



DIVISION OF  
CORPORATION FINANCE

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

March 27, 2025

Jonathan S. Solorzano  
Vinson & Elkins LLP

Re: Targa Resources Corp. (the "Company")  
Incoming letter dated January 6, 2025

Dear Jonathan S. Solorzano:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by As You Sow for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the Company issue a report disclosing how the Company intends to reduce its full range of Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement's goals.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal seeks to micromanage the Company. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: David Shugar  
As You Sow

January 6, 2025

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

RE: Targa Resources Corp. 2025 Annual Meeting of Shareholders  
Rule 14a-8 Proposal of As You Sow

Ladies and Gentlemen:

I am submitting this letter on behalf of Targa Resources Corp., a Delaware corporation (“Targa”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Targa is seeking to omit a shareholder proposal and supporting statement (the “Proposal”) that it received from As You Sow (the “Proponent”), from inclusion in the proxy materials to be distributed by Targa in connection with its 2025 annual meeting of shareholders (the “2025 proxy materials”). Copies of the Proposal and related relevant correspondence received from the Proponent are attached hereto as Exhibit A.

For the reasons stated below, we respectfully request that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) not recommend action against Targa if Targa omits the Proposal from the 2025 proxy materials.

Targa currently intends to file its 2025 definitive proxy materials on or about March 27, 2025. In accordance with the Staff’s instructions published in November 2023, we are submitting this letter and its attachments through the Commission’s website. A copy of this letter and its attachments are also being sent to the Proponent as notice of Targa’s intent to omit the Proposal from the 2025 proxy materials. We will promptly forward to the Proponent any response received from the Staff to this request that the Staff transmits by email only to Targa. Further, we take this opportunity to remind the Proponent that under the applicable rules, if the Proponent submits correspondence to the Staff regarding the Proposal, a copy of that correspondence should be concurrently furnished to the undersigned on behalf of Targa.

## **The Proposal**

The text of the resolution in the Proposal states:

RESOLVED: Shareholders request that Targa issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its full range of Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement’s goals.

## **Basis for Exclusion**

For the reasons described in this letter, we respectfully request that the Staff concur in Targa’s view that it may exclude the Proposal from the 2025 proxy materials pursuant to Rule 14a-8(i)(7) because it deals with a matter relating to Targa’s ordinary business operations.

## **Analysis**

### **Rule 14a-8(i)(7) — Ordinary Business Operations**

*A. The Proposal May Be Excluded Because it Inappropriately Limits the Discretion of Management Through Micromanagement by Mandating Rigid GHG Emission Targets, Overruling Management’s Existing GHG Reduction Efforts, Inserting Shareholders into Daily Business Decisions, and Effectively Dictating Management and Board Decisions.*

**(i) The Proposal is predicated upon the Company’s adoption of rigid greenhouse gas (GHG) emissions targets in alignment with the Paris Agreement that limit Targa’s business judgment as to the most effective emissions reductions strategy.**

The Proposal, while facially written in terms of seeking issuance of a report, is predicated on Targa’s adoption of Paris Agreement-aligned emissions reduction targets by requiring strict adherence to goals aligning with the Paris Agreement. In other words, “alignment with the Paris Agreement’s goals” is what management *must* pursue in developing its report. Indeed, the Proposal itself belies this facially innocuous request by establishing that such a report is predicated on the actual setting of Paris Agreement-aligned emissions reduction targets. On three separate occasions, the “whereas” section of the Proposal states that Targa should set such targets:

*“...By setting Paris-aligned emissions reduction targets, Targa can increase its operational efficiency, prepare for growing climate-related regulations, and increase its competitive position amongst peers, all of which are important steps to mitigate climate-related risk...”*

*“...By setting GHG emissions reduction targets for the full range of its operations, Targa can expand its emissions and risk mitigation strategy beyond*

*methane, maximizing the benefits associated with proactive carbon management...*”

*“...By setting science-aligned operational emissions reduction targets and providing a comprehensive transition plan, Targa can mitigate climate-related risk, capitalize on climate-related opportunities, catch up to its more sustainable peers, and ensure long-term, sustainable value creation...”* (emphasis added.)

Because the Proposal requires Targa to adopt the goal of reducing its full range of Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement’s goals, it requires Targa to set targets and work towards those targets, notwithstanding the judgment of Targa’s management and Board of Directors regarding the incompatibility of such goals with Targa’s ordinary business operations, including its strategic and competitive plans. In order to pursue the Proponent’s singular goal, significant and impracticable changes would be required and, in the reasoned judgment of management, those changes would significantly alter or impair the company’s core day-to-day strategic and competitive strategies. As such, the Proposal, if adopted, inevitably requires Targa to pursue certain non-strategic and competitively disadvantaged changes to Targa’s day-to-day business operations. Similar to the proposals submitted to Valero Energy Corp. (Mar. 22, 2024) and Chevron Corp. (Mar. 29, 2024) as to which the Staff concurred in their exclusion from those companies’ proxy materials, the Proposal micromanages Targa’s operations in relation to matters squarely within the realm of ordinary business operations best overseen by management.

The Proposal requires pursuit of Paris Agreement goals across Targa’s full Scope 1 and 2 GHG emissions—the Proposal does not allow Targa’s management and Board of Directors the discretion to set and pursue alternative goals that are more compatible with its operations. Instead, its “one-size-fits all” approach to setting goals – and the resulting necessary technical operational changes to pursue such goals – would usurp the ordinary business discretion of Targa’s management and Board of Directors. The proposal, therefore, imposes specific outcomes and methodologies for determining GHG emissions reduction targets, making it excludable from the 2025 proxy materials under Rule 14a-8(i)(7).

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if the proposal deals with a matter relating to the company’s ordinary business operations. The general policy underlying the “ordinary business” exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.” See Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”). This general policy reflects two central considerations: (i) “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight,” and (ii) the “degree to which the proposal seeks to ‘micromanage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” The 1998 Release notes that examples of the

first central consideration include “decisions on production quality and quantity” and that the second key consideration “may come into play in a number of circumstances, such as where the proposal ... seeks to impose specific time-frames or methods for implementing complex policies.”

