February 22, 2022

Amy C. Seidel
Faegre Drinker Biddle & Reath LLP

Re: Target Corporation (the “Company”)  
Incoming letter dated February 22, 2022

Dear Ms. Seidel:

This letter is in regard to your correspondence concerning the shareholder proposal (the “Proposal”) submitted to the Company by Mercy Investment Services, Inc. (the “Proponent”) for inclusion in the Company’s proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Proponent has withdrawn the Proposal and that the Company therefore withdraws its February 4, 2022 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at https://www.sec.gov/corpfin/2021-2022-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Caroline Boden
Mercy Investment Services, Inc.
February 4, 2022

Via email to shareholderproposals@sec.gov

SEC Division of Corporation Finance
Office of Chief Counsel
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Target Corporation – Notice of Intent to Exclude from 2022 Proxy Materials
Shareholder Proposal of Mercy Investment Services, Inc.

Ladies and Gentlemen:

This letter is submitted on behalf of Target Corporation, a Minnesota corporation (“Target” or the “Company”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934 (the “Exchange Act”), to notify the Securities and Exchange Commission (the “Commission”) of the Company’s intention to exclude from its proxy materials for its 2022 Annual Meeting of Shareholders (the “2022 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof from Mercy Investment Services, Inc. (the “Proponent”). The Company requests confirmation that the staff of the Division of Corporation Finance (the “Staff”) will not recommend an enforcement action to the Commission if the Company excludes the Proposal from its 2022 Proxy Materials in reliance on Rule 14a-8.

Pursuant to Rule 14a-8(j) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”), we have (i) submitted this letter and its exhibit to the Commission within the time period required under Rule 14a-8(i) and (ii) concurrently sent copies of this correspondence to the Proponent as notification of the Company’s intention to exclude the Proposal from its 2022 Proxy Materials.

Rule 14a-8(k) and SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or Staff. Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.
The Proposal

A full copy of the Proposal, along with supporting recitals (the “Recitals”) is attached hereto as Exhibit A. The resolution of the Proposal reads as follows:

Resolved: shareholders of Target ask the company to adopt and publicly disclose a policy that all employees, part- and full-time, accrue some amount of PSL that can be used after working at Target for a reasonable probationary period. This policy should not expire after a set time or depend upon the existence of a global pandemic.

Basis for Exclusion

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the Company’s 2022 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business.

Analysis

I. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates To The Company’s Ordinary Business.

A. Background of Rule 14a-8(i)(7).

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if it “deals with a matter relating to the company’s ordinary business operations.” According to the Commission, the term “ordinary business” refers to matters that are not necessarily “ordinary” in the common meaning of the word, but instead the term “is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”). In the 1998 Release, the Commission stated that a central consideration for determining whether the ordinary business exclusion applies is whether the subject matter of the proposal relates to a task “so fundamental to management’s ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight.” In a list of examples of such fundamental tasks, the 1998 Release includes the “management of the workforce, such as the hiring, promotion, and termination of employees.”

B. The Proposal Is Excludable Under Rule 14a-8(i)(7) Because It Relates To The General Compensation And Benefits Of Employees.

The Proposal asks the Company to “adopt and publicly disclose a policy that all employees, part- and full-time, accrue some amount of [Paid Sick Leave ("PSL")].” The Proposal goes on to note that the requested PSL policy “should not expire after a set time or depend upon the existence of a global pandemic.” A company’s sick leave policies comprise part of its overall compensation and benefits
support for employees. In this respect, the Proposal relates to the Company’s general compensation and practices in relation to its employees, which the Company refers to as “team members.”

The Staff consistently has concurred with the exclusion of shareholder proposals under Rule 14a-8(i)(7) when the proposal relates to general employee compensation rather than compensation of senior executive officers and directors. See Staff Legal Bulletin No. 14A (July 12, 2002) (“SLB 14A”). See also FedEx Corp. (Jul. 7, 2016) (concurring in the exclusion of a proposal relating to the terms of the company’s employee retirement plans) and Apple, Inc. (Nov. 16, 2015) (allowing the exclusion of a proposal asking Apple’s compensation committee to adopt new compensation principles responsive to the U.S.’s “general economy, such as unemployment working hour[s] and wage inequality”).

