



January 9, 2020

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 PPG Industries Inc. to omit proposal submitted by the Congregation of the Sisters of St. Joseph of Peace

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, the Congregation of the Sisters of St. Joseph of Peace (the “Proponent”) submitted a shareholder proposal (the “Proposal”) to PPG Industries Inc. (“PPG” or the “Company”). The Proposal asks PPG to report on the Company’s processes for implementing human rights commitments within company-owned operations and through business relationships.

In a letter to the Division dated December 16, 2019 (the “No-Action Request”), PPG stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company’s 2020 annual meeting of shareholders. PPG argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(10), on the ground that the Company has substantially implemented the Proposal. As discussed more fully below, PPG has not met its burden of proving its entitlement to exclude the Proposal on that basis, and the Proponent respectfully requests that PPG’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 PPG's processes for implementing human rights commitments within company-owned operations and through business relationships.

Substantial Implementation

Rule 14a-8(i)(10) permits exclusion of a proposal that has been “substantially implemented.” PPG urges that it has substantially implemented the Proposal through existing disclosures. Because those disclosures consist almost exclusively of aspirational statements of expectation or requirements, without any discussion of how PPG implements those commitments across its business, PPG's existing disclosure falls far short of substantially implementing the Proposal.

The No-Action Request discusses at some length PPG's Code of Ethics, Supplier Code of Conduct (“Supplier Code”), Sustainability Policy, Supplier Sustainability Report (“SSP”) and California Transparency in Supply Chains Act Statement to show that PPG has made human rights commitments.¹ But that fact is not in dispute: The Proposal takes it as a given that PPG has made human rights commitments, and the supporting statement specifically mentions the Code of Ethics and supplier standards.

The Proposal focuses solely on how PPG implements these commitments. The UN Guiding Principles on Human Rights (“UNGPs”) recommend that companies, after they have adopted human rights policy commitments, put in place processes “to identify, prevent, mitigate and account for how they address their impacts on human rights” and “to enable the remediation of any adverse human rights impacts they cause or to which they contribute.”² The UNGPs assert that a human rights policy commitment 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.³

PPG makes almost no disclosure regarding how it implements its human rights commitments. PPG points to the Supplier Code, but most of the language touted by PPG describes substantive expectations for suppliers—that they comply with applicable laws, for example, and avoid using child or forced labor--but not how PPG supports, monitors, or enforces those expectations. Indeed, the Supplier Code seems to contemplate suppliers self-reporting, stating that suppliers are required to

¹ See No-Action Request, at 4-7.

² Office of the High Commissioner on Human Rights, “Guiding Principles on Business and Human Rights,” at 15-16 (2011) (hereinafter, “UNGP”)

³ UNGP, at 17.

“[r]eport suspected violations of the Code to the Vice President, Purchasing and Logistics, PPG’s ethics hotline or PPG’s Chief Compliance Officer immediately.” The Supplier Code refers to supplier cooperation with “reasonable assessment or audit processes requested by PPG,” but those processes are not described.⁴ As a result, the Supplier Code provides no information from which shareholders can assess the extent to which the aspirational commitments made in the Supplier Code have been embedded through PPG’s functions, the actions PPG takes to detect violations of the Supplier Code or PPG’s efforts to remediate violations. PPG discloses in its 2018 Sustainability Report, “Periodically, we assess the sustainability of our top 100 suppliers globally who represent approximately 25% of our annual procurement spend.”⁵ PPG also says they “evaluate and monitor [their] top 100 at-risk global suppliers.” PPG does not disclose the frequency of audits, their total number of suppliers, how “at-risk” suppliers are identified, or how workers or other rights-holders participate in the assessment process.

The same is true of the Code of Ethics. One of the Code of Ethics’ 18 topics, “Human Rights, Diversity and Inclusion,” includes an aspirational statement about human rights—“We respect the dignity and human rights of all people, and we comply with all laws pertaining to freedom of association, privacy, collective bargaining, immigration, working time, wages, and hours, as well as laws prohibiting forced, compulsory and child labor, human trafficking and employment discrimination.”⁶ Nowhere in the Code of Ethics, however, can shareholders find information about how PPG translates this commitment into concrete actions. Like the Supplier Code, the Code of Ethics falls back on self-reporting, in this case employees reporting violations to certain PPG personnel.⁷ With respect to PPG’s compliance with laws prohibiting child labor, PPG has been linked to sourcing mica mined under conditions of child labor in the past and has no way of guaranteeing that the mica it sources is free of child labor given the complex challenges of the global mica industry and lack of certification scheme.⁸ This misalignment between PPG’s Code of Ethics and the company’s supply chain practices suggests inadequate implementation.

PPG appears to confuse reporting violations of the Supplier Code or Code of Ethics with the concept of access to remedy, which involves taking “appropriate steps to prevent, investigate, punish and redress business-related human rights

⁴ See <http://corporate.ppg.com/getmedia/92de1b44-bee9-4421-80d9-b37b0cb6e26d/PPG-Supplier-Code-of-Conduct-12-18-2014.pdf>.

⁵ <https://sustainability.ppg.com/business/supply-chain.aspx>

⁶ See http://corporate.ppg.com/getmedia/443b0e32-7c60-4cf1-89a3-d88f9eed806d/Global-Code-of-Ethics_3_19_2019, at 16.

⁷ See http://corporate.ppg.com/getmedia/443b0e32-7c60-4cf1-89a3-d88f9eed806d/Global-Code-of-Ethics_3_19_2019, at 5.

⁸ <https://responsible-mica-initiative.com/mica-challenges> ; <https://www.theguardian.com/global-development/2016/jul/28/vauxhall-bmw-car-firms-linked-child-labour-mica>

abuses.”⁹ PPG states in the No-Action Request that “the Supplier Code and the Code of Ethics both provide a remedy by making available several methods for reporting [violations] to PPG.” PPG discloses no processes or systems for identifying or remediating human rights impacts.

PPG’s SSP is even more vague. It focuses on “sustainability,” which is not defined, and does not mention human rights. As with the Supplier Code and Code of Ethics, the language is aspirational: “PPG’s goal is to continue . . . PPG will foster and maintain a sustainability culture with our suppliers” The SSP places the burden of improving sustainability on suppliers themselves, stating “PPG expects suppliers to evaluate and maintain sustainable processes and raw material sources throughout their supply chain and supplier base.”¹⁰ The SSP is silent on concrete goals, programs to monitor suppliers and help them meet such goals or other processes used by PPG to move from aspiration to execution.