In Staff Legal Bulletin 14L (Nov. 3, 2021) (“SLB 14L”), the Staff explained that when evaluating whether a proposal seeks to “micromanage” the company, it will focus on “the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.” Specifically, in assessing whether the proposal micromanages by seeking to impose specific methods for implementing complex policies, the Staff evaluates not just the wording of the proposal **but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company’s activities and management discretion.** See *Deere & Co.* (Jan. 3, 2022) and *The Coca-Cola Co.* (Feb. 16, 2022) (each concurring with the exclusion of proposals with a broadly phrased request that required detailed and intrusive actions to implement). In evaluating whether a proposal probes matters “too complex” for stockholders, as a group, to make an informed judgment, it may consider “the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic.” SLB 14L. The Staff has stated that this “approach is consistent with the Commission’s views on the ordinary business exclusion, which is designed to preserve management’s discretion on ordinary business matters but not prevent shareholders from providing high-level direction on large strategic corporate matters.” SLB 14L.

The Staff has applied this guidance to concur with the exclusion of proposals requesting the adoption of specific approaches to address climate change matters, particularly when the proposal fails to give management or the board of directors sufficient discretion in how to implement the actions contemplated by the proposal. In SLB 14L, the Staff indicated that when reviewing such proposals, it “would not concur in the exclusion of . . . proposals that suggest targets or timelines so long as the proposals afford discretion to management as to how to achieve such goals.” In SLB 14L, the Staff cites *ConocoPhillips Co.* (Mar. 19, 2021), in which the company was denied no-action relief for a proposal requesting that the company set targets covering the GHG emissions of the company’s operations and products, explaining specifically that the proposal did not impose a specific method for setting emissions reduction targets.

Conversely, the Staff has concurred that proposals prescribing specific outcomes or methodologies with respect to the reduction of GHG emissions concern ordinary business operations and were therefore excludable under Rule 14a-8(i)(7). For example, in *Amazon, Inc.* (Apr. 7, 2023, *recon. denied* Apr. 20, 2023), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company measure and disclose scope 3 GHG emissions from its full value chain inclusive of its physical stores and e-commerce operations and all products that it sold directly as well those sold by third-party vendors, where the company argued that the proposal imposed a specific method for defining the activities excluded in the company’s scope 3 GHG emissions reporting.

Unlike in *ConocoPhillips Co.* (Mar. 19, 2021), the Proposal requests not only the preparation of a “comprehensive transition plan”, which would necessitate the setting of GHG emissions reduction targets, but also imposes a specific method for doing so — *i.e.*, by prescribing that the emissions reduction goals must be aligned with the Paris Agreement’s goals and expanded to the full range of Targa’s operations. Developing appropriate GHG emissions goals that are credible and achievable in light of a particular company’s circumstances requires an understanding of complex principles, tradeoffs, physical and economic constraints and business goal considerations. By requiring that the goals cover the full scope of Targa’s operations and comport with the Paris Agreement, the Proposal denies Targa’s management and Board of Directors the ability to establish goals more compatible with Targa’s operational constraints – whether that be by (i) only covering portions of Targa’s operations, (ii) covering only specific types of emissions, or (iii) establishing more feasible goals that Targa’s management and Board of Directors believe to be reasonably achievable.

Targa’s notable methane reduction achievements illustrate this point. As the Proposal states, Targa has already “made significant progress in reducing its operational methane emissions, *guided by segment specific methane emissions intensity targets.*” (emphasis added.) However, in prescribing its own specific judgments with respect to setting GHG emissions reduction targets, including the range of the Company’s operations subject to such goal, the nature of GHG emissions that must be covered and the specific end-result (Paris Agreement alignment) as a prerequisite, the Proponent limits the discretion of Targa’s management and Board of Directors with respect to the most effective strategy to achieve emissions reductions. See *Valero Energy Corp.* (Mar. 22, 2024) (concurring with the exclusion of a proposal to adopt a 1.5° C-aligned, near-term emissions reduction target that does not include the use of carbon offsets and avoided emissions); *Chevron Corp.* (Mar. 29, 2024) (concurring with the exclusion of a proposal to report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5° C-aligned or other greenhouse gas reduction targets); *Devon Energy Corp.* (Mar. 4, 2019, *recon. denied* Apr. 1, 2019) (allowing the exclusion of a proposal that “requests an intricately detailed and complex report on emission targets” and “the report would require [company] management to subject its daily operational strategies and business judgments regarding drilling and production levels, among other ordinary business operations, to company-wide, time-bound quantitative targets...,” thereby “replac[ing] the informed balancing of... factors that directs [company] management’s daily decisions”).

**(ii) The Proposal micromanages and overrules Management’s existing GHG reduction efforts that are tailored to Targa’s business.**

As discussed above, the Proposal requires that Targa achieve GHG emissions reductions exclusively by specific means and with specific end-results that management and the Board believe are wholly inconsistent with the operations of a natural gas gathering and processing company generally, and Targa’s business model, in particular. As such, it substitutes the Proponent’s own judgments and conclusions for those of Targa’s management and Board of Directors with respect to Targa’s day-to-day business. Targa has already developed strategically-aligned GHG emissions

reduction initiatives and goals. These goals and initiatives were developed over years of consideration of its unique operations and logistics, decisions regarding capital allocation, and complex risk and regulatory assessments, after taking into account feedback received over the last several years from engagement with its stakeholders, including numerous of its shareholders.

These goals and initiatives were developed by Targa in light of its unique business operations. For Targa, there are two primary sources of its Scope 1 GHG emissions: (1) natural gas fired engines that primarily operate in remote areas; and (2) natural gas fired process heaters located at Gulf Coast fractionation facilities.

