is essential for the company to conduct human rights due diligence to evaluate and mitigate human rights risks associated with its government contracts.
>
> In February 2018, Northrop Grumman was awarded a $95 million contract with the Department of Homeland Security's (DHS) Office of Biometric Identity Management to develop technology for the Homeland Advanced Recognition Technology (HART) database.[1] This database will expand the capacity of DHS to

[1] https://news.northropgrumman.com/news/releases/northrop-grumman-wins-95-million-award-from-department-of-homeland-security-to-develop-next-generation-biometric-identification-services-system

collect, store, and share biometric data, such as facial images, fingerprints, iris images, and voice, as well as biographical data, including personal identification numbers, citizenship status, and nationality.[2] There are concerns that the algorithms used to identify facial images that may be stored in the database have inherent racial bias.[3] The HART database will amplify the surveillance capabilities of government agencies, presenting risks to privacy and First Amendment rights and causing harm to immigrant communities. Through the provision of services through the DHS contract, Northrop Grumman may be linked or contribute to these adverse human rights impacts.

While Northrop Grumman adopted a Human Rights Policy in 2013, it does not disclose how the policy is operationalized to reduce the risks that the company may cause or contribute to adverse human rights impacts. Investors are unable to assess how Northrop Grumman embeds respect for human rights into the process for vetting and implementing contracts with the U.S. Government or foreign governments, or the effectiveness of any systems which may be in place to prevent or mitigate human rights risks.

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy.

Supporting Statement: We recommend the report include:

- The company's human rights due diligence process and indicators used to assess effectiveness;
- The role of the Board in oversight of human rights risks; and
- Systems to embed respect for human rights into business decision-making processes for its operations, contracts, and supply chain.

Bases for Exclusion

I. The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(7) Because It Involves Matters that Relate to the Ordinary Business Operations of the Company

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal from its proxy materials if the proposal "deals with a matter relating to the company's ordinary business operations." The underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for

[2] https://www.federalregister.gov/documents/2018/04/24/2018-08453/privacy-act-of-1974-system-of-records

[3] https://www.aclu.org/blog/privacy-technology/surveillance-technologies/amazons-face-recognition-falsely-matched-28

shareholders to decide how to solve such problems at an annual shareholders meeting." SEC Release No. 34-40018 (May 21, 1998) (the "1998 Release"). As set out in the 1998 Release, there are two "central considerations" underlying 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 is that a proposal should not "seek[] 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." The Shareholder Proposal implicates both of these considerations, as described in the following sections.

a. The Subject Matter of the Shareholder Proposal Directly Concerns the Company's Ordinary Business Operations

Respect for human rights is extremely important to the Company. This is embedded in the Company's culture, reflected, in part, through the Human Rights Policy adopted by the Company in 2013, which is discussed in detail in Part II of this letter. Notwithstanding that the Shareholder Proposal purports to address the Company's Human Rights Policy, its true focus is **not** on the overarching topic of human rights. Rather, the Shareholder Proposal seeks to address day-to-day aspects of the Company's business in a manner that is inconsistent with the principles underlying the ordinary business exemption under Rule 14a-8. The supporting statement and the recitals to the Shareholder Proposal, which discuss the Company's work for its largest client – the U.S. Government – in great detail, demonstrate that the Shareholder Proposal as a whole seeks to address certain relationships with the Company's largest customer and the Company's sale of particular products and services, none of which are appropriate for direct shareholder oversight. Further, and as discussed in greater detail below in our discussion of micromanagement, the Shareholder Proposal seeks to dictate the way in which the Company implements its Human Rights Policy – in particular, how the Company contracts with its customers and the specific management systems and processes that the Company uses to implement its Policy. These systems and processes implicate a wide array of business considerations and involve a collaborative effort across multiple functional areas of the Company that naturally implicate the Company's day-to-day operations and are inappropriate for such direct shareholder oversight. Ultimately, decisions regarding management systems and processes involve tasks fundamental to management's ability to run the Company on a day-to-day basis. Were such decisions subject to direct shareholder oversight, the Company could be significantly hindered in its ability to operate on a day-to-day basis.

The Staff has concurred in exclusion of shareholder proposals that, like the subject Shareholder Proposal, purport to concern a company's policies related to human rights but where the focus of the shareholder proposal actually relates to specific company relationships. Most recently in *The Home Depot, Inc.* (February 13, 2018) and *Pfizer Inc.* (February 12, 2018), the Staff concurred in exclusion pursuant to Rule 14a-8(i)(7) of shareholder proposals requesting that management of both companies "review its policies related to human rights to assess areas where the Company

needs to adopt and implement additional policies and to report its findings." In both *The Home Depot* and *Pfizer*, the proposals facially requested a review of each company's human rights policies but focused on each company's relationships with specific organizations, including the Human Rights Campaign, which the Staff has concluded "relat[e] to the Company's ordinary business operations." More broadly, the Staff has consistently concurred in exclusion pursuant to Rule 14a-8(i)(7), as relating to a company's ordinary business operations, with respect to shareholder proposals that request a company to refrain from certain associations or relationships, on the basis that such proposals relate to a company's ordinary business operations. *See, e.g.*, *PG&E Corporation* (February 4, 2015) (in which the Staff concurred in the exclusion of a proposal requesting that the company form a committee to solicit feedback on the effect of "anti-traditional family political and charitable contributions," on the basis that the proposal related to "contributions to specific types of organizations"); *The Walt Disney Company* (November 20, 2014) (in which the Staff concurred in the exclusion of a proposal requesting that the company "preserve the policy of acknowledging the Boy Scouts of America as an [sic] charitable organization to receive matching contributions" from the company, on the basis that the proposal related to "charitable contribution to a specific organization"); *Bristol-Myers Squibb Company* (January 29, 2013, *recon. denied* March 12, 2013) (in which the Staff concurred in the exclusion of a proposal requesting that the company "prepare a report describing the policies, procedures, costs and outcomes of the Company's legislative and regulatory public policy advocacy activities," on the basis that "the proposal and supporting statement, when read together, focus primarily on Bristol-Myers' specific lobbying activities that relate to the operation of Bristol-Myers' business and not on Bristol-Myers' general political activities"); and *PepsiCo, Inc.* (March 3, 2011) (in which the Staff concurred in the exclusion of a proposal requesting that the company issue a report, with several specific elements, describing how the company identifies and prioritizes legislative and regulatory public policy advocacy activities, on the basis that "the proposal and supporting statement, when read together, focus primarily on PepsiCo's specific lobbying activities that relate to the operation of PepsiCo's business and not on PepsiCo's general political activities").

The Staff has also consistently granted no-action relief pursuant to Rule 14a-8(i)(7), as relating to a company's ordinary business operations, with respect to shareholder proposals that, like the subject Shareholder Proposal, relate to the day-to-day operations of deciding about the content, sale and/or manner of presentation of particular products and services. *See Amazon.com, Inc.* (March 27, 2015) (in which the Staff concurred in the exclusion of a proposal requesting disclosure of "any reputational and financial risks that [the company] may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells," on the basis that the proposal related to "the products and services offered for sale by the company"); *Papa John's International, Inc.* (February 13, 2015) (in which the Staff concurred in the exclusion of a proposal requesting that the company "expand its menu offerings to include vegan cheeses and vegan meats," on the basis that the proposal related to "the products offered for sale by the company and does not focus on a significant policy issue"); *Wal-Mart Stores, Inc.*

(March 20, 2014) (in which the Staff concurred in the exclusion of a proposal requesting board oversight of determinations whether to sell certain products that endanger public safety and well-being, could impair the reputation of the company and/or would be offensive to family and community values, on the basis that the proposal related to "the products and services offered for sale by the company"), *affirmed and cited in Trinity Wall Street v. Wal-Mart Stores, Inc.*, 792 F.3d 323, 351 (3d Cir. 2015); *Pepco Holdings, Inc.* (February 18, 2011) (in which the Staff concurred in the exclusion of a proposal requesting that the company pursue the solar market, on the basis that the proposal related to "the products and services offered for sale by the company"); *Dominion Resources, Inc.* (February 3, 2011) (in which the Staff concurred in the exclusion of a proposal requesting that the company "initiate a program to provide financing to home and small business owners for installation of rooftop solar or wind power renewable generation, by 2013," on the basis that the proposal related to "the products and services offered for sale by the company"); and *General Electric Company* (January 7, 2011) (in which the Staff concurred in the exclusion of a proposal requesting that the company focus on defining, growing and enhancing aviation, medical, energy, transportation, power generation, lighting, appliances and technology businesses and deemphasize and reduce the role and influence of GE Capital, on the basis that the proposal "relates to the emphasis that the company places on the various products and services it offers for sale").

Further, framing the Shareholder Proposal in the form of a request for a report does not change the nature of the underlying proposal. Where "the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . , it may be excluded under rule 14a-8(i)(7)." *Johnson Controls, Inc.* (October 26, 1999). Requests concerning an evaluation of certain risk does not preclude exclusion of a shareholder proposal if the proposal otherwise relates to the company's ordinary business operations, as noted in Staff Legal Bulletin 14E (October 27, 2009).

Consistent with the above-cited precedent, the Shareholder Proposal clearly concerns the Company's ordinary business operations. When viewed in its entirety, including the preamble and supporting statement, the Shareholder Proposal focuses primarily on specifics of the Company's relationship with its customers and the products and services sold to such customers. Multiple paragraphs of the preamble discuss the Company's recent contracts with the U.S. government. By emphasizing certain contracts with the U.S. government, the Shareholder Proposal necessarily relates to the particular products and services sold by the Company and the customers to whom it sells them. Accordingly, for these reasons and consistent with the no-action letter precedent cited above, the Company believes that the Shareholder Proposal may be excluded from the Proxy Materials pursuant to Rule 14a-8(i)(7) because it delves into the core of the Company's ordinary business operations.

b. The Shareholder Proposal Does Not Involve a Significant Policy Issue

As set out in the 1998 Release, shareholder proposals "focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable [under Rule 14a-8(i)(7)], because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." Thus, and as is appropriate, an issue must meet certain standards to be deemed a significant policy issue. In determining whether an issue should be deemed a significant policy issue, the Staff considers whether the issue has been the subject of widespread and/or sustained public debate.