PPG makes much of its Sustainability Report, but here, again, disclosure is scanty. PPG emphasizes the Sustainability Report’s discussion of safety initiatives, which, while laudable, represents only one of PPG’s human rights responsibilities. PPG states that it assesses its top 100 suppliers globally on human rights policies “periodically,” but does not disclose any more information.¹¹ The Proponent notes that human rights abuses often occur below the level of the first-tier suppliers which are those assessed by PPG, so such assessments are of limited utility in detecting human rights violations. The Sustainability Report does not identify key human rights risks, set forth human rights due diligence processes or describe access to remedy for human rights violations. PPG’s assertion that it “engage[s] with select suppliers to influence long-term behaviors and reduce risk” is too vague to be useful. The Sustainability Report disclosure is inadequate, even when considered together with the other disclosures identified by PPG, to allow shareholders to evaluate PPG’s implementation of its human rights commitments.

PPG points to its Statement pursuant to the California Transparency in Supply Chains Act of 2010. That Statement is limited, however, to steps PPG has taken to achieve compliance with laws prohibiting slavery, coerced labor and human trafficking; other human rights concerns are not covered.¹² The disclosure in the Statement regarding supplier “on-boarding” and supplier audits thus relates only to a subset of human rights commitments.

⁹ See <https://www.ohchr.org/EN/Issues/Business/Pages/AccessToRemedy.aspx>

¹⁰ <http://corporate.ppg.com/Purchasing/Supplier-Sustainability.aspx>

¹¹ See <http://sustainability.ppg.com/business/supplier-chain.aspx>

¹² See [http://corporate.ppg.com/getmedia/b4acf60d-f36b-4a7c-9741-5d1074b46e47/CA-Transparency-in-Supply-Chain-Act-2017-Revision-\(12-7-17-Final\).pdf.aspx](http://corporate.ppg.com/getmedia/b4acf60d-f36b-4a7c-9741-5d1074b46e47/CA-Transparency-in-Supply-Chain-Act-2017-Revision-(12-7-17-Final).pdf.aspx)

The determination in *The Wendy's Company*,¹³ cited by PPG, is distinguishable because the proposal's resolved clauses differ—the Wendy's proposal asked for specific information about the company's human rights due diligence processes--and Wendy's provided significantly more disclosure regarding its supplier auditing program, which Wendy's had urged constituted human rights due diligence. Unlike PPG, Wendy's disclosed details regarding its quality assurance audits, including how they were conducted and various consequences of poor performance.

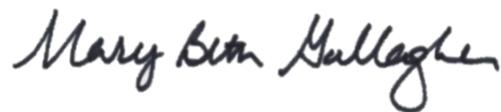
In sum, PPG has not satisfied key elements of the Proposal, precluding a finding that the Proposal has been substantially implemented.

* * *

For the reasons set forth above, PPG has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(10). The Proponent thus respectfully requests that PPG'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
Investor Advocates for Social Justice
On behalf of Sisters of St. Joseph of Peace

cc: Daniel G. Fayock
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¹³ *The Wendy's Company* (available Apr. 10, 2019).



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Daniel G. Fayock
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December 16, 2019

VIA E-MAIL (shareholderproposals@sec.gov)

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

Re: PPG Industries, Inc.; Omission of Shareholder Proposal Submitted by the Congregation of the Sisters of St. Joseph of Peace; Securities Exchange Act of 1934 – Section 14(a), Rule 14a-8.

Ladies and Gentlemen:

I am writing on behalf of PPG Industries, Inc. (“PPG”) to inform you, pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that PPG intends to omit from its proxy solicitation materials for its 2020 annual meeting of shareholders a shareholder proposal (the “Proposal”) submitted by the Congregation of the Sisters of St. Joseph of Peace (the “Proponent”). In accordance with Rule 14a-8(j), PPG hereby respectfully requests that the staff (the “Staff”) of the Division of Corporation Finance of the Securities and Exchange Commission (the “Commission”) confirm that it will not recommend enforcement action against PPG if the Proposal is omitted from PPG’s proxy solicitation materials for its 2020 annual meeting of shareholders (the “2020 Annual Meeting”) in reliance on Rule 14a-8(i)(10). Copies of the Proposal and accompanying materials are attached as Exhibit A.

PPG expects to file a preliminary proxy statement on or about February 14, 2020 due to the inclusion in the proxy solicitation materials of a proposal to amend PPG’s Articles of Incorporation (the “Articles of Incorporation”), which is unrelated to the Proposal. PPG expects to file its definitive proxy solicitation materials for the 2020 Annual Meeting on or about March 5, 2020. Accordingly, as contemplated by Rule 14a-8(j), this letter is being filed with the Commission more than 80 calendar days before the date upon which PPG expects to file the definitive proxy solicitation materials for the 2020 Annual Meeting.

Pursuant to Staff Legal Bulletin No. 14D (“SLB 14D”), I am submitting this request for no-action relief to the Commission under Rule 14a-8 by use of the Commission’s email address, shareholderproposals@sec.gov, and I have included my name and telephone number both in this letter and the cover email accompanying this letter. In accordance with the Staff’s instruction in Section E of SLB 14D, I am simultaneously forwarding by email and/or facsimile a copy of this letter to the Proponent. The Proponent is requested to copy the undersigned on any response he may choose to make to the Staff and

concurrently submit to the undersigned any such response or other correspondence.

THE PROPOSAL

The Proposal sets forth the following resolution:

RESOLVED: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on PPG's processes for implementing human rights commitments within company-owned operations and through business relationships.

A copy of the Proposal, including the Proponent's supporting statement, is attached as Exhibit A.

DISCUSSION

The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because PPG Has Substantially Implemented the Proposal.

A. Background and application of Rule 14a-8(i)(10).

Rule 14a-8(i)(10) under the Exchange Act permits a company to exclude a shareholder proposal from its proxy solicitation materials if the company has substantially implemented the proposal. The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." Exchange Act Release No. 12598 (July 7, 1976). Originally, the Staff narrowly interpreted this predecessor rule and granted no-action relief only when proposals were fully effected by the company. See Exchange Act Release No. 19135 (Oct. 14, 1982). By 1983, the Commission recognized that the "previous formalistic application of [the rule] defeated its purpose" because proponents were successfully convincing the Staff to deny no-action relief by submitting proposals that differed from existing company policy by only a few words. Exchange Act Release No. 20091, at § II.E.6. (Aug. 16, 1983) (the "1983 Release"). Therefore, in 1983, the Commission adopted a revised interpretation to the rule to permit the omission of proposals that had been "substantially implemented," and the Commission codified this revised interpretation in Exchange Act Release No. 40018 at n.30 (May 21, 1998) (the "1998 Release"). Thus, when a company can demonstrate that it already has taken actions to address the underlying concerns and essential objectives of a shareholder proposal, the Staff has concurred that the proposal has been "substantially implemented" and may be excluded as moot. See, e.g., *The Wendy's Company* (April 10, 2019); *Invesco Ltd.* (March 8, 2019); *United Technologies Corp.* (March 1, 2019); *PPG Industries, Inc.* (Feb. 8, 2019); *United Technologies Corp.* (Feb. 14, 2018); *PPG Industries, Inc.* (Jan. 23, 2018); *Apple Inc.* (Dec. 12, 2017); *QUALCOMM Incorporated* (Dec. 8, 2017); *Korn/Ferry*