In order to pursue the Scope 1 GHG emissions reductions that the Proposal seeks, the natural gas fired engines would need to be decommissioned and replaced with electric equipment. Electrifying all of Targa's existing gas-fired compressor engine fleet would require a significant investment, increasing costs by billions of dollars without an increase in volumes or revenues. Even putting aside the cost, local electricity for electric compression is often not available, costly to install, or unreliable, especially given the significant physical limitations and grid constraints in these remote locations, thereby making the effort impractical. Scope 2 GHG emissions could only be avoided through either switching to sources of renewable power or by no longer purchasing electricity, the latter of which would be completely at odds with the pursuit of the reduction of Scope 1 GHG emissions.

In regard to the process heaters, both initial installation of or conversion to electric process heaters is not technically feasible. Targa has investigated post combustion capture and sequestration as well as conversion to hydrogen fuel for these heaters. However, these multi-billion-dollar, experimental projects are neither cost-effective nor operationally reliable options.

The physical ability to implement the changes necessitated by the Proposal would be reliant upon the development of electric grid infrastructure, hydrogen fuel infrastructure, and supporting regulatory policy that is outside of Targa's control.<sup>1</sup> The Proposal, while seemingly open ended without strict mandates on *how* such reductions would be achieved, fails to consider the limited options Targa has in making such reductions. Said differently, if the Proposal were implemented as written, Targa would necessarily have to make significant changes to its equipment and this is not only commercially impracticable, but also physically improbable.

Instead of pursuing pleasant sound bites as to corporate goals that management does not believe are reasonably achievable, Targa has taken concrete actions by adopting GHG emissions goals that are strategically aligned with its business. After careful consideration, Targa joined ONE Future in 2021, and set meaningful methane emissions intensity goals as part of its collaboration with ONE Future. Targa notes that these methane goals are more environmentally impactful than carbon dioxide abatement efforts or generalized GHG emissions reduction goals, as methane is a

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<sup>1</sup> As disclosed in its sustainability report, Targa is also actively working on carbon capture and sequestration projects and economic renewable energy projects and partnerships, such as power purchase agreements for wind and solar power, including cases in which grid reliability poses a concern for electrification of existing gas fired engines.

more potent greenhouse gas than carbon dioxide.<sup>2</sup> Most importantly, these are targets and initiatives set carefully by Targa’s *management and Board of Directors*, taking into account the many complex business and operational considerations discussed in this letter. The goals were not predetermined by shareholders via proxy proposal that necessarily lack the detailed knowledge and understanding of the business complexities that underly such determinations.

The Proposal, if implemented, would veto the decisions that management has carefully made about which areas of its operations should be the focus for GHG reductions, in particular methane emissions reductions, which implicate specific areas of its midstream operations. The Proposal, conversely, seeks that the Company “...reduce its *full range* of Scope 1 and 2 operational greenhouse gas emissions...” (emphasis added). This demand is analogous to the issue that Amazon faced and for which the Staff concurred in excluding the proposal under Rule 14a-8(i)(7) *Amazon, Inc.* (Apr. 7, 2023, *recon. denied* Apr. 20, 2023). In the Amazon example, as noted above, the proposal requested that Amazon measure and disclose Scope 3 GHG emissions from its *full value chain* inclusive of its physical stores and e-commerce operations and all products that it sold directly as well as those sold by third-party vendors. There, Amazon contended, and the Staff concurred, that the proposal imposed a specific method for defining the activities included and excluded in the company’s GHG emissions reporting.

As in Amazon, the Proponent is similarly seeking to overrule management’s judgment as to which parts of its operations should be the focus of its GHG reduction efforts and goals. For Targa, management has determined that focusing on methane emission reductions specifically, versus GHG emissions generally, is technically more feasible and also is aligned with its business strategy.

Targa’s approach to GHG emissions reduction reflects the day-to-day business experience and specialized knowledge of Targa’s management, under the oversight of Targa’s Board of Directors, relating to complex considerations that are matters which ordinary shareholders are unlikely to possess adequate information and data to make an informed judgment. Ordinary shareholders are unlikely to appreciate the nuances of Targa’s business, including the primary sources of its emissions, the operational and economic practicality of replacing equipment that generates such emissions with electrically powered equipment, and the availability and cost of electricity at its facilities and operations.

Furthermore, in assessing whether a proposal micromanages by seeking to impose specific methods for implementing complex policies, the Staff evaluates not just the wording of the proposal but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company’s activities and management discretion. *See Deere & Company* (Jan. 3, 2022) and *The Coca-Cola Co.* (Feb. 16, 2022), each of which involved a broadly phrased request but required detailed and intrusive actions to implement. Moreover, “granularity” is only one factor evaluated by the Staff. As stated in SLB 14L, the Staff focuses “on

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<sup>2</sup> According to the Environmental Protection Agency, methane is more than 28 times as potent as carbon dioxide at trapping heat in the atmosphere. <https://www.epa.gov/gmi/importance-methane>.

the level of granularity sought in the proposal ***and whether and to what extent it inappropriately limits discretion of the board or management.***” (emphasis added.)

The Proposal asks shareholders to probe too deeply into and interfere with the manner in which Targa manages and operates its gathering, processing and transportation assets, which constitutes Targa’s core business. As its core business, Targa’s operation of gas processing plants, pipelines and fractionation facilities is a complex activity that involves the interplay of a wide range of factors implicating management’s business judgment, including “decisions on production quality and quantity” as contemplated by the 1998 Release, as well as a vast number of other business considerations. It also asks shareholders to probe too deeply into and interfere with management’s judgments with respect to complex questions regarding the best ways for Targa to align its business strategy and GHG emissions reduction targets with the goal of achieving aggressive GHG emissions reductions. Whatever general understanding of climate issues shareholders may have, such general knowledge does not equip them to make an informed judgment on the complex, technical considerations noted above that are involved in determining the best steps for a midstream services company like Targa to achieve aggressive GHG emissions reductions.