The Staff has routinely concurred in exclusion of shareholder proposals pursuant to Rule 14a-8(i)(7) where the proposal references a significant policy issue (as the Shareholder Proposal in this case does through its reference to the unquestionably important topic of human rights), but ultimately relates to a matter of ordinary business such as the products or services sold by the Company. For example, in *Papa John's International, Inc.* (February 13, 2015), the Staff concurred in the exclusion of a proposal requesting that the company "expand its menu offerings to include vegan cheeses and vegan meats," despite the proponent's assertion that the proposal would promote animal welfare—a significant policy issue. In granting no-action relief, the Staff noted that, fundamentally, the proposal related to "the products offered for sale by the company and does not focus on a significant policy issue." *See also Dominion Resources, Inc.* (February 19, 2014) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(7) of a proposal relating to renewable energy, on the basis that it "relat[ed] to Dominion's ordinary business operations," specifically "the products and services that the company offers") and *Danaher Corporation* (March 8, 2013, *recon. denied* March 20, 2013) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(7) of a proposal requesting a report on policies for eliminating releases of mercury from Danaher products (which touches on the social policy issue of health concerns related to amalgam products), on the basis that the proposal "relat[ed] to Danaher's ordinary business operations," specifically "Danaher's product development").

The Shareholder Proposal asserts that "[c]orporations have a responsibility to respect human rights within company-owned operations and through business relationships under the UN Guiding Principles on Business and Human Rights (UNGPs)." Notwithstanding this statement, the Shareholder Proposal does not actually seek to address respect of human rights. Instead, and unlike shareholder proposals seeking analyses of potential and actual human rights risks in a company's operations, the Shareholder Proposal focuses on the Company's day-to-day operations, including the Company's customers, products and services, in addition to its management systems and processes. The Staff has stated that in determining whether the focus of a shareholder proposal is a significant social policy issue, "we consider both the proposal and the supporting statement as a whole." Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005). Looking holistically at the Shareholder Proposal, the references to human rights are overshadowed by the Shareholder Proposal's focus on the Company's relationship with the U.S. government, its largest customer.

Similar to the proposals at issue in *The Home Depot, Inc.* (February 13, 2018) and *Pfizer Inc.* (February 12, 2018), the Shareholder Proposal targets a specific customer and suggests a limitation on the Company's ability to freely associate and provide products and services to such customer. Thus, the Shareholder Proposal's mere references to human rights fail to "transcend the day-to-day business matters" that the Shareholder Proposal directly involves.

By seeking a shareholder vote on whether the Company should issue a report on its management systems and processes to implement its Human Rights Policy, the Shareholder Proposal does precisely what the proposals at issue in the above no-action letters sought to do – subject to direct shareholder oversight ordinary business decisions about "the Company's ordinary business operations." The Shareholder Proposal would operate as a referendum on the management systems and processes that the Company has in place for its operations, contracts and supply chain, particularly as it relates to the Company's largest customer, all in a manner that is inconsistent with Rule 14a-8.

c. The Shareholder Proposal "Micromanages" 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"

In addition to interfering with the Company's day-to-day operations, the Shareholder Proposal seeks to "micro-manage" the Company. The Company's Human Rights Policy, as an initial matter, is inherently complex and touches countless facets of the Company's day-to-day operations. The Shareholder Proposal recommends that the Company's report include the following detailed elements of the Company's management system and processes to implement its already complex Human Rights Policy:

1. The company's human rights due diligence process and indicators used to assess effectiveness;

2. The role of the Board in oversight of human rights risks; and

3. Systems to embed respect for human rights into business decision-making processes for its operations, contracts, and supply chain.

Determinations about systems to put in place to support "business decision-making processes for [the Company's] operations, contracts, and supply chain" are inherently complex and involve multiple considerations about which shareholders as a group are not in a position to make informed decisions. As a further complication, the report requested by the Shareholder Proposal invariably requires an understanding of the kind of proprietary information that the Shareholder Proposal suggests can be excluded in the first instance.

In line with the Commission's explanation of the micromanagement prong of Rule 14a-8(i)(7), each of the elements suggested for inclusion in the report requested by the Shareholder Proposal "involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies." Release No. 34-40018 (May 21, 1998). As the Staff explained in Staff Legal Bulletin 14J (October 23, 2018):

> This framework also applies to proposals that call for a study or report. For example, a proposal that seeks an intricately detailed study or report may be excluded on micromanagement grounds. In addition, the staff would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report. Thus, for example, a proposal calling for a report may be excludable if the substance of the report relates to the imposition or assumption of specific timeframes or methods for implementing complex policies.

The Staff has consistently granted no-action relief pursuant to Rule 14a-8(i)(7) as relating to a company's ordinary business operations in instances where shareholder proposals requested reports with intricate detail similar to the details requested in the Shareholder Proposal. *See, e.g.*, *JPMorgan Chase & Co.* (March 30, 2018) (in which the Staff concurred in the exclusion of a proposal requesting a report on reputational, financial and climate risks associated with lending, underwriting, advising and investing for tar sands production and transportation where the proposal specified several company assessments to be included in the report, on the basis that the proposal "micromanages the Company by seeking to impose specific methods for implementing complex policies"); *Amazon.com, Inc.*, *PayPal Holdings, Inc.* and *Verizon Communications Inc.* (March 6, 2018) (in each of which the Staff concurred in the exclusion of a proposal requesting a report evaluating the feasibility of each company achieving by 2030 "net-zero" emissions of greenhouse gases from all parts of the business directly owned and operated by the Company, as well as the feasibility of reducing other emissions associated with the Company's activities, on the basis that the proposal "seeks to micromanage 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"); *Amazon.com, Inc.* (January 18, 2018, *recon. denied* April 5, 2018) (in which the Staff concurred in the exclusion of a proposal requesting that the company list WaterSense showerheads before other showerheads and provide a short description of the meaning of WaterSense showerheads, on the basis that the proposal "seeks to micromanage 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"); *The Wendy's Company* (March 2, 2017) (in which the Staff concurred in the exclusion of a proposal requesting that the company "join the Fair Food Program as promptly as feasible for the purpose of protecting and enhancing consumer and investor confidence in the Wendy's brand as it relates to the purchase of produce" and then issue a report concerning implementation of the proposal, on the basis that the proposal "seeks to micromanage 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"); and *Ford Motor Company* (March 2, 2004) (in which the Staff concurred in the exclusion of a proposal

requesting a "Scientific Report on Global Warming/Cooling" that includes detailed information on temperatures, atmospheric gases, sun effects, carbon dioxide production, carbon dioxide absorption, and costs and benefits of various degrees of heating or cooling, on the basis that the proposal "relat[es] to ordinary business operations (i.e., the specific method of preparation and the specific information to be included in a highly detailed report)").

As described above, the Shareholder Proposal would micromanage the Company by requesting a report containing detailed elements of the Company's management systems and processes to implement its already complex Human Rights Policy. Each of the items requested for inclusion in the report would involve inherently complex policies, procedures and practices followed every day in the Company's operations as a leading global security company. These items would touch on such matters as how the Company's policies are "operationalized," how the Company "vets" contracts with the government, how the Company conducts due diligence with respect to human rights matters and how the Company makes its routine business decisions in the areas of operations, contracts and supply chain. Like the proposals at issue in the no-action letter precedent cited above, the intricate requests for the various elements to be included in the report requested in the Shareholder Proposal "prob[e] 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."

Moreover, the Shareholder Proposal's supporting statement includes a request for "**systems to embed respect for human rights** into business decision-making processes for its operations, contracts, and supply chain." (emphasis added) Such a request can be interpreted to direct how the Company implements its Human Rights Policy into existing policies, processes and procedures, including those concerning the Company's day-to-day operations, such as with respect to government contracts, contract vetting processes and supply chain procedures, among others. As in *JPMorgan Chase & Co.*, such a request would micromanage the Company "by seeking to impose specific methods for implementing complex policies."

Accordingly, in keeping with the Staff's guidance and the no-action letter precedent cited above, the Company believes that the Shareholder Proposal would impermissibly micromanage the Company and that the Shareholder Proposal, therefore, may be excluded from the Proxy Materials pursuant to Rule 14a-8(i)(7).

II. The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Shareholder Proposal

The purpose of the Rule 14a-8(i)(10) exclusion is to "avoid the possibility of shareholders having to consider matters which have already been favorably acted upon by management." Commission Release No. 34-12598 (July 7, 1976). While the exclusion was originally interpreted to allow exclusion of a shareholder proposal only when the proposal was "'fully' effected" by the company, the Commission has revised its approach to the exclusion over time to allow for exclusion of proposals that have been "substantially implemented." Commission Release No.

34-20091 (August 16, 1983) and Commission Release No. 40018 (May 21, 1998). In applying this standard, the Staff has noted that "a determination that the [c]ompany has substantially implemented the proposal depends upon whether [the company's] particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (March 6, 1991, *recon. granted* March 28, 1991). In addition, when a company can demonstrate that it already has taken actions that address the "essential objective" of a shareholder proposal, the Staff has concurred that the proposal has been "substantially implemented" and may be excluded as moot, even where the company's actions do not precisely mirror the terms of the shareholder proposal.