International (July 6, 2017); *The Southern Company* (Feb. 24, 2017); *Windstream Holdings* (Feb. 14, 2017); *Brocade Communications Systems, Inc.* (Dec. 19, 2016); *NETGEAR, Inc.* (March 31, 2015); *Exxon Mobil Corp.* (March 17, 2015, recon. denied March 25, 2015); *PPG Industries, Inc.* (Jan. 21, 2015); *Pfizer, Inc.* (Jan. 11, 2013, recon. avail. March 1, 2013); *McKesson Corporation* (Apr. 8, 2011); *Exelon Corp.* (Feb. 26, 2010); *Express Scripts, Inc.* (Jan. 28, 2010); *Exxon Mobil Corp.* (March 23, 2009); *Exxon Mobil Corp.* (Jan. 24, 2001); *Masco Corp.* (March 29, 1999); *The Gap, Inc.* (March 8, 1996).

Where a company has demonstrated that it has already taken actions to address the underlying concerns and essential objectives of a shareholder proposal, the Staff has concurred that the proposal has been “substantially implemented” and may be excluded as moot. The actions requested by a proposal need not be “fully effected” by the company in order to be excluded. In order to be excluded, such actions need only to have been “substantially implemented” by the company. See the 1983 Release. In 1998, the Commission reiterated that “substantial” implementation under the rule does not require the company to implement a shareholder proposal fully or exactly as presented or preferred by the proponent. See the 1998 Release. The Staff has noted that “a determination that the company 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 28, 1991).

Accordingly, the Staff has permitted differences between a company’s actions and a shareholder proposal when the company’s actions satisfactorily address the proposal’s essential objectives, even when the company did not take the exact action requested by the proponent, did not implement the proposal in every detail or exercised discretion in determining how to implement the proposal. See *The Wendy’s Company* (April 10, 2019) (concurring with exclusion of a proposal requesting a report on the company’s process for identifying and analyzing potential and actual human rights risks of operations and supply chain because the company already had a code of conduct for suppliers, a code of business conduct and ethics and other policies and public disclosures concerning human rights which achieved the proposal’s essential objective); *Apple, Inc.* (Dec. 11, 2014) (concurring with exclusion of a proposal requesting the establishment of a public policy committee to oversee various governance and policy issues because the company had existing systems and controls, including multiple board committees, to oversee the proposal matters); *Walgreen Co.* (Sept. 26, 2013) (concurring with exclusion of a proposal requesting elimination of supermajority voting requirements in the company’s governing documents where the company had eliminated all but one supermajority voting requirement); *Duke Energy Corporation* (Feb. 21, 2012) (concurring with exclusion of a proposal requesting the company to assess potential actions to reduce certain greenhouse gas and other emissions because the requested information was available in the company’s Annual Report on Form 10-K and annual sustainability report); and *Exelon Corp.* (Feb. 26, 2010) (concurring with

exclusion of a proposal requesting a report on certain aspects of the company's political contributions because the company already adopted corporate political contribution guidelines and issued a related report that, together, provided "an up-to-date view of the [c]ompany's policies and procedures with regard to political contributions" addressing the proposal's essential objective). *See also International Business Machines* (Jan. 4, 2010) (concurring with exclusion of a proposal requesting periodic reports of the Company's "Smarter Planet" initiative because the company already reported on certain of those matters through the company's related web portal, investor website, employment websites, social media and other outlets); *The Dow Chemical Co.* (March 5, 2008) (concurring with exclusion of a proposal requesting a report discussing how the company's efforts to ameliorate climate change have affected the global climate because the company already made statements about its efforts related to climate change in various corporate documents and disclosures); *Johnson & Johnson* (Feb. 17, 2006) (concurring with exclusion of a proposal requesting verification of employment legitimacy because the company was already acting to address the proposal's concerns); and *Talbots Inc.* (April 5, 2002) (concurring with exclusion of a proposal requesting implementation of a code of corporate conduct based on United Nations International Labor Organization standards because the company already established its own business practice standards).

Furthermore, the Staff has taken the position that a shareholder proposal requesting that a company's board of directors prepare a report on a particular corporate initiative may be excluded when the company has published information about that initiative on its website. In addition to *The Wendy's Company* (April 10, 2019) and *The Dow Chemical Co.* (March 5, 2008) cited above, *see also Mondalēz International, Inc.* (March 7, 2014) (concurring that a proposal urging the board of directors to prepare a report on the company's process for identifying and analyzing potential and actual human rights risks in its operations and supply chain was substantially implemented through relevant information on the company's website); *Aetna Inc.* (March 27, 2009) (concurring that a proposal requesting a report describing the company's policy responses to concerns regarding gender and insurance was substantially implemented when the company published a paper addressing such issues); *The Gap, Inc.* (March 16, 2001) (concurring that a proposal requesting that the board of directors prepare a report on child labor practices of company suppliers was substantially implemented when the company published information on its website with respect to the company's vendor code and monitoring programs).

B. PPG's Global Code of Ethics, Global Supplier Code of Conduct, Supplier Sustainability Policy and California Transparency in Supply Chains Act of 2010 Statement achieve the Proposal's essential objective by clearly setting forth PPG's human rights commitments as requested in the Proposal.

As illustrated below, PPG has substantially implemented the Proposal through, among other things, its adoption, implementation and publication of:

- PPG’s Global Code of Ethics (the “Code of Ethics”), which (i) is publicly available at <http://corporate.ppg.com/Our-Company/Ethics.aspx> and (ii) includes a subsection on “Human Rights, Diversity, and Inclusion;”
- the PPG Industries Global Supplier Code of Conduct (the “Supplier Code”), which (i) is publicly available at <http://sustainability.ppg.com/business/supply-chain.aspx>, (ii) was developed to clarify PPG’s global expectations in the areas of business integrity, labor practices, associate health and safety and environmental management, and (iii) considers and incorporates human rights principles;
- PPG’s Supplier Sustainability Policy (the “Supplier Policy”), which (i) is publicly available at <http://corporate.ppg.com/Purchasing/Supplier-Sustainability.aspx> and (ii) expressly states PPG’s expectation that its suppliers, as well as their subcontractors, will fully comply with applicable laws and adhere to internationally recognized environmental, social and corporate governance standards;
- PPG’s published statement in accordance with The California Transparency in Supply Chains Act of 2010 (the “Statement”), which (i) is publicly available at <http://corporate.ppg.com/Purchasing/Supplier-Sustainability.aspx> and (ii) describes the steps PPG has taken to ensure that there is no slavery, coerced labor or human trafficking in its own businesses or in its supply chains; and
- PPG’s 2018 Sustainability Report (the “Sustainability Report”), which is publicly available at <http://sustainability.ppg.com>.