The Proposal shows that Proponent is not satisfied with the GHG reduction goals, initiatives and methodologies that Targa management has already determined to be in the best interest of the Company. Thus, it takes issue with the granular aspects of the specific actions, methodologies, approaches, and assumptions utilized in Targa’s current targets and seeks to inappropriately limit Targa’s discretion with respect to such granularities by imposing a prescriptive method for setting Targa’s GHG emissions reduction targets. While Targa’s management and Board value input from various stakeholders, the Proposal asks shareholders to probe too deeply into the complex assumptions, determinations, and methodologies that are used to set GHG emissions reduction targets and are fundamental to Targa’s core day-to-day business operations.

**(iii) The Proposal inserts shareholders into Targa’s day-to-day business, including by overruling Management’s and the Board’s judgment on operational matters and risk management.**

The establishment of meaningful GHG emission reduction targets requires the development of a plausible, credible plan through the use of information gathered over time. However, many companies that hastily adopted such targets are now revising or walking back previously set emissions targets after missing internal milestones or because it has become clear that achievement of their goals is much more complex than initially thought.

The Proposal asserts that “[b]y setting science-aligned operational emissions reduction targets and providing a comprehensive transition plan, Targa can mitigate climate-related risk” but the Proposal fails to recognize that setting and pursuing decarbonization goals *carries its own risks*, including the very real risk of potential “greenwashing” claims, whereby private litigants or

regulators assert legal claims against companies whose targets may have been well-intentioned but were infeasible.<sup>3</sup> The Proponent ignores the fact that setting targets, which are known to be (or should be known to be) improbable or impossible to achieve, *is* a risk to a company, and that risk is best evaluated by management and the Board of Directors who are equipped with the specialized knowledge to evaluate the feasibility of targets and the risk of non-achievement.

We note, for example, that the SEC enforcement division has successfully brought recent cases against public companies, alleging material misstatements with respect to sustainability related claims. For example, in December 2021, The SEC entered a settlement agreement with Nikola Corporation (“Nikola”) to pay \$125 million on fraud allegations.<sup>4</sup> In that case, the CEO of Nikola was found to have misled investors by, among other things, making forward looking assumptions about anticipated cost and sources of electricity for its planned hydrogen production, which were not predicated on any plausible plan or concrete steps underlying such assumptions. In another case, the SEC brought an enforcement action against the Brazilian mining company, Vale S.A. (“Vale”), which resulted in a settlement of \$55.9 million dollars based on Vale’s assertions in its sustainability reports that its dams were certified as safe, when in fact they were not.<sup>5</sup> As these cases show, management must have a reasonable basis when making statements or promises regarding ESG matters.

Cavalierly adopting a GHG emissions reduction goal, with knowledge that achievement of such targets is unlikely or impractical for various technical, physical and economic reasons is not only imprudent business, but it also exposes a company, its management and board of directors to real risk, including enforcement risks. While we are not aware of any SEC enforcement actions to date that are specifically tied to a company’s setting of GHG emissions targets, actions based on public statements made by companies without sufficient support are frequently filed by the SEC. Indeed, the Division of Enforcement often uses the anti-fraud provision of the Securities Act, which unlike the Exchange Act, does not require purposeful intent or knowledge of the violation. Specifically, the Securities Act makes it unlawful for any person or entity in the offer or sale of any securities to make an “untrue statement of a material fact” or omit any “material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.” It would be easy for the SEC to apply this framework to a company that set targets that have no plausible path to achievement, are incompatible with its business model, or if the company saw no plausible path to achievement. These types of risk calculations are best performed by management teams, with board oversight, because they are well within the well-understood competencies of management.

Complex risk calculations should not be dictated by shareholders, but rather require the deep operational and industry knowledge that has been entrusted to a company’s management, with oversight of its board of directors. While the Proponent asserts that the decision of how and to what extent targets should be set is a decision that should be left to shareholders (who lack the

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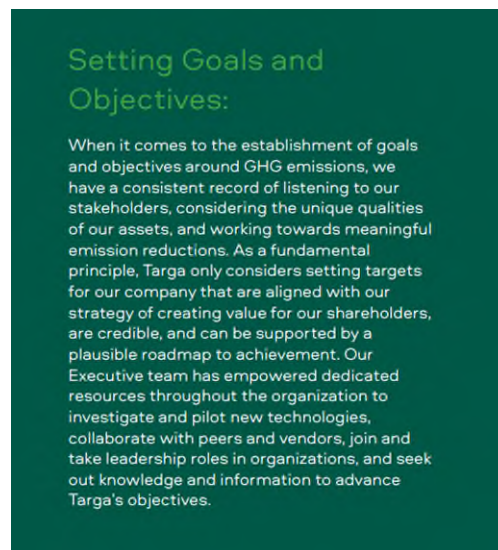
<sup>3</sup> <https://hbr.org/2024/08/companies-are-scaling-back-sustainability-pledges-heres-what-they-should-do-instead>

<sup>4</sup> <https://www.sec.gov/newsroom/press-releases/2021-267>

<sup>5</sup> <https://www.sec.gov/newsroom/press-releases/2023-63>

operational expertise and understanding of the unique attributes of Targa’s business and physical assets) this belief fundamentally ignores the unique and complex attributes of Targa’s business and completely ignores the legal risks of pursuing what they seek.