The Staff has consistently permitted the exclusion of shareholder proposals under Rule 14a-8(i)(10) when it has determined that the company's policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal or where the company had addressed the underlying concerns and satisfied the "essential objective" of the proposal, even where the company's actions did not precisely mirror the terms of the shareholder proposal. For example, in *Wal-Mart Stores, Inc.* (March 30, 2010), the proposal requested that the company adopt six principles for national and international action to stop global warming. The company argued that its Global Sustainability Report, which was available on the company's website, substantially implemented the proposal. Although the Global Sustainability Report set forth only four principles that covered most, but not all, of the issues raised by the proposal, the Staff concluded that the company's "policies, practices and procedures compare favorably with the guidelines of the proposal and that Wal-Mart has, therefore, substantially implemented the proposal." *See also Applied Materials, Inc.* (January 17, 2018) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting that the company "improve the method to disclose the Company's executive compensation information with their actual compensation," on the basis that the company's "public disclosures compare favorably with the guidelines of the Proposal and that the Company has, therefore, substantially implemented the Proposal," where the company argued that its current disclosures follow requirements under applicable securities laws for disclosing executive compensation); *Kewaunee Scientific Corporation* (May 31, 2017) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting that nonemployee directors no longer be eligible to participate in the company's health and life insurance programs, on the basis that the company's "policies, practices and procedures compare favorably with the guidelines of the proposal and that Kewaunee . . . substantially implemented the proposal," where the board had adopted a policy prohibiting nonemployee directors from participating in the company's health and life insurance programs after December 31, 2017); *MGM Resorts International* (February 28, 2012) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting a report on the company's sustainability policies and performance and recommending the use of the Governance Reporting Initiative Sustainability Guidelines, on the basis that the company's "public disclosures compare favorably with the guidelines of the proposal and that MGM Resorts has, therefore, substantially implemented the proposal," where the company published an annual

sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein); and *Alcoa Inc.* (February 3, 2009) (in which the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal requesting a report describing how the company's actions to reduce its impact on global climate change may have altered the current and future global climate, where the company published general reports on climate change, sustainability and emissions data on its website that did not discuss all topics requested in the proposal).

To the extent that the Shareholder Proposal is regarded as seeking a report on how the Company has implemented its Human Rights Policy, the Company has taken actions that address the "essential objective" of the resolutions set forth in the Shareholder Proposal. Specifically, the Company provides various disclosures that directly address the Company's implementation efforts in this regard. Most prominently, the Company's Human Rights Policy, by its nature, necessarily describes how the policy is implemented. For example, some of these statements, as excerpted directly from the Company's Human Rights Policy, are as follows:

> The company treats employees, suppliers, customers and competitors with dignity and respect. The company does not tolerate any discrimination in employment based on an individual's protected status. This includes maintaining a work environment free from harassment and retaliation.
>
> . . .
>
> All company employees have the right to fair working conditions, competitive wages and reasonable working hours. Northrop Grumman does not tolerate the use of child labor, forced labor, bonded labor, or human trafficking.
>
> Northrop Grumman is committed to the highest standards of ethical and business conduct as it relates to the procurement of goods and services. The company expects suppliers to conduct themselves in a manner consistent with the values set forth in our Standards of Business Conduct.
>
> . . .
>
> Employees who believe there may have been a violation of this policy should report it through established channels, including to their supervisor, Business Conduct Officer, the Law Department or Human Resources, or the OpenLine.
> . . .
>
> Northrop Grumman will periodically review this policy to determine whether revisions are appropriate.

The Company also describes, in its Standards of Business Conduct, its commitment to human rights and expectation that its partners and suppliers in its worldwide supply chain share in the commitment to adopt human rights principles similar to those in the Company's Human Rights Policy. Further, among other disclosures regarding the implementation of its Human Rights Policy, the Company states as follows in its most recent Corporate Responsibility Report:

> We expect that our suppliers will treat others with dignity and respect, encourage diversity, remain receptive to diverse opinions, promote equal opportunity and foster an inclusive and ethical culture. They must refrain from violating the rights of others and address any adverse human rights impact on their operations. This includes child labor, human trafficking, harassment, nondiscrimination, wage and benefit compensation and social dialog.

As illustrated in the various descriptions of its Human Rights Policy, respect for human rights is embedded in the Company's culture and day-to-day business operations. The Company is clearly committed to its Human Rights Policy and has described the ways in which it implements various elements of the policy, including with respect to customers, suppliers and employees.

In terms of the Board's oversight of human rights risks, the Company provides a description in its annual proxy statement, under the caption "Board's Role in Risk Oversight," that describes the Board's risk oversight responsibilities overall. Human rights risks are one of many risks overseen by the Board and can manifest in any number of higher-level risks overseen by the Board and its committees. For instance, human rights risks naturally would be addressed by the Board through its oversight of the Company's Enterprise Risk Management Council, as described in the Company's annual proxy statement.

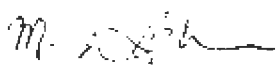
Consistent with the line of precedent cited above, the Company believes that it has substantially implemented the Shareholder Proposal. In this regard, the Company has adopted a Human Rights Policy describing how the policy impacts the Company's operations and business relationships. While the supporting statement to the Shareholder Proposal suggests that the requested report address specific due diligence processes and policy effectiveness indicators, this recommendation is just one element of how the Company implements its Human Rights Policy and is not the essential objective of the Shareholder Proposal, which the Company has more than satisfied. The Company has provided disclosures about its implementation efforts, which compare favorably with the guidelines of the Shareholder Proposal by underscoring the Company's commitment to human rights and evidencing processes in place to implement the Company's Human Rights Policy, thereby satisfying the essential objective of the Shareholder Proposal.

Conclusion

Based on the foregoing, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7), on the basis that the Shareholder Proposal deals with a matter relating to the Company's ordinary business operations, or, alternatively, pursuant to Rule 14a-8(i)(10), on the basis that the Company has substantially implemented the Shareholder Proposal.

If the Staff has any questions with respect to the foregoing, or if for any reason the Staff does not agree that the Company may exclude the Shareholder Proposal from its Proxy Materials, please do not hesitate to contact me at meredith.cross@wilmerhale.com or (202) 663-6644, or Jennifer C. McGarey, Corporate Vice President & Secretary, Northrop Grumman Corporation at Jennifer.McGarey@ngc.com. In addition, should the Proponents choose to submit any response or other correspondence to the Commission, we request that the Proponents concurrently submit that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned.

Very truly yours,



Meredith B. Cross

Enclosures

cc: Jennifer C. McGarey
Mary Beth Gallagher, Tri-State Coalition for Responsible Investment
Patricia Daly, Sisters of St. Dominic of Caldwell New Jersey
Ethel Howley, School Sisters of Notre Dame Cooperative Investment Fund
Nora Nash, Sisters of St. Francis of Philadelphia

EXHIBIT A

From: Mary Beth Gallagher <mbgallagher@tricri.org>
Sent: Friday, November 30, 2018 1:45 PM
To: McGarey, Jennifer C [US] (CO) <Jennifer.McGarey@ngc.com>
Cc: Evers-Manly, Sandra [US] (CO) <sandra.evers-manly@ngc.com>; Sister Nora Nash <nnash@osfphila.org>; Patricia Daly <patdalyop@gmail.com>
Subject: EXT :Shareholder resolution on Implementation of the Human Rights Policy

Dear Ms. McGarey,
Thank you to you and your colleagues for gathering on the phone with us on Wednesday. We were disappointed by the conversation given the serious nature of the human rights risks to the company and society presented by the HART contract and others.

We, The Sisters of St. Francis of Philadelphia and the Dominican Sisters of Caldwell, NJ felt that it is important to file the attached shareholder resolution to elevate the seriousness of this issue. Please find attached the filing materials for the Sisters of St. Dominic of Caldwell, NJ.

I will also send a copy by fax to your attention and by mail. Please kindly confirm receipt of the materials.

Best,
Mary Beth

Mary Beth Gallagher
Executive Director
Tri-State Coalition for Responsible Investment
40 South Fullerton Ave. Montclair, NJ 07042
(P) 973-509-8800
mbgallagher@tricri.org
www.tricri.org

Sisters of St. Dominic of Caldwell New Jersey

Office of Corporate Responsibility
75 South Fullerton Ave.
Montclair NJ 07042

973 670-9674
patdalyop@gmail.com

November 30, 2018

Jennifer C. McGarey
Corporate Vice President and Secretary
Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

Dear Ms. McGarey:

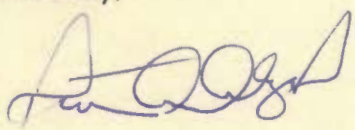
As socially responsible investors, the Sisters of St. Dominic of Caldwell NJ look for social and financial accountability when investing in corporations. Along with members of the Tri-State Coalition for Responsible Investment and the Interfaith Center on Corporate Responsibility, we appreciated the opportunity to have a dialogue with you and your colleagues on issues related to human rights and the contract with the Department of Homeland Security. However, we were disappointed on November 28th that although we had shared our specific concerns and areas for discussion, you did not have any information related to the implementation of the human rights policy, and particularly how this policy relates to vetting your contracts with the government. As a top military contractor, you cannot be complicit in human rights violations that may cause greater risk to the company reputation, shareholder value and more seriously to the human rights of individuals.

The Sisters of St. Dominic of Caldwell are therefore submitting the enclosed shareholder proposal as co-lead filer with the Sisters of St. Francis of Philadelphia on Report on Implementation of the Human Rights Policy. We submit it for inclusion in the proxy statement for consideration and action by the stockholders at the 2019 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. A representative of the filers will attend the shareholders meeting to move the proposal. We hope that the company will be willing to dialogue with us about this proposal.

The Sisters of St. Dominic of Caldwell are the beneficial owners of 137 shares of Northrop Grumman stock. The Sisters of St. Dominic of Caldwell have held this stock continually for over one year and intend to retain the requisite number of shares through the date of the Annual Meeting. A letter of verification of ownership is enclosed.

Please copy all communication regarding this resolution to Mary Beth Gallagher of the Tri-State Coalition for Responsible Investment located at 40 South Fullerton Ave, Montclair, NJ 07042, email address: mbgallagher@tricri.org and phone number (973) 509-8800. We look forward to constructive dialogue with you and your colleagues about these concerns.

Sincerely,



Sister Patricia A. Daly, OP
Corporate Responsibility Representative

Report on Implementation of Human Rights Policy
2019 – Northrop Grumman Corporation

Whereas: Corporations have a responsibility to respect human rights within company-owned operations and through business relationships under the UN Guiding Principles on Business and Human Rights (UNGPs). To meet this responsibility, companies are expected to conduct human rights due diligence to assess, identify, prevent, mitigate, and remedy adverse human rights impacts. Due diligence should address any human rights impacts a company causes or contributes to through its own business activities and those which are directly linked to its products or services. Meaningful implementation of a human rights policy requires effective due diligence systems.