In recent years the Staff has consistently concurred with the exclusion of proposals calling for paid sick leave, including those, like the Proposal, that call for paid sick leave not limited to COVID-19, as relating to the company’s ordinary business practices. These excluded proposals include both the expansion of existing policies and the introduction of new policies. In Kohls Corp. (Feb. 19, 2021), the Staff concurred with the exclusion of a proposal “to analyze and report on the feasibility of including paid sick leave (PSL) as a standard employee benefit not limited to COVID-19.” In that case, the company successfully argued that the proposal “relat[ed] to the resolution of ordinary business problems within the purview of management and the board of directors.” In particular, the company argued that its decision regarding the type of benefits to provide to its employees was “a highly fact specific determination, which [was] best suited for management and [was] fundamental to their ability to run [the company] on a day-to-day basis.” See also Kroger Co. (Apr. 20, 2021) (permitting exclusion of a request for a report on “the feasibility of including [the company’s COVID-19 related paid sick leave policy] as a standard employee benefit not limited to the COVID-19 pandemic”); CVS Health Corp (Feb. 19, 2021) (same); Walmart Inc. (Mar. 12, 2021) (permitting exclusion of a proposal to “study the feasibility of providing two weeks of paid sick leave, as well as two weeks of paid leave to care for a sick or quarantined family member or a child whose school or child care [sic] provider is closed or unavailable due to illness, as a standard Associate benefit not limited to COVID-19”); McDonald’s Corporation (Feb. 19, 2021) (concurring with the exclusion of a proposal requesting a report on extending the company’s COVID-19 policy and “creating incentives for franchisees to adopt such a policy”); and Yum! Brands Inc. (Feb. 19, 2021) (same).

The Recitals mention the impact of paid sick leave in the context of the COVID-19 pandemic, and the Company believes COVID-19 has emphasized the need for the Company’s management to make real-time decisions about workforce and employee benefit matters, such as paid sick leave, as it manages its day to day business. The Company’s ability to consider the circumstances in effect at any given time to determine whether to offer, alter, or extend benefits to fit the situation is a critical component of management’s ability to operate the business and manage the more than 350,000 team members that serve the Company’s customers. Any attempt to isolate a single employee benefit element like PSL would necessarily limit a Company’s flexibility and judgment in determining the appropriate mix of benefit elements to provide in a given set of circumstances. It would also presuppose that the concerns addressed by that single benefit element
cannot otherwise be addressed through a combination of other benefits, which is exactly the type of highly fact-specific analytical exercise that is, and historically has been determined through extensive precedent, to be best suited for management, even in the absence of a crisis. That day-to-day reality of managing ordinary business operations is only heightened in times of crisis, which require the Company to be able to pivot and react even more quickly on benefits-related decisions. For instance, beginning at the outset of the COVID-19 pandemic, the Company offered additional benefits to team members, including a fully-paid leave of absence to certain of the Company’s most vulnerable team members. These measures were effective only because the Company was able to act rapidly in response to ever-changing conditions, and based on innumerable factors, thus demonstrating that matters involving employee compensation and benefits, and the Company’s workforce, remain critical to the Company’s ordinary business operations.

Accordingly, because paid sick leave comprises a standard employee benefit, it is a matter of ordinary business operations and is excludable under Rule 14a-8(i)(7).

C. The Proposal Is Excludable Under Rule 14a-8(i)(7) Because It Relates To The Company’s Management Of Its Workforce.

As noted, the Proposal requests that the Company adopt a policy related to paid sick leave. It further specifies that the policy should be applicable to team members “after working at Target for a reasonable probationary period.” The adoption of a compensation policy relates to the Company’s management of its workforce practices, which is fundamental to Company management’s ability to run the Company on a day-to-day basis, and as such is excludable as part of the Company’s ordinary business operations.