For this additional reason, the Proposal seeks to micromanage Targa by asking shareholders to probe deeply into “matters ‘too complex’ for shareholders, as a group, to make an informed judgment.” *See* SLB 14L. Targa’s management and Board of Directors, rather than shareholders, are in the best position to make an informed judgment with respect to the nuances and complexities of natural gas production, processing, transportation and fractionation and how Targa’s operations can best be deployed to support any objective of obtaining GHG emissions reductions. As Targa explains in its 2023 Sustainability Report<sup>6</sup>, it takes matters of setting targets very seriously and will only do so when targets are aligned with its strategy of creating value for its shareholders, are credible, and can be supported by a plausible roadmap to achievement:



**(iv) Although the Proposal calls for the issuance of a report, it in substance dictates the establishment of rigid targets that usurp the authority of Targa’s management and Board of Directors.**

A shareholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Staff has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the proposed report is within the ordinary business of the issuer. *See* Exchange Act Release No. 34-20091 (Aug. 16, 1983); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) (“[w]here the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be

<sup>6</sup> <https://www.targaresources.com/static-files/f16d011c-8387-4f94-a4c5-212888a49db8> (p. 19)

excluded under [R]ule 14a-8(i)(7).”); *see also Ford Motor Co.* (avail. Mar. 2, 2004) (concurring with the exclusion of a proposal requesting that the company publish a report about global warming/cooling, where the report was required to include details of indirect environmental consequences of its primary automobile manufacturing business).

While the resolution set forth in the Proposal may, on its face, appear innocuous enough in that it “only” requests that the Company issue a report, as noted above, the preambular language makes clear the real intention behind the Proposal, which is to dictate that Targa set targets aligned with the Paris Agreement, even if such targets would necessarily significantly interfere with and harm Targa’s core day-to-day business operations, which management is responsible for executing and the Board is responsible for overseeing. The Proposal does not contemplate (or even suggest) that management could provide a rationale in its report as to why it is pursuing goals other than those that are Paris Agreement-aligned, or that it has determined that Paris Agreement-aligned goals are not feasible to set or pursue. In short, the Proposal specifies a singular outcome: the setting of Paris-Agreement aligned GHG emissions goals with no ability to deviate from such requirement. For this and the reasons described above, we believe this Proposal impermissibly limits the discretion of management and the Board and may be excluded under Rule 14a-8(j).

*B. Regardless of Whether the Proposal Addresses a Significant Policy Issue, the Proposal is Excludable Because it Does Not Focus on Any Significant Policy Issue that Transcends Targa’s Ordinary Business Operations and Seeks to Micromanage Targa.*

Targa acknowledges that the Staff has previously stated that a proposal may raise issues with a “broad societal impact, such that [it] transcend[s] the ordinary business of the company.” *See* SLB 14L. However, a proposal that involves a significant social policy issue may still be excluded under Rule 14a-8(i)(7) because of its micromanagement of the manner in which the company should address that policy issue. *See* Staff Legal Bulletin No. 14E (Oct. 27, 2009), at note 8, citing the 1998 Release for the standard that “a proposal [that raises a significant policy issue] could be excluded under Rule 14a-8(i)(7), however, if it seeks to micromanage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *See also, e.g., Verizon Communications, Inc.* (Mar. 17, 2022) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company publish annually the written and oral content of diversity, inclusion, equity or related employee-training materials, because the proposal probed too deeply into matters of a complex nature); *The Coca-Cola Co.* (Feb. 16, 2022) (permitting exclusion under Rule 14a-8(i)(7) of a proposal addressing the company’s political activities because the proposal attempted to micromanage the issue); *Sea World Entertainment, Inc.* (Apr. 20, 2021) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on specific changes to the company’s business to address animal welfare concerns because it attempted to micromanage the issue).

In this case, the Proposal does not raise significant social policy issues that transcend the ordinary business of Targa. While the Proposal references “GHG emissions,” “climate change,” and “the Paris Agreement’s 1.5°C goal,” the focus of the Proposal is not on a broad policy issue

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relating to these matters. In fact, the Proposal asserts that “[b]y setting Paris-aligned emissions reduction targets, Targa can increase its operational efficiency, prepare for growing climate-related regulations, and increase its competitive position amongst peers, all of which are important steps to mitigate climate-related risk.” Targa’s efficiency, compliance with future regulations, navigating legal risks, and competitive position are not societal issues. Instead, they are facets of Targa’s business that Targa’s management and Board of Directors are properly charged with managing. Stated simply, the Proposal’s requirement for a Paris Agreement-aligned GHG emissions reduction target would require Targa’s management and Board to make specific decisions with respect to the ordinary business operations of its midstream infrastructure (namely, with respect to the selection of equipment, gathering and processing volumes, the form of power utilized for its highly complex gas compression equipment, closures, and/or sales or replacement of such assets and plants at very material capital cost) that contradict management’s and the Board’s assessments and conclusions with respect to business strategy and represent ordinary business matters of Targa.

### **Conclusion**

On the basis of the foregoing, Targa respectfully requests that the Staff concur that it will take no action if Targa excludes the Proposal from the 2025 proxy materials. If the Staff disagrees with the conclusions set forth in this letter, or should any additional information be desired in support of Targa’s position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff’s response.

If you have any questions with respect to this matter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jonathan S. Solorzano". The signature is stylized and cursive, with a large initial "J" and a long, sweeping tail.

Jonathan S. Solorzano  
Vinson & Elkins LLP

cc: David Shugar, As You Sow  
Parker Caswell, As You Sow  
Gerald R. Shrader, Targa Resources Corp.  
Michael S. Telle, Vinson & Elkins LLP

**Exhibit A**

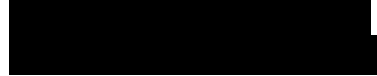
Shareholder Proposal and  
Related Relevant Correspondence



**VIA FEDEX & EMAIL**

November 15, 2024

Gerald R. Shrader  
Executive Vice President, General Counsel,  
and Secretary  
Targa Resources Corp  
811 Louisiana Street  
Suite 2100  
Houston, Texas 77002



Dear Mr. Shrader,

*As You Sow*® is submitting the attached shareholder proposal using shares owned by the As You Sow Foundation Fund (“Proponent”), a shareholder of Targa Resources Corp, for a vote at Targa Resources’ 2025 annual shareholder meeting. This proposal requests Targa Resources’ Board issue a report disclosing how the Company intends to reduce its full range of Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement’s goals.

The As You Sow Foundation Fund meets Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 requirements including the continuous ownership of over \$25,000 worth of Company stock, with voting rights, which the As You Sow Foundation Fund has held continuously for over one year and will continue to hold through the date of the Company’s annual meeting in 2025.