Northrop Grumman is the third largest government contractor in the United States, and the U.S. Government accounts for 85% of the company's 2017 sales. Developing products and services for the Department of Defense (DoD), the Intelligence Community, and other agencies whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks. Therefore, it is essential for the company to conduct human rights due diligence to evaluate and mitigate human rights risks associated with its government contracts.

In February 2018, Northrop Grumman was awarded a $95 million contract with the Department of Homeland Security's (DHS) Office of Biometric Identity Management to develop technology for the Homeland Advanced Recognition Technology (HART) database.[1] This database will expand the capacity of DHS to collect, store, and share biometric data, such as facial images, fingerprints, iris images, and voice, as well as biographical data, including personal identification numbers, citizenship status, and nationality.[2] There are concerns that the algorithms used to identify facial images that may be stored in the database have inherent racial bias.[3] The HART database will amplify the surveillance capabilities of government agencies, presenting risks to privacy and First Amendment rights and causing harm to immigrant communities. Through the provision of services through the DHS contract, Northrop Grumman may be linked or contribute to these adverse human rights impacts.

While Northrop Grumman adopted a Human Rights Policy in 2013, it does not disclose how the policy is operationalized to reduce the risks that the company may cause or contribute to adverse human rights impacts. Investors are unable to assess how Northrop Grumman embeds respect for human rights into the process for vetting and implementing contracts with the U.S. Government or foreign governments, or the effectiveness of any systems which may be in place to prevent or mitigate human rights risks.

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[1] https://news.northropgrumman.com/news/releases/northrop-grumman-wins-95-million-award-from-department-of-homeland-security-to-develop-next-generation-biometric-identification-services-system
[2] https://www.federalregister.gov/documents/2018/04/24/2018-08453/privacy-act-of-1974-system-of-records
[3] https://www.aclu.org/blog/privacy-technology/surveillance-technologies/amazons-face-recognition-falsely-matched-28

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy.

Supporting Statement: We recommend the report include:

- The company's human rights due diligence process and indicators used to assess effectiveness;
- The role of the Board in oversight of human rights risks; and
- Systems to embed respect for human rights into business decision-making processes for its operations, contracts, and supply chain.

Wealth Management
[illegible] South Service Road
Suite 400
Melville, NY 11747
direct 631 [illegible] 8800
fax 631 [illegible] 8999
toll free 800 [illegible]

Morgan Stanley

November 30, 2018

Corporate Secretary
Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

RE: The Sisters of St. Dominic of Caldwell, NJ Inc.
Letter of Verification of Ownership

To Whom It May Concern:

This letter alone shall serve as proof of beneficial ownership of 137 shares of Northrop Grumman Corporation common stock for the Sisters of St. Dominic of Caldwell, NJ Inc.

Please be advised that as of November 30, 2018, the Sisters of St. Dominic of Caldwell, NJ Inc.:

- have continuously held the requisite number of shares of common stock for at least one year
- intend to continue holding the requisite number of shares of common stock through the date of the next Annual Meeting of Shareholders

Sincerely,

Nancy Lee Cortes

Nancy Lee Cortes
Portfolio Associate, CRPC

From: Nora Nash <nnash@osfphila.org>
Sent: Friday, November 30, 2018 12:19 PM
To: McGarey, Jennifer C [US] (CO) <Jennifer.McGarey@ngc.com>
Cc: Evers-Manly, Sandra [US] (CO) <sandra.evers-manly@ngc.com>; mbgallagher@tricri.org
Subject: EXT :Re: Northrop Grumman : Implementation of the Human Rights Policy

Dear Jennifer and Sandra,

Again, we wish you peace and all good and we are most grateful for the time to dialogue with you Wednesday, November 28th. As you know from past experience, we are committed to the common good of all people and we trust that you, as individuals, are committed also. We were extremely disappointed that you weren't able to speak to the issues of the HART contract because it is serious for all of us.

We, The Sisters of St. Francis of Philadelphia and the Dominican Sisters of Caldwell, NJ felt that it is important to file this resolution to elevate the seriousness of this issue.

I went to UPS and they could not get the document to you today. I hope that you will accept our email and faxed copies. The hard copy will arrive tomorrow.

Peace, blessings and thank you.

Sr. Nora

Nora. M. Nash, OSF
Director, Corporate Social Responsibility
Sisters of St Francis of Philadelphia
609 S. Convent Road
Aston, PA 19014
610-558-7661
Website: www.osfphila.org
Become a fan on Facebook: http://www.facebook.com/SrsofStFrancisPhila#!/SrsofStFrancisPhila?ref=sgm
Follow us on Twitter: http://twitter.com/SrsofStFrancis (http://twitter.com/SrsofStFrancis)

THE SISTERS OF ST. FRANCIS OF PHILADELPHIA

November 30, 2018

Jennifer C. McGarey
Corporate Vice President and Secretary
Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

Dear Ms. Mc Garey:

Peace and all good! The Sisters of St. Francis of Philadelphia have been shareholders in Northrop Grumman for several years. As faith-based investors and active members of the Interfaith Center on Corporate Responsibility, we appreciate the opportunity to dialogue with you on issues related to human rights. However, we were very disappointed on November 28th that although we had shared our specific concerns and areas for discussion, you did not have any information related to vetting your contracts with the government. As a top military contractor, you cannot be complicit in human rights violations that may cause greater risk to the company reputation, shareholder value, and more seriously to the human rights of individuals.

The Sisters of St. Francis of Philadelphia are therefore submitting the enclosed shareholder proposal as co-lead filer with the Sisters of St. Dominic of Caldwell on Report on Implementation of the Human Rights Policy. I submit it for inclusion in the proxy statement for consideration and action by the stockholders at the 2019 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. A representative of the filers will attend the shareholders meeting to move the proposal. We hope that the company will be willing to dialogue with us about this proposal. Please note that the contact persons for this proposal will be: Nora Nash, Director Corporate Social Responsibility. My contact information is 610-558-7661 or nnash@osfphila.org and Mary Beth Gallagher as indicated by Sister Patricia Daly. OP

As verification that we are beneficial owners of common stock in Northrop Grumman, I enclose a letter from Northern Trust Company, our portfolio custodian/record holder attesting to the fact. It is our intention to keep these shares in our portfolio beyond the annual meeting.

Respectfully yours,

Nora M. Nash, OSF
Director, Corporate Social Responsibility

Enclosures
cc: Julie Wokaty, Interfaith Center on Corporate Responsibility (ICCR)
Mary Beth Gallagher, Tri-State Coalition for Responsible Investment

Office of Corporate Social Responsibility
609 South Convent Road • Aston, PA 19014-1207
610-558-7661 • Fax: 610-558-5855 • E-mail: nnash@osfphila.org • www.osfphila.org

Report on Implementation of Human Rights Policy
2019 – Northrop Grumman Corporation

Whereas: Corporations have a responsibility to respect human rights within company-owned operations and through business relationships under the UN Guiding Principles on Business and Human Rights (UNGPs).[1] To meet this responsibility, companies are expected to conduct human rights due diligence to assess, identify, prevent, mitigate, and remedy adverse human rights impacts, including those a company causes or contributes to through its own business activities and those directly linked to its products or services. Meaningful implementation of a human rights policy requires effective due diligence systems.

Northrop Grumman's contracts with the U.S. Government accounts for 85% of the company's 2017 sales.

In February 2018, Northrop Grumman was awarded a $95 million contract with the Department of Homeland Security's (DHS) Office of Biometric Identity Management (OBIM) to develop technology for the Homeland Advanced Recognition Technology (HART) database. [2] This database will expand the capacity of DHS to collect, store, and share biometric data, such as facial images, fingerprints, iris images, voice, as well as biographical data, including name, date of birth, gender, personal identification numbers, and citizenship and nationality.[3] The HART database will amplify the surveillance capabilities of government agencies, which may lead to increased targeted surveillance of immigrant communities, and presents risks of violation of privacy and First Amendment Rights. There are concerns that the technology used to identify facial images that may be stored in the database is based on algorithms with inherent racial bias, negatively impacting people of color.[4]

Developing products and services for the Department of Defense (DoD), the Intelligence Community, and other agencies whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks. Therefore, it is essential for the company to integrate human rights due diligence into the business decision-making processes, including all steps related to its government contracts.

While Northrop Grumman adopted a Human Rights Policy in 2013, it does not disclose how the policy is operationalized across business functions to reduce the risks that its business activities may contribute to adverse human rights impacts.[5] Investors are unable to assess how Northrop Grumman embeds respect for human rights in the process for vetting and implementing contracts with the U.S.

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[1] https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
[2] https://news.northropgrumman.com/news/releases/northrop-grumman-wins-95-million-award-from-department-of-homeland-security-to-develop-next-generation-biometric-identification-services-system
[3] https://www.federalregister.gov/documents/2018/04/24/2018-08453/privacy-act-of-1974-system-of-records
[4] https://www.aclu.org/blog/privacy-technology/surveillance-technologies/amazons-face-recognition-falsely-matched-28
[5] http://www.northropgrumman.com/CorporateResponsibility/Pages/HumanRightsPolicy.aspx

Government or foreign governments, or the effectiveness of any systems which may be in place to prevent or mitigate human rights risks to stakeholders.

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy.

Supporting Statement: We recommend the report include the company's:

- Human rights due diligence process and indicators used to assess effectiveness;
- The role of the Board of Directors in oversight of human rights related risks;
- Systems to embed respect for human rights into business decision-making processes for its operations and supply chain.