The Staff has consistently determined that proposals that attempt to govern business conduct involving internal and employment-related policies and practices and the terms thereof infringe on management’s core functions. Notably, in Walmart, Inc. (Apr. 8, 2019), the proposal requested that the company’s board evaluate the risk of discrimination that may result from the company’s policies and practices of hourly workers taking absences from work for personal or family illness. The Staff concurred in the proposal’s exclusion under Rule 14a-8(i)(7) because it dealt with “management of [the company’s workforce].” See also Merck & Co. Inc. (Mar. 6, 2015) (concurring with a proposal to fill entry level positions only with outside candidates and noting that the proposal related “to procedures for hiring and promoting employees. Proposals concerning a company’s management of its workforce are generally excludable under rule 14a-8(i)(7)’’); Costco Wholesale Corp. (Sept. 26, 2014) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal relating to the company’s policies concerning its employees, specifically, a revised Code of Conduct that included an anti-discrimination policy); and Starwood Hotels & Resorts Worldwide, Inc. (Feb. 14, 2012) (concurring in the exclusion of a proposal that management verify United States citizenship for certain workers, noting that “[p]roposals concerning a company’s management of its workforce are generally excludable under rule 14a-8(i)(7)”.


By requesting that the Company adopt and publicly disclose a policy that all employees accrue some amount of paid sick leave after working at the Company for a reasonable probationary period, the Proposal unequivocally focuses on the Company’s policies relating to employee benefits and, more generally, the way the Company manages its workforce. Accordingly, the Proposal asks shareholders to vote on a matter relating to ordinary business matters. The Staff has consistently concurred that such matters fall outside the scope of a matter proper for shareholder consideration. Accordingly, the Proposal may be excluded under Rule 14a-8(i)(7) as it implicates the Company’s ordinary business operations.


The Staff has made limited exceptions to the ordinary business exclusion rule for proposals that “focus[ed] on sufficiently significant social policy issues” that “transcend the day-to-day business matters.” See 1998 Release; Staff Legal Bulletin No. 14C (Jun. 28, 2005). This exception applies to “issues with a broad societal impact,” rather than specifically to issues “of significance for the company.” See Staff Legal Bulletin No. 14L (Nov. 3, 2021). This exclusionary rule does not apply here because the Proposal does not raise, and the Proponent does not suggest that the Proposal is intended to raise, any significant social policy issue. The Proposal’s specific focus on potential benefits to the future operating environment and the Company’s reputation does not “transcend ordinary business operations” in the same way that issues such as global warming, animal cruelty, gun violence, nuclear power and safety, etc. may transcend ordinary business.

Moreover, the Staff’s decisions make clear that the mere mention of a social policy issue, such as public health, is not enough for a proposal to avoid exclusion under Rule 14a-8(i)(7) – rather, the social policy issue must be the focus of the proposal. See, e.g., McDonald’s Corp. (Mar. 22, 2019) (permitting exclusion of a proposal that touched on concerns about animal cruelty because the proposal was “focus[ed] primarily on” the company’s ordinary business operations); Papa John’s International, Inc. (Feb. 13, 2015) (permitting exclusion of a proposal encouraging the company to add vegan options to its menu, which touched on significant policy issues such as animal welfare and sustainability, because the proposal related to the company’s ordinary business and “[did] not focus on a significant policy issue” (emphasis added)).

The Staff has consistently determined that paid sick leave does not constitute a significant policy issue for the purposes of the Rule 14a-8(i)(7) exception. Notably, in Kohl’s Corp., the Staff did not address whether paid sick leave is a significant policy issue that transcends a company’s ordinary business operations, but rather left the question unanswered (stating only that it may be a significant policy issue) and decided the Kohl’s Corp. letter on the basis that the proposal did not demonstrate how offering paid sick leave as a standard employee benefit is sufficiently significant to Kohl’s Corp. The Staff has long permitted exclusion of shareholder proposals where the proposal focuses on ordinary business matters notwithstanding that it references a potential significant policy issue. As discussed above, the Proposal’s request primarily entails the Company’s paid sick leave policy in the context of Target’s “benefits package to employees,” and how “Target could benefit” from providing paid sick
leave could “pose reputational risk” for the Company – all matters of the Company’s ordinary business.