The As You Sow Foundation Fund supports this proposal and a representative of *As You Sow* will attend the stockholder meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent’s concerns. David Shugar, Climate and Energy Program Manager at [REDACTED] and Parker Caswell, Climate and Energy Associate at [REDACTED] are the contact persons on behalf of *As You Sow* for this proposal. David and Parker are available for a meeting with the Company regarding this shareholder proposal at the following days/times: December 3, 2024 at 1:30pm Central Time or December 4, 2024 at 12:00pm Central Time.

**Please also send all correspondence regarding this proposal to**



Sincerely,

Andrew Behar  
CEO, *As You Sow*



AS YOU SOW

Enclosures

- Shareholder Proposal

cc:



**WHEREAS:** The Intergovernmental Panel on Climate Change reports that immediate and sustained reductions in greenhouse gas (“GHG”) emissions are required to align with the Paris Agreement’s 1.5°C goal and limit the worst consequences of climate change.<sup>1</sup> Reducing emissions from fossil fuel operations is a critical part of decarbonizing the global economy, and investors are increasingly demanding that companies establish climate transition plans to mitigate risk.<sup>2</sup>

Targa Resources Corp, one of the largest midstream natural gas operators in the United States, faces increasing risks from its lack of operational GHG emission reduction targets. In its most recent annual report, the Company identifies “a number of risks arising out of the threat of climate change” including growing emissions regulations, decreasing demand for natural gas products, and rising stakeholder sustainability demands.<sup>3</sup> By setting Paris-aligned emissions reduction targets, Targa can increase its operational efficiency, prepare for growing climate-related regulations, and increase its competitive position amongst peers, all of which are important steps to mitigate climate-related risk.

Targa has made significant progress in reducing its operational methane emissions, guided by segment specific methane emissions intensity targets.<sup>4</sup> These targets are an important first step, but methane comprises only 5% of Targa’s operational GHG emissions footprint.<sup>5</sup> By setting GHG emissions reduction targets for the full range of its operations, Targa can expand its emissions and risk mitigation strategy beyond methane, maximizing the benefits associated with proactive carbon management.

Leading midstream players Enbridge and The Williams Companies have set near-term Scope 1 and 2 operational emissions intensity targets and disclosed net zero emissions strategies.<sup>6</sup> Notably, Enbridge provides a detailed breakdown of the emissions mitigation levers it will use to meet its goals, providing shareholders with valuable insight into its ongoing efforts to mitigate risk.<sup>7</sup> While reducing methane emissions is an important part of any climate strategy, Targa’s midstream peers have more complete emissions reductions goals that will serve them in meeting climate regulations and competing against peers.

By setting science-aligned operational emissions reduction targets and providing a comprehensive transition plan, Targa can mitigate climate-related risk, capitalize on climate-related opportunities, catch up to its more sustainable peers, and ensure long-term, sustainable value creation.

**RESOLVED:** Shareholders request that Targa issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its full range of Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement’s goals.

**SUPPORTING STATEMENT:** Proponents suggest, at Company discretion, that the report include:

- A climate transition plan to achieve emissions reduction goals across all relevant scopes; and
- Annual reports demonstrating progress towards meeting emissions reduction goals.

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<sup>1</sup> [https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC\\_AR6\\_SYR\\_FullVolume.pdf](https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_FullVolume.pdf), p.20

<sup>2</sup> <https://www.iea.org/energy-system/fossil-fuels>;

<https://trellis.net/article/large-corporations-face-increasing-calls-follow-through-climate-commitments/>

<sup>3</sup> <https://www.sec.gov/Archives/edgar/data/1389170/000095017024015841/trgp-20231231.htm>, p.24

<sup>4</sup> <https://www.targaresources.com/static-files/f16d011c-8387-4f94-a4c5-212888a49db8>, p.91

<sup>5</sup> <https://www.targaresources.com/static-files/f16d011c-8387-4f94-a4c5-212888a49db8>, p.90

<sup>6</sup> <https://www.williams.com/wp-content/uploads/sites/8/2024/08/Williams-2023-Sustainability-Report-1.pdf%20>, p.37;

[https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge\\_SR\\_2023.pdf](https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge_SR_2023.pdf), p.25

<sup>7</sup> [https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge\\_SR\\_2023.pdf](https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge_SR_2023.pdf), p.26

**From:** Lad, Sanjay <[REDACTED]>  
**Sent:** Monday, December 23, 2024 4:41 PM  
**To:** Parker Caswell <[REDACTED]>; David Shugar <[REDACTED]g>  
**Cc:** Shrader, Jerry <[REDACTED]>; Richardson, Tristan J.  
<[REDACTED]>  
**Subject:** RE: [EXTERNAL] As You Sow and Targa Resources - Ongoing Shareholder Engagement

Hi Parker and David,

Thank you taking the time to meet with us last week. The topics we discussed are ones we assess frequently and ones we discuss regularly with our shareholders. It is important to us that any goals we set are aligned with our strategy of creating value for our shareholders, are credible, and can be supported by a plausible roadmap to achievement. As such, we are thoughtful and deliberate in setting out strategy (and any related disclosures), taking into account a variety of ever-changing factors such as cost, the availability and reliability of electric power and regulatory impacts, among others. Many of these factors we discussed on our call with you. As also mentioned, during our most recent Sustainability/ESG outreach with our top shareholders, we have received strong support for the recent disclosures in our Sustainability Report describing how Targa sets its goals.

As you can appreciate, we are preparing to go through the appropriate process with the SEC regarding As You Sow's proposal, but in the meantime (considering the consistent feedback from other shareholders), we ask that you reflect on our discussion and withdraw the proposal in exchange for continued dialogue with our team.

Thank you and we hope you have a great holiday.