Report on Implementation of Human Rights Policy
2019 – Northrop Grumman Corporation

Whereas: Corporations have a responsibility to respect human rights within company-owned operations and through business relationships under the UN Guiding Principles on Business and Human Rights (UNGPs). To meet this responsibility, companies are expected to conduct human rights due diligence to assess, identify, prevent, mitigate, and remedy adverse human rights impacts. Due diligence should address any human rights impacts a company causes or contributes to through its own business activities and those which are directly linked to its products or services. Meaningful implementation of a human rights policy requires effective due diligence systems.

Northrop Grumman is the third largest government contractor in the United States, and the U.S. Government accounts for 85% of the company's 2017 sales. Developing products and services for the Department of Defense (DoD), the Intelligence Community, and other agencies whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks. Therefore, it is essential for the company to conduct human rights due diligence to evaluate and mitigate human rights risks associated with its government contracts.

In February 2018, Northrop Grumman was awarded a $95 million contract with the Department of Homeland Security's (DHS) Office of Biometric Identity Management to develop technology for the Homeland Advanced Recognition Technology (HART) database.[1] This database will expand the capacity of DHS to collect, store, and share biometric data, such as facial images, fingerprints, iris images, and voice, as well as biographical data, including personal identification numbers, citizenship status, and nationality.[2] There are concerns that the algorithms used to identify facial images that may be stored in the database have inherent racial bias.[3] The HART database will amplify the surveillance capabilities of government agencies, presenting risks to privacy and First Amendment rights and causing harm to immigrant communities. Through the provision of services through the DHS contract, Northrop Grumman may be linked or contribute to these adverse human rights impacts.

While Northrop Grumman adopted a Human Rights Policy in 2013, it does not disclose how the policy is operationalized to reduce the risks that the company may cause or contribute to adverse human rights impacts. Investors are unable to assess how Northrop Grumman embeds respect for human rights into the process for vetting and implementing contracts with the U.S. Government or foreign governments, or the effectiveness of any systems which may be in place to prevent or mitigate human rights risks.

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[1] https://news.northropgrumman.com/news/releases/northrop-grumman-wins-95-million-award-from-department-of-homeland-security-to-develop-next-generation-biometric-identification-services-system
[2] https://www.federalregister.gov/documents/2018/04/24/2018-08453/privacy-act-of-1974-system-of-records
[3] https://www.aclu.org/blog/privacy-technology/surveillance-technologies/amazons-face-recognition-falsely-matched-28

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy.

Supporting Statement: We recommend the report include:

- The company's human rights due diligence process and indicators used to assess effectiveness;
- The role of the Board in oversight of human rights risks; and
- Systems to embed respect for human rights into business decision-making processes for its operations, contracts, and supply chain.

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60603
(312) 630-6000

Northern Trust

November 30 , 2018

To Whom It May Concern:

This letter will confirm that the Sisters of St. Francis of Philadelphia hold **46** shares of **NORTHROP GRUMMAN CORP COM (CUSIP : 666807102).** These shares have been held continuously for at least a one-year period preceding and including **November 30, 2018** and will be held at the time of your next annual shareholders meeting.

The Northern Trust Company serves as custodian/record holder for the Sisters of St. Francis of Philadelphia. The above mentioned shares are registered in the nominee name of the Northern Trust Company.

This letter will further verify that Sister Nora M. Nash and/or Thomas McCaney are representatives of the Sisters of St. Francis of Philadelphia and are authorized to act on their behalf.

Yours sincerely:

Willis Robinson
Second Vice President & Relationship Manager

NTAC:3NS-20

From: Ethel Howley <ehowley@amssnd.org>
Date: November 30, 2018 at 7:22:39 PM EST
To: "Jennifer.mcgarey@ngc.com" <Jennifer.mcgarey@ngc.com>
Subject: EXT :Proposal - Report on Implementation of Human Rights Policy

Ms. Mc Garey,

I have enclosed a proposal which I am co-filing with other ICCR members.

Thank you for your attention and consideration of these documents.

Peace,
Ethel Howley, SSND
School Sisters of Notre Dame Cooperative Investment Fund
Social Responsibility Resource Person
345 Belden Hill Road
Wilton, CT 06897

P: 203-762-3318
Cell: 443-600-6186

School Sisters of Notre dame Cooperative Investment Fund
345 Belden Hill road
Wilton, CT 06897

November 30, 2018

Jennifer C. McGarey
Corporate Vice President and Secretary
Northrup Grumman Corporation
2980 Fairview Park Drive
Falls Church, VA 22042

Ms. McGarey:

The School Sisters of Notre Dame Cooperative Investment Fund has been a shareholder with Northrup Grumman for several years. As a member of the Interfaith Center on Corporate Responsibility and the Tri-State Coalition for Responsible Investment, I participated in the disappointing telephone call, November 28th. It was disappointing because we did not receive any answers to our questions concerning your human rights policy in relation to government contracts. For this reason, I am joining the Sisters of St. Dominic of Caldwell, NJ and the Sisters of St. Francis of Philadelphia as a co-filer of the enclosed proposal, *Report on Implementation of the Human Rights Policy*.

I submit it for inclusion in the proxy statement for consideration and action by the stockholders at the 2019 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. A representative of the filers will attend the shareholders meeting to move the proposal. A letter of verification of ownership is enclosed.

Please copy all communication regarding this resolution to Mary Beth Gallagher of the Tri-State Coalition for Responsible Investment located at 40 South Fullerton Ave, Montclair, NJ 07042, email address: mbgallagher@tricri.org and phone number (973) 509-8800. We look forward to constructive dialogue with you and your colleagues about these concerns.

Sincerely,

Ethel Howley, SSND
Social Responsibility Resource Person
ehowley@amssnd.org
ph: 203-762-3318

Report on Implementation of Human Rights Policy
2019 – Northrop Grumman Corporation

Whereas: Corporations have a responsibility to respect human rights within company-owned operations and through business relationships under the UN Guiding Principles on Business and Human Rights (UNGPs). To meet this responsibility, companies are expected to conduct human rights due diligence to assess, identify, prevent, mitigate, and remedy adverse human rights impacts. Due diligence should address any human rights impacts a company causes or contributes to through its own business activities and those which are directly linked to its products or services. Meaningful implementation of a human rights policy requires effective due diligence systems.

Northrop Grumman is the third largest government contractor in the United States, and the U.S. Government accounts for 85% of the company's 2017 sales. Developing products and services for the Department of Defense (DoD), the Intelligence Community, and other agencies whose activities may be linked to human rights violations may expose Northrop Grumman to legal, financial, and reputational risks. Therefore, it is essential for the company to conduct human rights due diligence to evaluate and mitigate human rights risks associated with its government contracts.

In February 2018, Northrop Grumman was awarded a $95 million contract with the Department of Homeland Security's (DHS) Office of Biometric Identity Management to develop technology for the Homeland Advanced Recognition Technology (HART) database.[1] This database will expand the capacity of DHS to collect, store, and share biometric data, such as facial images, fingerprints, iris images, and voice, as well as biographical data, including personal identification numbers, citizenship status, and nationality.[2] There are concerns that the algorithms used to identify facial images that may be stored in the database have inherent racial bias.[3] The HART database will amplify the surveillance capabilities of government agencies, presenting risks to privacy and First Amendment rights and causing harm to immigrant communities. Through the provision of services through the DHS contract, Northrop Grumman may be linked or contribute to these adverse human rights impacts.

While Northrop Grumman adopted a Human Rights Policy in 2013, it does not disclose how the policy is operationalized to reduce the risks that the company may cause or contribute to adverse human rights impacts. Investors are unable to assess how Northrop Grumman embeds respect for human rights into the process for vetting and implementing contracts with the U.S. Government or foreign governments, or the effectiveness of any systems which may be in place to prevent or mitigate human rights risks.

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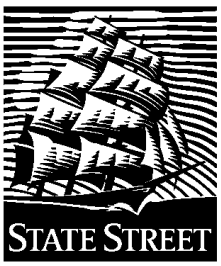
[1] https://news.northropgrumman.com/news/releases/northrop-grumman-wins-95-million-award-from-department-of-homeland-security-to-develop-next-generation-biometric-identification-services-system
[2] https://www.federalregister.gov/documents/2018/04/24/2018-08453/privacy-act-of-1974-system-of-records
[3] https://www.aclu.org/blog/privacy-technology/surveillance-technologies/amazons-face-recognition-falsely-matched-28

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy.

Supporting Statement: We recommend the report include:

- The company's human rights due diligence process and indicators used to assess effectiveness;
- The role of the Board in oversight of human rights risks; and
- Systems to embed respect for human rights into business decision-making processes for its operations, contracts, and supply chain.



For Everything You Invest In℠

Institutional Investor Services
801 Pennsylvania Ave.
Kansas City, MO 64105

November 30, 2018

Sister Ethel Howley
School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897-3898

Re: School Sisters of Notre Dame Cooperative Investment Fund Directed Investment – ***

Dear Sister Ethel:

This is to confirm that the following security is held in the above referenced account:

Security	**Shares**	**Acquisition Date**
NORTHROP GRUMMAN CORP	88.00	6/20/2003

To the best of my knowledge, the Sisters intend to hold this security in this account at least through the date of the next annual meeting.

If you have any questions or need additional information, please call me at 816-871-7249.

Sincerely,

Tammie Henry

Tammie Henry
State Street Bank & Trust Company
Institutional Investor Services

NORTHROP GRUMMAN

Northrop Grumman Corporation
Corporate Office

Office of the Corporate Secretary
98 Fa iew Park Dr ve
Fa s Church VA 2042

December 10, 2018

VIA EMAIL (patdalyop@gmail.com) AND FEDEX

Sister Patricia Daly
Corporate Responsibility Representative
Sisters of St. Dominic of Caldwell New Jersey
75 South Fullerton Ave.
Montclair, NJ 07042

Re: Shareholder Proposal

Dear Sister Patricia:

On November 30, 2018, Northrop Grumman Corporation (the "Company") received the shareholder proposal submitted by you, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, for consideration at the Company's 2019 Annual Meeting. This letter acknowledges receipt of your shareholder proposal.

Please be advised that the Company reserves the right to seek to exclude your shareholder proposal, or portions thereof, from its proxy materials on substantive grounds under Rule 14a-8.