When reviewing a proposal for potential no action relief under Rule 14a-8(i)(7), the Staff considers both the resolution and the supporting statement as a whole. See, e.g., Staff Legal Bulletin No. 14C (Jun. 28, 2005) (“In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.”).

For the foregoing reasons, the Proposal does not transcend day to day business matters and rather is considered part of the Company’s ordinary business operations.

**Conclusion**

Based upon the foregoing analysis, the Company respectfully requests that the Staff confirm that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its 2022 Proxy Materials pursuant to Rule 14a-8. We would be happy to provide any additional information and answer any questions regarding this matter.

Should you have any questions, please contact me at Amy.Seidel@FaegreDrinker.com or (612) 766-7769.

Thank you for your consideration.

Regards,

FAEGRE DRINKER BIDDLE & REATH LLP

Amy C. Seidel
Partner

cc: Caroline Boden
2039 North Geyer Road
St. Louis, MO 63131
Email: cboden@mercyinvestments.org

Jayna M. Paquin
Director Counsel, Corporate Law
Target Corporation
Email: Jayna.Paquin@target.com
EXHIBIT A

Proposal
[See Attached]
Whereas: More than 26 million people working in the private sector have no access to earned sick time, or “paid sick leave” (PSL), for short-term health needs and preventive care. Working people in the United States face an impossible choice when they are sick: stay home and risk their economic stability or go to work and risk their health and the public’s health.

The vast majority (77 percent) of the lowest earning 10 percent of American employees do not have access to PSL. 48 percent of Latinx workers and 36 percent of Black workers report having no paid time away from work of any kind.

As the COVID-19 pandemic has shown, PSL is a crucial contributor to public health, allowing workers who have been exposed to any illness to quarantine. State and local PSL mandates have been shown to reduce the rate at which employees report to work ill in low-wage industries where employers do not tend to provide PSL, lowering disease and overall absence rates.

Over the years, Target has expanded its benefits package to employees, including increased starting wages, paid family leave, and tuition reimbursement, among others. During the pandemic, Target has supported employee health and safety through paid leave for quarantine and confirmed illness, 30-day paid leave for vulnerable employees, and access to free telehealth services and backup family care.

However, Target discloses little detail on its paid time off (PTO) policy, noting, “Benefits include vacation, personal holiday, national holidays, well-being time, and bereavement.”

There is no disclosure of the average number of PTO hours earned, who is eligible for PTO and any probationary period before eligibility, or a carryover option. A lack of permanent PSL could pose reputational risk for Target whose commitment is to “care, grow and win together – and nurture team member well-being through competitive compensation and benefits.”

Target could benefit from all employees having permanent access to PSL, and to publicly disclosing such a policy. The initial cost is relatively low – providing PSL is estimated to cost employers an average of 2.7 cents per hour of paid work and PSL both increases productivity and reduces turnover, which in turn reduces costs associated with hiring. This is particularly important for lower-wage industries like retail where turnover is highest. Proactively creating a permanent PSL policy would also address inconsistencies between labor markets since only 14 states have adopted PSL laws.

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3 https://www.bls.gov/news.release/leave.t01.htm
4 https://voxeu.org/article/pros-and-cons-sick-pay
5 https://corporate.target.com/about/purpose-history/our-commitments/target-coronavirus-hub
6 https://leplb0420.upoint.alight.com/web/target/contentPage?articleId=D50F6BCB-95C9-44B3-BD1E-82AE40D405C3&linkId=L HOMEPAGE TIPS1&technicalNameForLink=L HOMEPAGE TIPS1&userFriendlyNameForLink=null&domain=YTR&clientIndicator=Client&languageId=en_US
8 https://www.nber.org/system/files/working_papers/w26832/w26832.pdf
9 https://voxeu.org/article/pros-and-cons-sick-pay
10 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5649342/
We believe adopting a comprehensive, permanent, and public PSL policy would help make the future operating environment more equitable and mitigate reputational, financial, and regulatory risk to Target.