Consistent with PPG’s core values and the tenets and requirements set forth in the Supplier Code, the Supplier Policy and the Code of Ethics, PPG believes that it is responsible for focusing on its business success while respecting the interests of its customers, employees and communities. As stated in the Code of Ethics, PPG respects the dignity and human rights of all people, and PPG complies with all laws pertaining to freedom of association, privacy, collective bargaining, immigration, working time, wages, and hours, as well as laws prohibiting forced, compulsory and child labor, human trafficking, and employment discrimination.

The supporting statement included with the Proposal acknowledges that “PPG commits to respect human rights in [the Code of Ethics].” The Proposal’s supporting statement focuses instead on the adequacy of disclosure that would enable an investor “to assess how PPG’s human rights commitment is implemented or the effectiveness of human rights due diligence procedures to assess, identify, prevent, mitigate and remedy adverse human rights impacts across business functions and throughout the value chain.” The Proponent’s assertion that PPG’s investors lack the disclosure necessary for such assessments is not accurate, however.

The Supplier Code clearly delineates PPG's requirements for suppliers on various human rights- and labor-related matters, including but not limited to the following:

- Compliance with all applicable laws and regulations, including those related to wages, working hours and benefits;
- Promoting a diverse workforce free from discrimination, harassment and abuse;
- Prohibiting forced, compulsory and child labor;
- Respecting employees' right to freedom of association and collective bargaining;
- Providing a safe and healthy workplace; and
- Conducting operations with environmental diligence and in compliance with local environmental laws and regulations.

The Supplier Code also provides several methods for reporting violations of the Supplier Code, including through PPG's anonymous ethics hotline. In addition and as more fully described below, PPG's suppliers are required to comply with the Supplier Code and adherence is monitored by PPG procurement personnel and through supplier audit protocols.

The California Transparency in Supply Chains Act of 2010 (the "California Act") and the UK Modern Slavery Act of 2015 (the "UK Act") require certain companies doing business in California and the United Kingdom, such as PPG, to make public disclosures regarding their efforts to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale. The California Act's stated intent is "to ensure large retailers and manufacturers provide consumers with information regarding their efforts to eradicate slavery and human trafficking from the supply chains, to educate consumers on how to purchase goods produced by companies that responsibly manage their supply chains, and, thereby, improve the lives of victims of slavery and human trafficking." The required disclosures are to be posted on the company's website with a "conspicuous and easily understood link" to the required information on the website's homepage. The California Act requires disclosure of what actions the company is taking to evaluate and address risks of human trafficking and slavery in its supply chain.

PPG prepared and published the Statement in accordance with the terms of the California Act. In addition to affirming PPG's policies set forth in the Code of Ethics and the Supplier Code, the Statement also makes disclosure regarding the following topics, all of which enable an investor to assess how PPG's human rights commitment is implemented or the effectiveness of human rights due diligence procedures to assess, identify, prevent, mitigate and remedy adverse

human rights impacts across business functions and throughout the value chain:

- the process PPG uses to on-board a new supplier;
- the self-assessment questionnaire issued to PPG's top 100 suppliers globally and the annual ratings assessment that PPG undertakes for its most significant suppliers;
- PPG's annual audits of selected suppliers; and
- systems and processes to report violations of the Code of Ethics or the Supplier Code.

The UK Act requires similar disclosures for PPG's subsidiaries located in the United Kingdom. PPG's disclosures required by the UK Act are also available on PPG's website through links at the bottom of [http//www.ppg.com](http://www.ppg.com).

The Proponent's supporting statement also alleges that PPG has not disclosed how PPG's participation in the Responsible Mica Initiative ("RMI") has improved PPG's ability to ensure that it is not sourcing mica mined under conditions of child labor or informed human rights risk management. The Sustainability Report, however, states that PPG periodically assesses the sustainability of PPG's top 100 suppliers globally, which represent approximately 25% of PPG's annual procurement spend, in areas that include, among others:

- policies of the supplier, including with respect to sustainability, codes of conduct, human rights, conflict minerals and health and safety matters;
- significant health and safety incidents and notices of violations;
- citations or fines related to breaches of labor laws;
- processes to educate, train and audit employees regarding the supplier's policies; and
- sustainability review processes to monitor corporate and supply chain performance.

In addition to noting that PPG is an active member of the RMI, the Sustainability Report also expressly states that PPG (i) evaluates and monitors its top 100 at-risk global suppliers and engages with select suppliers to influence long-term behaviors and reduce risk, which includes suppliers that have mined materials in their supply chain, (ii) engages with select suppliers to influence long-term behaviors to reduce risk, and (ii) audits suppliers against specific topics, such as child labor. As specifically stated in the Supplier Code, PPG reserves the right to terminate any agreement with any supplier that cannot demonstrate compliance with the Supplier Code. To that end, PPG includes

contractual clauses in its agreements with suppliers that allow PPG to terminate contracts in the event that the applicable supplier fails to comply with the Supplier Code. PPG also works to remediate any incomplete responses to the questionnaires and other information requests sent to its suppliers so that PPG has complete information at its disposal in assessing a supplier's compliance with the Supplier Code.

Moreover, the RMI's website, <http://www.responsible-mica-initiative.com>, which is referenced on PPG's sustainability website, contains substantial information about the activities of the RMI, including supply chain mapping, setting compliant workplace standards, and community empowerment. These activities benefit RMI's members, including PPG and 80 local communities in India.

C. PPG's other corporate disclosures achieve the Proposal's essential objective of disclosing how PPG manages its human rights risks across its operations, systems to embed respect for human rights across business functions, how it oversees its human rights risks and the remedies available to report human rights impacts.