Sincerely,

Jennifer C. McGarey

cc: Mary Beth Gallagher
Tri-State Coalition for Responsible Investment

NORTHROP GRUMMAN

Northrop Grumman Corporation
Corporate Office

Office of the Corporate Secretary
2980 Fairview Park Drive
Falls Church, VA 22042

December 10, 2018

VIA EMAIL (nnash@osfphila.org) AND FEDEX

Sister Nora Nash
Director, Corporate Social Responsibility
Sisters of St. Francis of Philadelphia
609 S. Convent Road
Aston, PA 19014

Re: Shareholder Proposal

Dear Sister Nora:

On November 30, 2018, Northrop Grumman Corporation (the "Company") received the shareholder proposal submitted by you, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, for consideration at the Company's 2019 Annual Meeting. This letter acknowledges receipt of your shareholder proposal.

Please be advised that the Company reserves the right to seek to exclude your shareholder proposal, or portions thereof, from its proxy materials on substantive grounds under Rule 14a-8.

Sincerely,

Jennifer C. McGarey

cc: Mary Beth Gallagher
Tri-State Coalition for Responsible Investment

NORTHROP GRUMMAN

Northrop Grumman Corporation
Corporate Office

Office of the Corporate Secretary
2980 Fairview Park Drive
Falls Church, VA 22042

December 10, 2018

VIA EMAIL (ehowley@amssnd.org) AND FEDEX

Sister Ethel Howley
School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897

Re: Notice of Deficiency Relating to Shareholder Proposal

Dear Sister Ethel:

On November 30, 2018, Northrop Grumman Corporation (the "Company") received the shareholder proposal submitted by you for consideration at the Company's 2019 Annual Meeting (the "Submission"). Based on the date of your electronic transmission of the Submission, the Company has determined that the date of submission was November 30, 2018 (the "Submission Date").

Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides that a shareholder proponent 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 Submission Date. The Company's stock records do not indicate that you are the record owner of sufficient shares to satisfy this requirement. Therefore, under Rule 14a-8(b), you must prove your eligibility by submitting either:

- A written statement from the "record" holder of your shares (usually a broker or a bank) verifying that, as of the Submission Date, you continuously held the requisite number of Company shares for at least one year. As addressed by the SEC staff in Staff Legal Bulletin 14G, please note that if your shares are held by a bank, broker or other securities intermediary that is a Depository Trust Company ("DTC") participant or an affiliate thereof, proof of ownership from either that DTC participant or its affiliate will satisfy this requirement. Alternatively, if your shares are held by a bank, broker or other securities intermediary that is not a DTC participant or an affiliate of a DTC participant, proof of ownership must be provided by both (1) the bank, broker or other securities intermediary and (2) the DTC participant (or an affiliate thereof) that can verify the holdings of the bank, broker or other securities intermediary. You can confirm whether a particular bank, broker or other securities intermediary is a DTC participant by checking

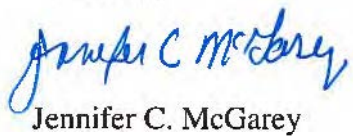
DTC's participant list, which is available on the Internet at http://www.dtcc.com/downloads/membership/directories/dtc/alpha.pdf. You should be able to determine who the DTC participant is by asking your bank, broker or other securities intermediary; or

- If you have 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 your 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 you continuously held the requisite number of Company shares for the one-year period.

The proof of ownership you have submitted does not state that the shares owned have been continuously owned for at least one year as of the Submission Date. To remedy this defect, you must submit sufficient proof of your *continuous* ownership of the requisite number of Company shares during the time period of one year preceding and including the Submission Date.

The SEC's rules require that any response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to the undersigned at 703-280-4011 or by fax to 844-888-9054. The failure to correct the deficiencies within this timeframe will provide the Company with a basis to exclude the proposal contained in the Submission from the Company's proxy materials for the 2019 Annual Meeting.

Sincerely,



Jennifer C. McGarey

cc: Mary Beth Gallagher
Tri-State Coalition for Responsible Investment

Enclosures Exchange Act Rule 14-8
Staff Legal Bulletins 14F and 14G

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 amendmeots to those docnments 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 nf shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend tn 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 nsually 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 eontroversy, shareholders should submit their proposals by means, including electrooic means, that permit them to prove tbe 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 ie a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting yonr proposal for a meeting of shareholders other than a regnlarly 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.

(i) *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 (i)(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 (i)(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 prohibits 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 (i)(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 (i)(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 definitive 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 antifraud 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-6.

[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; 76 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.

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14F (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 18, 2011

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://www.sec.gov/forms/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- Common errors shareholders can avoid when submitting proof of ownership to companies;
- The submission of revised proposals;
- Procedures for withdrawing no-action requests regarding proposals submitted by multiple proponents; and
- The Division's new process for transmitting Rule 14a-8 no-action responses by email.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: SLB No. 14, SLB No. 14A, SLB No. 14B, SLB No. 14C, SLB No. 14D and SLB No. 14E.

B. The types of brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Eligibility to submit a proposal under Rule 14a-8

To be eligible to submit a shareholder proposal, a shareholder 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 shareholder meeting for at least one year as of the date the shareholder submits the proposal. The shareholder must also continue to hold the required amount of securities through the date of the meeting and must provide the company with a written statement of intent to do so.[1]

The steps that a shareholder must take to verify his or her eligibility to submit a proposal depend on how the shareholder owns the securities. There are two types of security holders in the U.S.: registered owners and beneficial owners.[2] Registered owners have a direct relationship with the issuer because their ownership of shares is listed on the records maintained by the issuer or its transfer agent. If a shareholder is a registered owner, the company can independently confirm that the shareholder's holdings satisfy Rule 14a-8(b)'s eligibility requirement.

The vast majority of investors in shares issued by U.S. companies, however, are beneficial owners, which means that they hold their securities in book-entry form through a securities intermediary, such as a broker or a bank. Beneficial owners are sometimes referred to as "street name" holders. Rule 14a-8(b)(2)(i) provides that a beneficial owner can provide proof of ownership to support his or her eligibility to submit a proposal by submitting a written statement "from the 'record' holder of [the] securities (usually a broker or bank)," verifying that, at the time the proposal was submitted, the shareholder held the required amount of securities continuously for at least one year.[3]

2. The role of the Depository Trust Company

Most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency acting as a securities depository. Such brokers and banks are often referred to as "participants" in DTC.[4] The names of these DTC participants, however, do not appear as the registered owners of the securities deposited with DTC on the list of shareholders maintained by the company or, more typically, by its transfer agent. Rather, DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants. A company can request from DTC a "securities position listing" as of a specified date, which identifies the DTC participants having a position in the company's securities and the number of securities held by each DTC participant on that date.[5]

3. Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

In *The Hain Celestial Group, Inc.* (Oct. 1, 2008), we took the position that an introducing broker could be considered a "record" holder for purposes of Rule 14a-8(b)(2)(i). An introducing broker is a broker that engages in sales and other activities involving customer contact, such as opening customer accounts and accepting customer orders, but is not permitted to maintain custody of customer funds and securities.[6] Instead, an introducing broker engages another broker, known as a "clearing broker," to hold custody of client funds and securities, to clear and execute customer trades, and to handle other functions such as issuing confirmations of customer trades and customer account statements. Clearing brokers generally are DTC participants; introducing brokers generally are not. As introducing brokers generally are not DTC participants, and therefore typically do not appear on DTC's securities position listing, *Hain Celestial* has required companies to

accept proof of ownership letters from brokers in cases where, unlike the positions of registered owners and brokers and banks that are DTC participants, the company is unable to verify the positions against its own or its transfer agent's records or against DTC's securities position listing.

In light of questions we have received following two recent court cases relating to proof of ownership under Rule 14a-8[7] and in light of the Commission's discussion of registered and beneficial owners in the Proxy Mechanics Concept Release, we have reconsidered our views as to what types of brokers and banks should be considered "record" holders under Rule 14a-8(b)(2)(i). Because of the transparency of DTC participants' positions in a company's securities, we will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as "record" holders of securities that are deposited at DTC. As a result, we will no longer follow *Hain Celestial*.

We believe that taking this approach as to who constitutes a "record" holder for purposes of Rule 14a-8(b)(2)(i) will provide greater certainty to beneficial owners and companies. We also note that this approach is consistent with Exchange Act Rule 12g5-1 and a 1988 staff no-action letter addressing that rule,[8] under which brokers and banks that are DTC participants are considered to be the record holders of securities on deposit with DTC when calculating the number of record holders for purposes of Sections 12(g) and 15(d) of the Exchange Act.

Companies have occasionally expressed the view that, because DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants, only DTC or Cede & Co. should be viewed as the "record" holder of the securities held on deposit at DTC for purposes of Rule 14a-8(b)(2)(i). We have never interpreted the rule to require a shareholder to obtain a proof of ownership letter from DTC or Cede & Co., and nothing in this guidance should be construed as changing that view.

How can a shareholder determine whether his or her broker or bank is a DTC participant?

Shareholders and companies can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx.

What if a shareholder's broker or bank is not on DTC's participant list?

The shareholder will need to obtain proof of ownership from the DTC participant through which the securities are held. The shareholder should be able to find out who this DTC participant is by asking the shareholder's broker or bank.[9]

If the DTC participant knows the shareholder's broker or bank's holdings, but does not know the shareholder's holdings, a shareholder could satisfy Rule 14a-8(b)(2)(i) by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held for at least one year – one from the shareholder's broker or bank confirming the shareholder's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

How will the staff process no-action requests that argue for exclusion on the basis that the shareholder's proof of ownership is not from a DTC

participant?

The staff will grant no-action relief to a company on the basis that the shareholder's proof of ownership is not from a DTC participant only if the company's notice of defect describes the required proof of ownership in a manner that is consistent with the guidance contained in this bulletin. Under Rule 14a-8(f)(1), the shareholder will have an opportunity to obtain the requisite proof of ownership after receiving the notice of defect.