Best,

Sanjay Lad, CFA  
VP, Investor Relations  
Targa Resources Corp.  
O: [REDACTED]

**From:** Parker Caswell <[REDACTED]>  
**Date:** December 9, 2024 at 3:42:32 PM CST  
**To:** "Lad, Sanjay" <[REDACTED]>, Shareholder Engagement <[REDACTED]>  
**Cc:** David Shugar <[REDACTED]>, Gail Follansbee <[REDACTED]>, Riley McCann <[REDACTED]>, Rachel Lowy <[REDACTED]>, "Shrader, Jerry" <[REDACTED]>, "Richardson, Tristan J." <[REDACTED]>  
**Subject:** Re: [EXTERNAL] Targa Resources (TRGP) - Shareholder Proposal Filing Documents

Hi Sanjay,

Thank you for reaching out. Tuesday 12/7 at 2pm CST works well for our team. I will send an invite shortly.

Thanks,

Parker

**From:** Lad, Sanjay <[REDACTED]>  
**Date:** Monday, December 9, 2024 at 12:40  
**To:** Shareholder Engagement <[REDACTED]>  
**Cc:** David Shugar <[REDACTED]>, Parker Caswell <[REDACTED]>, Gail Follansbee <[REDACTED]>, Riley McCann <[REDACTED]>, Rachel Lowy <[REDACTED]>, Shrader, Jerry <[REDACTED]>, Richardson, Tristan J. <[REDACTED]>  
**Subject:** RE: [EXTERNAL] Targa Resources (TRGP) - Shareholder Proposal Filing Documents

Good day Rachel and team,

Hope you enjoyed a nice weekend. Would your team be available for an engagement call with Targa the week of December 16? We have the following availability:  
Monday, 12/16 – 1pm CST  
Tuesday, 12/17 – 2pm  
Wednesday, 12/18 – 10am, 1-4pm  
Thursday, 12/19 – 1pm

Sincerely,

Sanjay Lad, CFA  
VP, Investor Relations  
Targa Resources Corp.  
O: [REDACTED]

**From:** Shareholder Engagement <[REDACTED]>  
**Sent:** Monday, November 18, 2024 12:48 PM  
**To:** Shrader, Jerry <[REDACTED]>; [REDACTED]; Investor Relations <[REDACTED]>  
**Cc:** David Shugar <[REDACTED]>; Parker Caswell <[REDACTED]>; Gail Follansbee <[REDACTED]>; Riley McCann <[REDACTED]>; Rachel Lowy <[REDACTED]>  
**Subject:** [EXTERNAL] Targa Resources (TRGP) - Shareholder Proposal Filing Documents

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

Dear Mr. Shrader,

Attached please find the lead filing document packet submitting a shareholder proposal for inclusion in the company's 2025 proxy statement. A printed copy of these documents has been sent to your offices via FedEx and our records show it was delivered today, November 18, 2024 at 10:28am.

It would be much appreciated if you could please confirm receipt of this email.

Thank you and kind regards,  
Rachel Lowy

**Rachel Lowy** (she/her/hers)

**Shareholder Relations Sr. Coordinator**

**As You Sow**<sup>®</sup>

Main Post Office, P.O. Box 751 | Berkeley, CA 94701



| [www.asyousow.org](http://www.asyousow.org)



**AS YOU SOW**<sup>®</sup>

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**From:** Shareholder Engagement <[REDACTED]>  
**Date:** November 22, 2024 at 8:06:14 PM CST  
**To:** "Shrader, Jerry" <[REDACTED]>, Investor Relations  
<[REDACTED]>  
**Cc:** David Shugar <[REDACTED]>, Parker Caswell <[REDACTED]>, Gail Follansbee <[REDACTED]>, Riley McCann <[REDACTED]>, Rachel Lowy <[REDACTED]>  
**Subject: Re: [EXTERNAL] Targa Resources (TRGP) - Shareholder Proposal Filing Documents**

Hello Jerry,

Confirming receipt of this deficiency letter.

Please find attached the following proof of ownership:  
Lead Filer As You Sow Foundation Fund 365 shares

It would be greatly appreciated if you could confirm receipt of this attachment and that all deficiencies have been satisfied.

Thank you and have a wonderful weekend,  
Rachel

**Rachel Lowy** (she/her/hers)  
**Shareholder Relations Sr. Coordinator**  
**As You Sow**<sup>®</sup>  
Main Post Office, P.O. Box 751 | Berkeley, CA 94701  
[REDACTED] | [www.asyousow.org](http://www.asyousow.org)

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**From:** Shrader, Jerry <[REDACTED]>  
**Sent:** Friday, November 22, 2024 2:34 PM  
**To:** Shareholder Engagement <[REDACTED]>; Investor Relations  
<[REDACTED]>  
**Cc:** David Shugar <[REDACTED]>; Parker Caswell <[REDACTED]>; Gail Follansbee  
<[REDACTED]>; Riley McCann <[REDACTED]>; Rachel Lowy <[REDACTED]>  
**Subject:** RE: [EXTERNAL] Targa Resources (TRGP) - Shareholder Proposal Filing Documents

Dear Ms. Lowry:

I apologize for the slight delay, but we acknowledge receipt of your proposal (both via e-mail and overnight delivery) on Monday, November 18<sup>th</sup>.

With respect to As You Sow's proposal, please find attached a notice of deficiency (which is being sent via e-mail and overnight delivery). In a vein similar to your request, please confirm your receipt of our notice via e-mail. We look forward to receiving your corrections to the deficiencies described in our notice therein (within the allotted 14 days).