In addition to addressing the human rights risks of PPG's supply chain, PPG has addressed the human rights risks in its operations. The supporting statement requests that the report include information about PPG's "systems to embed respect for human rights across business functions." The Code of Ethics applies to all PPG operations and PPG employees. The Code of Ethics embodies PPG's core values and demonstrates PPG's commitment to human rights. The Code of Ethics states as follows:

We are committed to valuing differences among us in experience, perspective, background, race, age, national origin, religion, sex, sexual orientation, gender identity and/or expression, culture, interests, geography, and style, and we strive for a collaborative environment in which everyone has a chance to succeed.

We respect the dignity and human rights of all people, and we comply with all laws pertaining to freedom of association, privacy, collective bargaining, immigration, working time, wages, and hours, as well as laws prohibiting forced, compulsory and child labor, human trafficking, and employment discrimination.

We base employment decisions on job qualifications and merit, which include education, experience, skills, ability, and performance.

We give equal employment opportunity to – and will not discriminate against – individuals on the basis of any status protected by applicable laws.

PPG reaffirms importance of compliance with the Code of Ethics through periodic reminders to employees and every PPG employee with a PPG email address is required to take Code of Ethics Training and to certify their compliance with the Code of Ethics.

Since PPG owns or operates the vast majority of its production facilities, offices and retail locations, these locations are all required to abide by the human rights values described in the Code of Ethics, including with respect to wages and working conditions.

Moreover, PPG respects the human rights of its employees and those who use our products and live and work in our communities. PPG's Sustainability Report describes our commitment to environment, health and safety. A key PPG value is to ensure our people return home safely each day. PPG is actively working toward a goal of zero injuries through human and organizational training programs focused on proper ergonomics and ergonomic solutions, reducing slip and fall accidents and reducing spills and releases. PPG's multi-year safety awareness and communications initiative called Safety 365 empowers employees to be safe and speak up if they see something that could be made safer. The program centers around a monthly culture-based safety theme that is supplemented with weekly tips. PPG's EHS Advisory Council brings together talented EHS professionals for development and engagement opportunities with their peers from around the world. As for transparency, the Sustainability Report includes PPG's injury and illness rate, recordable incident rate, lost workday rate and occupational disease rate.

Protection from potentially hazardous substances is also important to PPG. PPG protects the health of its employees and supervised workers through a comprehensive industrial hygiene program, which has been in place for more than 50 years. The Sustainability Report describes this program, including PPG's process to identify potential occupational health hazards present in its workplaces and the employment of toxicologists and industrial hygienists to oversee this program. PPG's manufacturing facilities are required to assess exposures to a defined list of substances and tasks where potential health risks are presented. PPG evaluates the results of these assessments to identify the need for improvements in manufacturing processes, facilities, training, personal protective equipment and medical surveillance.

PPG is also working to eliminate substances of concern from its products. As described in the Sustainability Report, PPG uses a Substances of Concern scorecard to assess substances for deselection and maintains a Restricted Substances List that applies to all PPG products globally. During a new product's research and development phase, PPG assess raw materials for their safety using a toxicology screening assessment.

Through these means, PPG believes that it has addressed and publicly disclosed the steps it has taken to address the human rights risks in its own operations.

The supporting statement requests that the report include information about “Board oversight of human rights.” Oversight of human rights risks begins with PPG’s Sustainability Committee. The Sustainability Committee establishes policies, programs, procedures and goals to address sustainability in PPG’s business practices. Most of the Committee’s members, who are appointed by PPG’s Executive Committee, are officer-level employees, providing leadership, direction, support and visibility. The Sustainability Committee is responsible for implementing PPG’s Sustainability Vision and Values. As described in the Sustainability Report, PPG’s Sustainability Vision and Values include the following values, directly related to human rights:

- Operate safe, healthful workplaces that value diversity, promote teamwork and reward performance.
- Conduct business and operations in an ethical and compliant manner.
- Minimize the impact of our operations on the environment.
- Deliver positive change in the communities where we operate.

The Sustainability Committee is subject to oversight of the Technology and Environment Committee of PPG’s Board of Directors. Among the responsibilities set forth in its charter, the Board’s Technology and Environment Committee is responsible for “oversee[ing] the management of risks related to the Company’s science and technology portfolio, research and development capabilities, and environment, health, safety, product stewardship and other sustainability programs in these areas, including risks related to reputation.”

In addition to the oversight of certain of PPG’s human rights risks by the Sustainability Committee and the Technology and Environment Committee, the full Board of Directors has responsibility for overseeing PPG’s enterprise-wide risks. As disclosed in PPG’s proxy statement for its 2019 Annual Meeting of Shareholders:

In accordance with New York Stock Exchange requirements, our Audit Committee charter provides that the Audit Committee is responsible for overseeing our risk management process. The Audit Committee is updated on a regular basis on relevant and significant risk areas. This includes periodic updates from certain officers of the Company and a formal annual update by the Director of Corporate Audit Services. The annual update provides a comprehensive review of PPG’s enterprise risks and includes the feedback of most of the Company’s officers. The Audit Committee, in turn, reports to the full Board. While the Audit Committee has primary responsibility for overseeing risk management, our entire Board is actively involved in overseeing risk management for the Company by engaging in periodic discussions with Company officers and other employees as the Board may deem appropriate. In 2018,

the Board spent additional time reviewing our cybersecurity program. In addition, each of our Board committees considers the risks within its areas of responsibility. For example, our Technology and Environment Committee considers risks related to our environment, health, safety, product stewardship and other sustainability policies, programs and practices. Our Audit Committee focuses on risks inherent in our accounting, financial reporting, cybersecurity and internal controls. Our Officers—Directors Compensation Committee considers the risks that may be implicated by our executive compensation program. We believe that the leadership structure of our Board supports the Board’s effective oversight of the Company’s risk management.

Accordingly, PPG believes that risks related to human rights in its operations are being addressed with appropriate Board oversight, which has been publicly communicated by PPG.

The supporting statement also requests information about PPG’s “human rights due diligence processes and where appropriate, access to remedy for human rights impacts.” As noted above, PPG’s supplier onboarding, survey and audit program, which is clearly described on PPG’s website, is a main component of PPG’s human rights due diligence process. If a supplier, customer or other interested person discovers an ethics or human rights concern, the Supplier Code and the Code of Ethics both provide a remedy by making available several methods for reporting these issues to PPG. These methods include PPG’s anonymous ethics hotline or contacting PPG’s Chief Compliance Officer or PPG’s Vice President, Procurement. The Global Code of Ethics requires that all violations of the law and violations of the Global Code of Ethics must be reported to PPG. PPG investigates every ethics or human rights concern reported to it through these methods.