C. Common errors shareholders can avoid when submitting proof of ownership to companies

In this section, we describe two common errors shareholders make when submitting proof of ownership for purposes of Rule 14a-8(b)(2), and we provide guidance on how to avoid these errors.

First, Rule 14a-8(b) requires a shareholder to provide proof of ownership that he or she has "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" (emphasis added).[10] We note that many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted. In some cases, the letter speaks as of a date *before* the date the proposal is submitted, thereby leaving a gap between the date of the verification and the date the proposal is submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the shareholder's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Second, many letters fail to confirm continuous ownership of the securities. This can occur when a broker or bank submits a letter that confirms the shareholder's beneficial ownership only as of a specified date but omits any reference to continuous ownership for a one-year period.

We recognize that the requirements of Rule 14a-8(b) are highly prescriptive and can cause inconvenience for shareholders when submitting proposals. Although our administration of Rule 14a-8(b) is constrained by the terms of the rule, we believe that shareholders can avoid the two errors highlighted above by arranging to have their broker or bank provide the required verification of ownership as of the date they plan to submit the proposal using the following format:

> "As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities]."[11]

As discussed above, a shareholder may also need to provide a separate written statement from the DTC participant through which the shareholder's securities are held if the shareholder's broker or bank is not a DTC participant.

D. The submission of revised proposals

On occasion, a shareholder will revise a proposal after submitting it to a company. This section addresses questions we have received regarding revisions to a proposal or supporting statement.

1. A shareholder submits a timely proposal. The shareholder then submits a revised proposal before the company's deadline for receiving proposals. Must the company accept the revisions?

Yes. In this situation, we believe the revised proposal serves as a replacement of the initial proposal. By submitting a revised proposal, the shareholder has effectively withdrawn the initial proposal. Therefore, the shareholder is not in violation of the one-proposal limitation in Rule 14a-8(c).[12] If the company intends to submit a no-action request, it must do so with respect to the revised proposal.

We recognize that in Question and Answer E.2 of SLB No. 14, we indicated that if a shareholder makes revisions to a proposal before the company submits its no-action request, the company can choose whether to accept the revisions. However, this guidance has led some companies to believe that, in cases where shareholders attempt to make changes to an initial proposal, the company is free to ignore such revisions even if the revised proposal is submitted before the company's deadline for receiving shareholder proposals. We are revising our guidance on this issue to make clear that a company may not ignore a revised proposal in this situation.[13]

2. A shareholder submits a timely proposal. After the deadline for receiving proposals, the shareholder submits a revised proposal. Must the company accept the revisions?

No. If a shareholder submits revisions to a proposal after the deadline for receiving proposals under Rule 14a-8(e), the company is not required to accept the revisions. However, if the company does not accept the revisions, it must treat the revised proposal as a second proposal and submit a notice stating its intention to exclude the revised proposal, as required by Rule 14a-8(j). The company's notice may cite Rule 14a-8(e) as the reason for excluding the revised proposal. If the company does not accept the revisions and intends to exclude the initial proposal, it would also need to submit its reasons for excluding the initial proposal.

3. If a shareholder submits a revised proposal, as of which date must the shareholder prove his or her share ownership?

A shareholder must prove ownership as of the date the original proposal is submitted. When the Commission has discussed revisions to proposals,[14] it has not suggested that a revision triggers a requirement to provide proof of ownership a second time. As outlined in Rule 14a-8(b), proving ownership includes providing a written statement that the shareholder intends to continue to hold the securities through the date of the shareholder meeting. Rule 14a-8(f)(2) provides that if the shareholder "fails in [his or her] 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 [the same shareholder's] proposals from its proxy materials for any meeting held in the following two calendar years." With these provisions in mind, we do not interpret Rule 14a-8 as requiring additional proof of ownership when a shareholder submits a revised proposal.[15]

E. Procedures for withdrawing no-action requests for proposals submitted by multiple proponents

We have previously addressed the requirements for withdrawing a Rule 14a-8 no-action request in SLB Nos. 14 and 14C. SLB No. 14 notes that a company should include with a withdrawal letter documentation demonstrating that a shareholder has withdrawn the proposal. In cases where a proposal submitted by multiple shareholders is withdrawn, SLB No. 14C states that, if each shareholder has designated a lead individual to act

on its behalf and the company is able to demonstrate that the individual is authorized to act on behalf of all of the proponents, the company need only provide a letter from that lead individual indicating that the lead individual is withdrawing the proposal on behalf of all of the proponents.

Because there is no relief granted by the staff in cases where a no-action request is withdrawn following the withdrawal of the related proposal, we recognize that the threshold for withdrawing a no-action request need not be overly burdensome. Going forward, we will process a withdrawal request if the company provides a letter from the lead filer that includes a representation that the lead filer is authorized to withdraw the proposal on behalf of each proponent identified in the company's no-action request.[16]

F. Use of email to transmit our Rule 14a-8 no-action responses to companies and proponents

To date, the Division has transmitted copies of our Rule 14a-8 no-action responses, including copies of the correspondence we have received in connection with such requests, by U.S. mail to companies and proponents. We also post our response and the related correspondence to the Commission's website shortly after issuance of our response.

In order to accelerate delivery of staff responses to companies and proponents, and to reduce our copying and postage costs, going forward, we intend to transmit our Rule 14a-8 no-action responses by email to companies and proponents. We therefore encourage both companies and proponents to include email contact information in any correspondence to each other and to us. We will use U.S. mail to transmit our no-action response to any company or proponent for which we do not have email contact information.

Given the availability of our responses and the related correspondence on the Commission's website and the requirement under Rule 14a-8 for companies and proponents to copy each other on correspondence submitted to the Commission, we believe it is unnecessary to transmit copies of the related correspondence along with our no-action response. Therefore, we intend to transmit only our staff response and not the correspondence we receive from the parties. We will continue to post to the Commission's website copies of this correspondence at the same time that we post our staff no-action response.

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[1] *See* Rule 14a-8(b).

[2] For an explanation of the types of share ownership in the U.S., see Concept Release on U.S. Proxy System, Release No. 34-62495 (July 14, 2010) [75 FR 42982] ("Proxy Mechanics Concept Release"), at Section II.A. The term "beneficial owner" does not have a uniform meaning under the federal securities laws. It has a different meaning in this bulletin as compared to "beneficial owner" and "beneficial ownership" in Sections 13 and 16 of the Exchange Act. Our use of the term in this bulletin is not intended to suggest that registered owners are not beneficial owners for purposes of those Exchange Act provisions. *See* Proposed Amendments to Rule 14a-8 under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Release No. 34-12598 (July 7, 1976) [41 FR 29982], at n.2 ("The term 'beneficial owner' when used in the context of the proxy rules, and in light of the purposes of those rules, may be interpreted to have a broader meaning than it would for certain other purpose[s] under the federal securities laws, such as reporting pursuant to the Williams Act.").

[3] If a shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 reflecting ownership of the required amount of shares, the shareholder may instead prove ownership by submitting a copy of such filings and providing the additional information that is described in Rule 14a-8(b)(2)(ii).

[4] DTC holds the deposited securities in "fungible bulk," meaning that there are no specifically identifiable shares directly owned by the DTC participants. Rather, each DTC participant holds a pro rata interest or position in the aggregate number of shares of a particular issuer held at DTC. Correspondingly, each customer of a DTC participant – such as an individual investor – owns a pro rata interest in the shares in which the DTC participant has a pro rata interest. *See* Proxy Mechanics Concept Release, at Section II.B.2.a.

[5] See Exchange Act Rule 17Ad-8.

[6] *See* Net Capital Rule, Release No. 34-31511 (Nov. 24, 1992) [57 FR 56973] ("Net Capital Rule Release"), at Section II.C.

[7] *See KBR Inc. v. Chevedden*, Civil Action No. H-11-0196, 2011 U.S. Dist. LEXIS 36431, 2011 WL 1463611 (S.D. Tex. Apr. 4, 2011); *Apache Corp. v. Chevedden*, 696 F. Supp. 2d 723 (S.D. Tex. 2010). In both cases, the court concluded that a securities intermediary was not a record holder for purposes of Rule 14a-8(b) because it did not appear on a list of the company's non-objecting beneficial owners or on any DTC securities position listing, nor was the intermediary a DTC participant.

[8] *Techne Corp.* (Sept. 20, 1988).

[9] In addition, if the shareholder's broker is an introducing broker, the shareholder's account statements should include the clearing broker's identity and telephone number. *See* Net Capital Rule Release, at Section II.C.(iii). The clearing broker will generally be a DTC participant.

[10] For purposes of Rule 14a-8(b), the submission date of a proposal will generally precede the company's receipt date of the proposal, absent the use of electronic or other means of same-day delivery.

[11] This format is acceptable for purposes of Rule 14a-8(b), but it is not mandatory or exclusive.

[12] As such, it is not appropriate for a company to send a notice of defect for multiple proposals under Rule 14a-8(c) upon receiving a revised proposal.

[13] This position will apply to all proposals submitted after an initial proposal but before the company's deadline for receiving proposals, regardless of whether they are explicitly labeled as "revisions" to an initial proposal, unless the shareholder affirmatively indicates an intent to submit a second, *additional* proposal for inclusion in the company's proxy materials. In that case, the company must send the shareholder a notice of defect pursuant to Rule 14a-8(f)(1) if it intends to exclude either proposal from its proxy materials in reliance on Rule 14a-8(c). In light of this guidance, with respect to proposals or revisions received before a company's deadline for submission, we will no longer follow *Layne Christensen Co.* (Mar. 21, 2011) and other prior staff no-action letters in which we took the view that a proposal would violate the Rule 14a-8(c) one-proposal limitation if such proposal is submitted to a company after the company has either submitted a Rule 14a-8 no-action request to exclude an earlier proposal submitted by

the same proponent or notified the proponent that the earlier proposal was excludable under the rule.

[14] *See, e.g.*, Adoption of Amendments Relating to Proposals by Security Holders, Release No. 34-12999 (Nov. 22, 1976) [41 FR 52994].