Resolved: shareholders of Target ask the company to adopt and publicly disclose a policy that all employees, part- and full-time, accrue some amount of PSL that can be used after working at Target for a reasonable probationary period. This policy should not expire after a set time or depend upon the existence of a global pandemic.
February 22, 2022

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

Re: Target Corporation – Withdrawal of No-Action Request with Respect to the Shareholder Proposal by Mercy Investment Services, Inc.

Dear Ladies and Gentlemen:

On February 4, 2022, on behalf of Target Corporation, a Minnesota corporation (the “Company”), we submitted a no-action request to the Staff of the Division of Corporation Finance (the “Staff”) requesting that the Staff concur with the Company’s view that, for the reasons stated in the request, the shareholder proposal (the “Proposal”) submitted by Mercy Investment Services, Inc. (the “Proponent”) may be omitted from the proxy materials for the Company’s 2022 Annual Meeting of Shareholders.

On February 21, 2022, the Proponent notified the Company that the Proponent withdraws the Proposal (the “Withdrawal Notice”). The Withdrawal Notice from the Proponent is attached as Exhibit A hereto. Based on the Withdrawal Notice, we are hereby withdrawing the no-action request. A copy of this letter is being provided to the Proponent.

Please feel free to call me at 612-766-7769 or Jayna Paquin at 612-696-1856 if we can be of any further assistance in this matter.

Sincerely,

Amy C. Seidel

cc: Caroline Boden
Mercy Investment Services, Inc.

Jayna Paquin
Target Corporation
EXHIBIT A

Withdrawal Notice
[See Attached]
February 21, 2022

Dave Donlin
Vice President, Corporate Law
Target Corporation
1000 Nicollet Mall, TPS-3151
Minneapolis, MN 55403
dave.donlin@target.com

Re: Withdrawal of shareholder proposal

Dear Mr. Donlin,

We appreciate the time that members of the Target team took to speak with us in January 2022 concerning our shareholder proposal and the issue of providing a paid sick leave benefit to all hourly employees. We commend Target for its leadership on raising wages and for its recent expansion of employee benefits, with particular consideration for reducing barriers to access. To further the company’s goal to accelerate opportunity and equity, we welcome the following commitments from the company:

1. Increase public disclosure in 2022 on Target’s website of the suite of benefits offered to employees, specifically including more information addressing benefit eligibility and paid leave benefits.

2. After the current open enrollment period publicly disclose, before the release of the company’s next CSR report, Target’s recent changes to eligibility requirements for various benefits, as well as other updates that were made.

3. Continued engagement with shareholders, including two follow-up dialogues in 2022, that address Target’s evaluation of continued improvement to its benefits programs, with specific focus on paid sick leave. We anticipate these 2022 discussions will occur during existing bi-annual engagement meetings among Target, Mercy Investment, Trillium Asset Management, and other investors.
   a. During these dialogues, investors would appreciate any preliminary data or analysis Target can share on the impacts and outcomes of the recent changes to the benefits program (e.g., increased enrollment in the benefits programs,
changes in retention rates, etc.), findings from employee surveys, and any other evaluations the company is conducting on employee well-being.

Contingent upon these commitments, this letter is to inform you that Mercy Investment Services, Inc., is withdrawing the shareholder proposal sent to you on December 17, 2021 (the “Proposal”) regarding the adoption and public disclosure of a policy that all employees, including part- and full-time, accrue some amount of paid sick leave. This withdrawal is also effective for each Proposal co-filer; each Proposal co-filer has been copied on this letter. As a result of this letter agreement, the Proposal will not be included in Target’s proxy statement for the Target’s 2022 annual meeting of shareholders.

We look forward to our continued collaboration and engagement with Target on this important issue. Please do not hesitate to contact me at cboden@mercyinvestments.org or at 314-909-4650 should you have any questions.

Sincerely,

Caroline Boden
Director of Shareholder Advocacy
Mercy Investment Services

AGREED

Dave Donlin
On Behalf of Target Corporation

cc: Susan Baker, Trillium Asset Management
Sister Teresa George, Daughters of Charity, Province of St. Louise
Tom McCaney, Sisters of St. Francis of Philadelphia
Karen Watson, Congregation of St. Joseph