D. Staff precedent concurring with the exclusion of similar shareholder proposals support PPG’s no-action request.

With respect to the report requested in the Proposal, although the Supplier Code, the Supplier Policy, the Code of Ethics and the Statement are not “reports” *per se*, the Proposal’s essential objectives are fundamentally encompassed and patently addressed in those documents, especially when taken together with the Sustainability Report, PPG’s policies and public disclosures on its corporate website and the comprehensive scope of PPG’s enterprise risk management processes, as described therein. The Staff has permitted differences between a company’s actions and a shareholder proposal if the company’s actions satisfactorily address the proposal’s essential objectives, even when the company did not take the exact action requested by the proponent, did not implement the proposal in every detail or exercised discretion in determining how to implement the proposal. PPG particularly would call to the Staff’s attention the similarities between PPG’s situation and the situation present in *The Wendy’s Company* (April 10, 2019). In *The Wendy’s Company*, the Staff concurred with the

exclusion of a proposal requesting a report on the company's process for identifying and analyzing "potential and actual human rights risks of operations and supply chain" where the company's enterprise management processes, policies and public disclosures achieved the essential objectives of the proponent's request. In that case, the company demonstrated that it had substantially implemented the proposal through its Code of Conduct for Suppliers to Wendy's, its Code of Business Conduct and Ethics, its public disclosures regarding its human rights risk assessments and its enterprise risk management processes and policies, which achieved the proposal's essential objective of risk assessment oversight and disclosure. *See also, Walgreens Boots Alliance, Inc.* (Nov. 13, 2018) (concurring with exclusion of a proposal requesting a report describing the company's implementation plans ensuring its policies and practices advance and do not undermine sustainable development goals because the company's corporate social responsibility report addressed its efforts to contribute to such goals); *Entergy Corp.* (Feb. 14, 2014) (concurring with exclusion of a proposal requesting a report "on policies the company could adopt to take additional near-term actions to reduce its greenhouse gas emissions," despite that the company's existing related disclosures and report did not address the ability to make such reductions, because the company already provided environmental sustainability disclosures on its website and in a separate report); *Merck & Company, Inc.* (March 14, 2012) (concurring with exclusion of a proposal requesting a report on the safe and humane treatment of animals because the company already provided information on its website and additional information was publicly available through disclosures to the U.S. Department of Agriculture); *ExxonMobil Corporation* (March 17, 2011) (concurring with exclusion of a proposal requesting a report on the company's steps taken to address ongoing safety concerns because the company's "public disclosures compare[d] favorably" with the proposal guidelines); *The Boeing Co.* (Feb. 17, 2011) (concurring with exclusion of a proposal requesting that the company "review its policies related to human rights" and report its findings because the company already adopted its own policies, practices and procedures regarding human rights); *The Procter & Gamble Co.* (Aug. 4, 2010) (concurring with exclusion of a proposal requesting a water policy based on United Nations principles because the company already adopted its own water policy); *Wal-Mart Stores, Inc.* (March 30, 2010) (concurring with exclusion of a proposal requesting adoption of global warming principles because the company had policies reflecting at least to some degree the proposed principles); *ConAgra Foods, Inc.* (July 3, 2006) (concurring with exclusion of a proposal requesting a sustainability report because the company was already providing information generally of the type proposed to be included in the report); *The Gap, Inc.* (March 16, 2001) (concurring with exclusion of a proposal requesting a report on child labor practices of company suppliers because the company already established a code of vendor conduct, monitored compliance, published information relating thereto and discussed labor issues with shareholders).

Consistent with the factors that led to the Staff's concurrence in the precedents cited above, PPG has demonstrated that it already has addressed the

underlying concerns and essential objectives of the Proposal and thus substantially implemented the Proposal's request that PPG provide information that would allow an investor to evaluate PPG's processes for implementing human rights commitments within PPG-owned operations and through business relationships. The Supplier Code, the Supplier Policy, the Code of Ethics, the Statement, the Sustainability Report and other PPG policies and public disclosures clearly communicate and identify the Company's core values, human rights principles and commitment to ongoing sustainability improvements, all of which collectively frame, influence and encompass PPG's processes for implementing human rights commitments within its owned operations and through business relationships.

CONCLUSION

Based upon the foregoing, PPG believes that the Proponent's Current Proposal may be properly omitted from its proxy solicitation materials for the 2020 Annual Meeting under Rule 14a-8(i)(10) because the Proposal has been substantially implemented by PPG as a result of the existing disclosures made by PPG and the information already publicly available, including the Supplier Code, the Supplier Policy, the Code of Ethics, the Statement, the Sustainability Report and other PPG policies and public disclosures.

PPG respectfully requests that the Staff concur that it will not recommend enforcement action against PPG if PPG omits the Proposal from its proxy solicitation materials for the 2020 Annual Meeting. The directly applicable precedents cited in this letter demonstrate the validity of PPG's request. If the Staff does not concur with the positions of PPG discussed above, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of its Rule 14a-8 response.

If you have any questions or require any additional information, please do not hesitate to contact me at (412) 434-3312. Consistent with Staff Legal Bulletin No. 14F (July 14, 2001), please respond to this letter via email to fayock@ppg.com. I would appreciate if the Staff also would send a copy of any response to Greg E. Gordon, Senior Counsel, Corporate Law, PPG Industries, Inc., at gordon@ppg.com.



Daniel G. Fayock
Assistant General Counsel and Secretary

Enclosure

cc: Mary Beth Gallagher, Investor Advocates for Social Justice
(mbgallagher@iasj.org)

Christy Gonzalez, Congregation of the Sisters of St. Joseph of Peace
(cgonzalez@csjp.org)

Frank McCann, Congregation of the Sisters of St. Joseph of Peace
(fmccann@csjp.org)

EXHIBIT A



Congregation of the Sisters of St. Joseph of Peace

Shalom Center, 399 Hudson Terrace, Englewood Cliffs, NJ 07632-2806

201-568-6348 • Fax: 201-568-9880 • www.csjp.org

November 6, 2019

Mr. Daniel G. Fayock
Assistant General Counsel and Secretary
PPG Industries, Inc.
One PPG Place
Pittsburgh, PA 15272

Dear Mr. Fayock:

As socially responsible investors, the Congregation of the Sisters of St. Joseph of Peace looks for social and financial accountability when investing in corporations. As part of our advocacy ministry, we engage corporations in our portfolios on human rights and environmental justice concerns. We participate in an initiative led by Investor Advocates for Social Justice (formerly the Tri-State Coalition for Responsible Investment) called Shifting Gears, to engage with 23 companies in the automotive industry on respecting human rights. We appreciate the dialogues colleagues have had with you through this initiative.