[15] Because the relevant date for proving ownership under Rule 14a-8(b) is the date the proposal is submitted, a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date.

[16] Nothing in this staff position has any effect on the status of any shareholder proposal that is not withdrawn by the proponent or its authorized representative.

http://www.sec.gov/interps/legal/cfslb14f.htm

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14G (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 16, 2012

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://www.sec.gov/forms/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- the parties that can provide proof of ownership under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- the manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1); and
- the use of website references in proposals and supporting statements.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: SLB No. 14, SLB No. 14A, SLB No. 14B, SLB No. 14C, SLB No. 14D, SLB No. 14E and SLB No. 14F.

B. Parties that can provide proof of ownership under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Sufficiency of proof of ownership letters provided by affiliates of DTC participants for purposes of Rule 14a-8(b)(2)(i)

To be eligible to submit a proposal under Rule 14a-8, a shareholder must, among other things, provide documentation evidencing that the shareholder has 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 shareholder meeting for at least one year as of the date the shareholder submits the proposal. If the shareholder is a beneficial owner of the securities, which means that the securities are held in book-entry form through a securities intermediary, Rule 14a-8(b)(2)(i) provides that this documentation can be in the form of a "written statement from the 'record' holder of your securities (usually a broker or bank)...."

In SLB No. 14F, the Division described its view that only securities intermediaries that are participants in the Depository Trust Company ("DTC") should be viewed as "record" holders of securities that are deposited at DTC for purposes of Rule 14a-8(b)(2)(i). Therefore, a beneficial owner must obtain a proof of ownership letter from the DTC participant through which its securities are held at DTC in order to satisfy the proof of ownership requirements in Rule 14a-8.

During the most recent proxy season, some companies questioned the sufficiency of proof of ownership letters from entities that were not themselves DTC participants, but were affiliates of DTC participants.[1] By virtue of the affiliate relationship, we believe that a securities intermediary holding shares through its affiliated DTC participant should be in a position to verify its customers' ownership of securities. Accordingly, we are of the view that, for purposes of Rule 14a-8(b)(2)(i), a proof of ownership letter from an affiliate of a DTC participant satisfies the requirement to provide a proof of ownership letter from a DTC participant.

2. Adequacy of proof of ownership letters from securities intermediaries that are not brokers or banks

We understand that there are circumstances in which securities intermediaries that are not brokers or banks maintain securities accounts in the ordinary course of their business. A shareholder who holds securities through a securities intermediary that is not a broker or bank can satisfy Rule 14a-8's documentation requirement by submitting a proof of ownership letter from that securities intermediary.[2] If the securities intermediary is not a DTC participant or an affiliate of a DTC participant, then the shareholder will also need to obtain a proof of ownership letter from the DTC participant or an affiliate of a DTC participant that can verify the holdings of the securities intermediary.

C. Manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1)

As discussed in Section C of SLB No. 14F, a common error in proof of ownership letters is that they do not verify a proponent's beneficial ownership for the entire one-year period preceding and including the date the proposal was submitted, as required by Rule 14a-8(b)(1). In some cases, the letter speaks as of a date *before* the date the proposal was submitted, thereby leaving a gap between the date of verification and the date the proposal was submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the proponent's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Under Rule 14a-8(f), if a proponent fails to follow one of the eligibility or procedural requirements of the rule, a company may exclude the proposal only if it notifies the proponent of the defect and the proponent fails to

correct it. In SLB No. 14 and SLB No. 14B, we explained that companies should provide adequate detail about what a proponent must do to remedy all eligibility or procedural defects.

We are concerned that companies' notices of defect are not adequately describing the defects or explaining what a proponent must do to remedy defects in proof of ownership letters. For example, some companies' notices of defect make no mention of the gap in the period of ownership covered by the proponent's proof of ownership letter or other specific deficiencies that the company has identified. We do not believe that such notices of defect serve the purpose of Rule 14a-8(f).

Accordingly, going forward, we will not concur in the exclusion of a proposal under Rules 14a-8(b) and 14a-8(f) on the basis that a proponent's proof of ownership does not cover the one-year period preceding and including the date the proposal is submitted unless the company provides a notice of defect that identifies the specific date on which the proposal was submitted and explains that the proponent must obtain a new proof of ownership letter verifying continuous ownership of the requisite amount of securities for the one-year period preceding and including such date to cure the defect. We view the proposal's date of submission as the date the proposal is postmarked or transmitted electronically. Identifying in the notice of defect the specific date on which the proposal was submitted will help a proponent better understand how to remedy the defects described above and will be particularly helpful in those instances in which it may be difficult for a proponent to determine the date of submission, such as when the proposal is not postmarked on the same day it is placed in the mail. In addition, companies should include copies of the postmark or evidence of electronic transmission with their no-action requests.

D. Use of website addresses in proposals and supporting statements

Recently, a number of proponents have included in their proposals or in their supporting statements the addresses to websites that provide more information about their proposals. In some cases, companies have sought to exclude either the website address or the entire proposal due to the reference to the website address.

In SLB No. 14, we explained that a reference to a website address in a proposal does not raise the concerns addressed by the 500-word limitation in Rule 14a-8(d). We continue to be of this view and, accordingly, we will continue to count a website address as one word for purposes of Rule 14a-8(d). To the extent that the company seeks the exclusion of a website reference in a proposal, but not the proposal itself, we will continue to follow the guidance stated in SLB No. 14, which provides that references to website addresses in proposals or supporting statements could be subject to exclusion under Rule 14a-8(i)(3) if the information contained on the website is materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules, including Rule 14a-9.[3]

In light of the growing interest in including references to website addresses in proposals and supporting statements, we are providing additional guidance on the appropriate use of website addresses in proposals and supporting statements.[4]

1. References to website addresses in a proposal or supporting statement and Rule 14a-8(i)(3)

References to websites in a proposal or supporting statement may raise concerns under Rule 14a-8(i)(3). In SLB No. 14B, we stated that the

exclusion of a proposal under Rule 14a-8(i)(3) as vague and indefinite may be appropriate if neither the shareholders 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. In evaluating whether a proposal may be excluded on this basis, we consider only the information contained in the proposal and supporting statement and determine whether, based on that information, shareholders and the company can determine what actions the proposal seeks.

If a proposal or supporting statement refers to a website that provides information necessary for shareholders and the company to understand with reasonable certainty exactly what actions or measures the proposal requires, and such information is not also contained in the proposal or in the supporting statement, then we believe the proposal would raise concerns under Rule 14a-9 and would be subject to exclusion under Rule 14a-8(i)(3) as vague and indefinite. By contrast, if shareholders and the company can understand with reasonable certainty exactly what actions or measures the proposal requires without reviewing the information provided on the website, then we believe that the proposal would not be subject to exclusion under Rule 14a-8(i)(3) on the basis of the reference to the website address. In this case, the information on the website only supplements the information contained in the proposal and in the supporting statement.

2. Providing the company with the materials that will be published on the referenced website

We recognize that if a proposal references a website that is not operational at the time the proposal is submitted, it will be impossible for a company or the staff to evaluate whether the website reference may be excluded. In our view, a reference to a non-operational website in a proposal or supporting statement could be excluded under Rule 14a-8(i)(3) as irrelevant to the subject matter of a proposal. We understand, however, that a proponent may wish to include a reference to a website containing information related to the proposal but wait to activate the website until it becomes clear that the proposal will be included in the company's proxy materials. Therefore, we will not concur that a reference to a website may be excluded as irrelevant under Rule 14a-8(i)(3) on the basis that it is not yet operational if the proponent, at the time the proposal is submitted, provides the company with the materials that are intended for publication on the website and a representation that the website will become operational at, or prior to, the time the company files its definitive proxy materials.

3. Potential issues that may arise if the content of a referenced website changes after the proposal is submitted

To the extent the information on a website changes after submission of a proposal and the company believes the revised information renders the website reference excludable under Rule 14a-8, a company seeking our concurrence that the website reference may be excluded must submit a letter presenting its reasons for doing so. While Rule 14a-8(j) requires a company to submit its reasons for exclusion with the Commission no later than 80 calendar days before it files its definitive proxy materials, we may concur that the changes to the referenced website constitute "good cause" for the company to file its reasons for excluding the website reference after the 80-day deadline and grant the company's request that the 80-day requirement be waived.

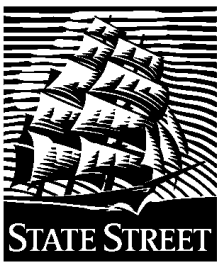
[1] An entity is an "affiliate" of a DTC participant if such entity directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the DTC participant.

[2] Rule 14a-8(b)(2)(i) itself acknowledges that the record holder is "usually," but not always, a broker or bank.

[3] Rule 14a-9 prohibits statements in proxy materials which, at the time and in the light of the circumstances under which they are made, are false or misleading with respect to any material fact, or which omit to state any material fact necessary in order to make the statements not false or misleading.

[4] A website that provides more information about a shareholder proposal may constitute a proxy solicitation under the proxy rules. Accordingly, we remind shareholders who elect to include website addresses in their proposals to comply with all applicable rules regarding proxy solicitations.

http://www.sec.gov/interps/legal/cfslb14g.htm



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Institutional Investor Services
801 Pennsylvania Ave.
Kansas City, MO 64105

November 30, 2018

Sister Ethel Howley
School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897-3898

Re: School Sisters of Notre Dame Cooperative Investment Fund Directed Investment – ***

Dear Sister Ethel:

This is to confirm that the following security is held in the above referenced account:

Security	**Shares**	**Acquisition Date**
NORTHROP GRUMMAN CORP	88.00	6/20/2003

The shares owned have been continuously owned for at least one year as of the Submission Date. They have been continuously owned since the Acquisition date of June 20, 2003.

To the best of my knowledge, the Sisters intend to hold this security in this account at least through the date of the next annual meeting.

If you have any questions or need additional information, please call me at 816-871-7249.

Sincerely,

Tammie Henry

Tammie Henry
State Street Bank & Trust Company
Institutional Investor Services