We are long-term shareholders in PPG. We recognize PPG's efforts to begin addressing human rights risks in the supply chain related to mica. However, investors seek greater reassurance demonstrating effective implementation of the company's human rights commitments across the business. PPG employees, workers in the supply chain, and community members may be exposed to adverse human rights impacts as a result of PPG's business activities, and PPG has a responsibility to address these impacts. We encourage PPG to conduct more robust human rights due diligence, focusing on the greatest risks and impacts to stakeholders, and to be more transparent in public reporting on the company's human rights performance.

As the largest paints and coatings company by revenue, PPG faces heightened exposure to human rights risks. Due to a lack of disclosure on PPG's human rights due diligence process, investors are currently unable to assess the extent to which PPG is effectively implementing its human rights commitments and meeting its responsibility under the UN Guiding Principles on Business and Human Rights (UNGPs) to respect human rights within company-owned operations and through business relationships.

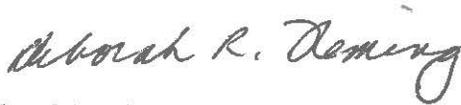
In the spirit of continuous improvement, we hope to continue dialogue and offer the enclosed proposal requesting a report on PPG's processes for implementing human rights commitments within company-owned operations and through business relationships. Investors strongly encourage PPG to adopt a more robust human rights due diligence approach in order to effectively mitigate adverse human rights impacts and reduce financial, legal, and reputational risks to the company.

The Congregation of the Sisters of St. Joseph of Peace is the beneficial owner of 380 shares of PPG Industries, Inc. stock. The Congregation of the Sisters of St. Joseph of Peace has held stock continually for over one year and intends to retain the requisite number of shares through the date of the Annual Meeting. A letter of verification of ownership is enclosed.

I am hereby authorized to notify you of our intention to file the attached proposal asking your Board of Directors to issue a report on human rights disclosure. I hereby submit it for inclusion in the proxy statement in accordance with rule 14-a-8 of the general rules and regulation of the Securities and Exchange Act of 1934.

Please address all communication regarding this resolution to Mary Beth Gallagher, Executive Director of Investor Advocates for Social Justice located at 40 South Fullerton Ave, Montclair, NJ 07042, email address: mbgallagher@iasj.org and phone number (973) 509-8800. Please also copy Frank McCann, 399 Hudson Terrace, Englewood Cliffs, NJ 07632, email address: fmccann@csjp.org and Christy Gonzalez, 399 Hudson Terrace, Englewood Cliffs, NJ 07632, email address: cgonzalez@csjp.org. We look forward to constructive dialogue with you and your colleagues about these concerns.

Sincerely,

A handwritten signature in cursive script that reads "Deborah R. Fleming".

Deborah R. Fleming
Congregation CFO
Congregation of the Sisters of St. Joseph of Peace

Human Rights Disclosure **PPG Industries, Inc. – 2020**

Whereas: Under the UN Guiding Principles on Business and Human Rights, companies have a responsibility to respect human rights within their operations and value chains. This responsibility entails that companies should assess, identify, prevent, mitigate, and remedy adverse human rights impacts.

PPG Industries, Inc. (PPG) is the world's largest paints and coatings manufacturer by revenue. PPG supplies performance and industrial coatings used in automobiles, aircraft and marine equipment, and other industrial and consumer products. The Sustainability Accounting Standards Board (SASB) identifies human rights and community relationships as material for the Chemicals sector, in which PPG is classified.

Paints and coatings may contain minerals or other commodities with well-documented risks of being linked to serious human rights abuses, such as child labor or conflict in the Democratic Republic of Congo. In addition, the manufacturing of these paints and coatings presents risks to human health and the environment, jeopardizing access to clean water and potentially exposing communities and workers to toxic substances.

PPG relies on a complex, multi-tiered, global network of suppliers to manufacture its products. Extended supply chains, which may include business relationships with suppliers or manufacturers in regions with weak rule of law, corruption, or poor working conditions, expose the company to significant human rights risks, while contributing to a lack of transparency and accountability.

One of PPG's salient human rights impacts is child labor in the mica supply chain. Mica from artisanal mines in India and Madagascar has well-documented child labor risks and artisanal mining is considered one of the worst forms of child labor. Children work in mines at risk of collapse, use sharp tools, and are vulnerable to respiratory conditions from mica dust.¹ PPG joined the Responsible Mica Initiative (RMI) after child labor in the mica supply chain was exposed by the media. However, there is no disclosure on how participation in RMI has improved PPG's ability to ensure it is not sourcing mica mined under conditions of child labor or informed human rights risk management.

While PPG commits to respect human rights in its Global Code of Ethics and says suppliers shall maintain and promote fundamental human rights, investors lack the disclosure necessary to assess how PPG's human rights commitment is implemented or the effectiveness of human rights due diligence procedures to assess, identify, prevent, mitigate and remedy adverse human rights impacts across business functions and throughout the value chain.

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on PPG's processes for implementing human rights commitments within company-owned operations and through business relationships.

Supporting Statement: This report might include information on:

¹ https://www.somo.nl/wp-content/uploads/2018/03/NL180313_GLOBAL-MICA-MINING-.pdf

- Board oversight of human rights;
- Systems to embed respect for human rights across business functions;
- The company's salient human rights issues in its operations and value chain; and
- Human rights due diligence processes and where appropriate, access to remedy for human rights impacts.



Letter of Verification of Ownership

11/6/19

To Whom It May Concern:

As of and including 11/6/19, the CSJP holds, and has held continuously for at least one year, a minimum of 380 shares of PPG Industries [US equity PPG]. We have been directed by the shareowners to place a hold on this stock at least until the next annual meeting.

Please contact Denise D'Entremont at 617-330-7353 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to be "Julie C. Lind", written over a horizontal line.

Julie C. Lind
Portfolio Manager
RhumbLine Advisers

RhumbLine Advisers

265 Franklin Street, 21st Floor, Boston, MA 02110-3326 • Tel: (617) 345-0434, Fax: (617) 345-0675

From: Stull, Laura **On Behalf Of** Fayock, Daniel
Sent: Monday, November 11, 2019 3:57 PM
To: Mary Beth Gallagher (mbgallagher@iasj.org)
Cc: 'fmccann@csjp.org'; 'cgonzalez@csjp.org'; gordon@ppg.com; Stull, Laura
Subject: PPG Industries, Inc.

Please see the attached. Thank you.

Daniel G. Fayock
Assistant General Counsel and Secretary
PPG

One PPG Place, 39 East
Pittsburgh, Pennsylvania 15272 USA
T: 412-434-3312
F: 412-434-2490
E: fayock@ppg.com





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fayock@ppg.com

Daniel G. Fayock
Assistant General Counsel and Secretary

November 11, 2019

Via E-mail (mbgallagher@iasj.org)

Ms. Mary Beth Gallagher
Executive Director
Investor Advocates for Social Justice
40 South Fullerton Avenue
Montclair, New Jersey 07042

Re: Shareholder Proposal

Dear Ms. Gallagher:

On November 7, 2019, we received from the Congregation of the Sisters of St. Joseph of Peace a shareholder proposal for inclusion in PPG Industries, Inc.'s 2020 proxy statement, and we are currently reviewing the proposal.

Pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, in order to be eligible to submit a proposal, the proponent must (a) have been the record or beneficial owner of at least \$2,000 in market value of PPG Industries, Inc. common stock on November 6, 2019 and (b) have continuously held its shares for at least one year prior to November 6, 2019. Attached to the proposal is a Letter of Verification of Ownership from RhumbLine Advisors regarding the required PPG stock ownership and which indicates that the PPG shares are apparently held by a broker, bank or other record holder.

Securities and Exchange Commission Staff Legal Bulletin Nos. 14F and 14G require that the broker, bank or other record holder must be a Depository Trust Company ("DTC") participant and that the proponent provide PPG with a written statement that the broker, bank or other record holder is a DTC participant. Copies of Staff Legal Bulletin Nos. 14F and 14G are attached hereto. The RhumbLine Advisors letter fails to state that RhumbLine Advisors is a DTC participant or an affiliate of a DTC participant. *The proponent must provide the required documentation to us no later than 14 calendar days after your receipt of this letter.*

We would appreciate the opportunity to discuss this proposal with you and the proponent.

Sincerely,

A handwritten signature in black ink that reads 'Daniel G. Fayock' with a small 'es' at the end.

Daniel G. Fayock

DGF:ls

Attachments

cc: Frank McCann (fmccann@csjp.org)
Christy Gonzalez (cgonzalez@csjp.org)



U.S. Securities and Exchange Commission

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-8⁷ 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.

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>

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Modified: 10/18/2011



U.S. Securities and Exchange Commission

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/cfs1b14g.htm>



Congregation of the Sisters of St. Joseph of Peace

Shalom Center, 399 Hudson Terrace, Englewood Cliffs, NJ 07632-2806
201-568-6348 • Fax: 201-568-9880 • www.csjp.org

November 22, 2019

Mr. Daniel G. Fayock
Assistant General Counsel and Secretary
PPG Industries, Inc.
One PPG Place
Pittsburgh, PA 15272

Dear Mr. Fayock:

As requested by your office, I have included an updated verification of ownership from Wilmington Trust, a registered DTC participant.

Please address all communication regarding this resolution to Mary Beth Gallagher, Executive Director of Investor Advocates for Social Justice located at 40 South Fullerton Ave, Montclair, NJ 07042, email address: mbgallagher@iasj.org and phone number (973) 509-8800. Please also copy Frank McCann, 399 Hudson Terrace, Englewood Cliffs, NJ 07632, email address: fmccann@csjp.org and Christy Gonzalez, 399 Hudson Terrace, Englewood Cliffs, NJ 07632, email address: cgonzalez@csjp.org. We look forward to constructive dialogue with you and your colleagues about these concerns.

Sincerely,

Deborah R. Fleming
Congregation CFO
Congregation of the Sisters of St. Joseph of Peace



WILMINGTON
TRUST

1800 Washington Blvd
8th Floor
Baltimore, MD 21203

Letter of Verification of Ownership

11/21/19

Re: Institutional Custody Services Agreement dated as of August 15, 2014 (the "Custody Agreement") by and between St. Joseph Province-Sisters of St Joseph of Peace (the "Client") and Manufacturers and Traders Trust Company ("M&T Bank")

To Whom it May Concern:

The Client currently hold 380 shares of PPG [class of securities], in the custody account maintained pursuant to the terms of the Custody Agreement. The shares are registered in M&T Bank's nominee name CEDE & CO at DTC,

As of and including 11/13/19, the Client holds, and has held continuously for at least one year, a minimum of 380 shares of PPG [class of securities].

Please contact Rose DiBattista at 410-545-2773 with any questions.

Sincerely,

Rose DiBattista

Rose DiBattista

Banking Officer | Wilmington Trust a Division of M&T Bank
Retirement and Institutional Custody Services | Relationship Manager III
Direct 410-545-2773 | (F) 410-545-2762 (C) 410-375-2074 | 1-866-848-0383
rdibattista@wilmingtontrust.com
1800 Washington Blvd, Baltimore, MD 21230
Mail Code: MD1-MP33

From: Mary Beth Gallagher <mbgallagher@iasj.org>
Sent: Wednesday, December 4, 2019 9:32 AM
To: Fayock, Daniel
Subject: <EXT>Scheduling call on human rights shareholder resolution

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Dan,

Thank you for reaching out to schedule a call to discuss the shareholder resolution filed by the Sisters of St. Joseph of Peace. Please let me know if any of the following times will work for you and your colleagues:

Friday December 6 at 1:00 EST

Thursday December 12th 11:00 - 5:00 EST

If these times will not work for you, please feel free to suggest alternatives and I will consult with the CSJP team on availability.

Best,
Mary Beth

Note: Our organization name and email addresses have changed. Please update your contact files.

Mary Beth Gallagher
Executive Director
Investor Advocates for Social Justice (formerly Tri-CRI)
40 South Fullerton Ave. Montclair, NJ 07042
(P) 973-509-8800
mbgallagher@iasj.org
www.iasj.org

From: Fayock, Daniel
Sent: Friday, December 6, 2019 5:42 PM
To: 'Mary Beth Gallagher'
Subject: PPG Industries - human rights shareholder resolution

Mary Beth,

I want to thank you and your colleagues for your time today to discuss the shareholder proposal and PPG's human rights initiatives. As we discussed, PPG has a strong track record and meaningful systems in place to ensure that its suppliers respect the human rights of their workers. As we explained, we hold our suppliers to high standards, including those in our Supplier Code of Conduct, and we audit their compliance. Please also review the sustainability section of PPG's website, which contains information regarding the substantial efforts PPG has undertaken in many areas that you mentioned on the call.

We believe that dialog with our shareholders is important, and we offer to continue our discussions with you about PPG's efforts to encourage sustainable practices that respect human rights in PPG's operations and those of our suppliers. As I mentioned, we will discuss the shareholder proposal with our Board of Directors next week.

Best regards,
Dan

Daniel G. Fayock
Assistant General Counsel and Secretary
Law Department
PPG

One PPG Place, 39th Floor
Pittsburgh, PA 15272
T: 412-434-3312
E: fayock@ppg.com
ppg.com



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Best,
Mary Beth

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