Kind Regards,  
Gerald R (Jerry) Shrader  
**Targa Resources Corp.**  
Executive Vice President, General Counsel  
And Secretary

**From:** Shareholder Engagement <[REDACTED]>  
**Sent:** Monday, November 18, 2024 12:48 PM  
**To:** Shrader, Jerry <[REDACTED]>; [REDACTED]; Investor Relations <[REDACTED]>  
**Cc:** David Shugar <[REDACTED]>; Parker Caswell <[REDACTED]>; Gail Follansbee <[REDACTED]>; Riley McCann <[REDACTED]>; Rachel Lowy <[REDACTED]>  
**Subject:** [EXTERNAL] Targa Resources (TRGP) - Shareholder Proposal Filing Documents

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

Dear Mr. Shrader,

Attached please find the lead filing document packet submitting a shareholder proposal for inclusion in the company's 2025 proxy statement. A printed copy of these documents has been sent to your offices via FedEx and our records show it was delivered today, November 18, 2024 at 10:28am.

It would be much appreciated if you could please confirm receipt of this email.

Thank you and kind regards,  
Rachel Lowy

**Rachel Lowy** (she/her/hers)

**Shareholder Relations Sr. Coordinator**

**As You Sow**<sup>®</sup>

Main Post Office, P.O. Box 751 | Berkeley, CA 94701

[REDACTED]

[REDACTED] | [www.asyousow.org](http://www.asyousow.org)

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**Wealth  
Management**

11/19/2024

Andrew Behar  
966 Creston Road  
Berkeley, CA 94708

Dear Andrew,

RBC Capital Markets, LLC, acts as custodian for As You Sow Foundation Fund.

We are writing to verify that our books and records reflect that, As You Sow Foundation Fund, owns 365 shares of Targa Resources Corp (Cusip#87612G101) representing a market value of over \$25,000 and that, As You Sow Foundation Fund, has owned such shares continuously since Dec 8, 2022. We are providing this information at the request of Andrew Behar in support of its activities pursuant to rule 14a-8(a)(1) of the Securities Exchange Act of 1934.

In addition, we confirm that we are a DTC participant.

Should you require further information, please contact me directly at [REDACTED].

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Klueger", with a horizontal line underneath.

Justin Klueger  
Senior Vice President – Financial Advisor



811 Louisiana, Suite 2100  
Houston, TX 77002  
713.584.1000  
www.targaresources.com

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November 22, 2024

**VIA EMAIL and OVERNIGHT DELIVERY**

David Shugar  
As You Sow  
2020 Milvia St., Suite 500  
Berkeley, CA 94704  
[REDACTED]

Parker Caswell  
As You Sow  
2020 Milvia St., Suite 500  
Berkeley, CA 94704  
[REDACTED]

Dear Messrs. Shugar and Caswell:

I am writing on behalf of Targa Resources Corp. (the “Company”), which received on November 18, 2024 (the “Submission Date”), a stockholder proposal submitted by Andrew Behar on behalf of the As You Sow Foundation Fund (the “Proponent”) entitled “Shareholder Proposal” submitted pursuant to U.S. Securities and Exchange Commission (“SEC”) Rule 14a-8 for inclusion in the proxy statement for the Company’s 2025 Annual Meeting of Stockholders (the “Proposal”). The Proponent has indicated that all communications regarding the Proposal should be directed to you.

The Proposal and related documentation contain certain procedural deficiencies, which SEC regulations require us to bring to the Proponent’s attention.

Rule 14a-8(b)(1)(i) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides that to be eligible to submit a shareholder proposal, the Proponent must demonstrate to the Company that you have continuously held:

(A) At least \$2,000 in market value of the company's securities entitled to vote on the proposal for at least three years; or

(B) At least \$15,000 in market value of the company's securities entitled to vote on the proposal for at least two years; or

(C) At least \$25,000 in market value of the company's securities entitled to vote on the proposal for at least one year.

Rule 14a-8(b)(1)(i) of the Exchange Act provides that, unless you the registered holder of your securities or you filed a Schedule 13D, Schedule 13G, Form 3, Form 4 and/or Form 5, or an amendment thereto, demonstrating that you meet at least one of the share ownership requirements,

David Shugar & Parker Caswell  
November 22, 2024  
Page 2

you must submit to the Company a written statement from the “record” holder of your securities verifying that, at the time you submitted your proposal, you continuously held at least \$2,000, \$15,000, or \$25,000 in market value of the company’s securities entitled to vote on the proposal for at least three years, two years, or one year, respectively. To this end, please provide a copy of a broker letter verifying that you meet the share ownership requirements in Rule 14a-8(b)(1)(i).

The SEC’s rules require that any response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to me at 811 Louisiana Street, Suite 2100, Houston, Texas 77002. Alternatively, you may transmit any response by email to me at [REDACTED]. The failure to provide a copy of a broker letter within this timeframe may provide the Company with a basis to exclude the proposals contained in the Submission from the Company’s proxy materials for its 2025 Annual Meeting. The Company reserves the right in the future to raise any further bases upon which the Proposal may be properly excluded under Rule 14a-8 of the Securities Exchange Act of 1934.

If you have any questions with respect to the foregoing, please contact me at [REDACTED].

Sincerely,



Gerald R. Shrader  
Executive Vice President, General Counsel, and  
Secretary

Jonathan S. Solorzano jsolorzano@velaw.com  
Tel +1.213.527.6427 Fax +1.213.402.2015

February 20, 2025

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

RE: Targa Resources Corp. 2025 Annual Meeting of Shareholders  
Rule 14a-8 Proposal of As You Sow

Ladies and Gentlemen:

I am submitting this letter on behalf of Targa Resources Corp. (“Targa” or the “Company”) to supplement Targa’s prior letter, dated January 6, 2025 (the “No-Action Letter”), to the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) in response to the Staff’s newly revised guidance in Staff Legal Bulletin No. 14M (“SLB 14M”), issued on February 12, 2025.

The No-Action Letter requested that the Staff concur in Targa’s view that it may exclude As You Sow’s (the “Proponent”) shareholder proposal (the “Proposal”) from inclusion in Targa’s 2025 proxy materials because it inappropriately limits the discretion of management and because it fails to raise a policy issue that transcends ordinary business operations, which are fundamental to management’s ability to run a company on a day-to-day basis. As stated in the No-Action Letter, Targa believed the Proposal was clearly excludable under prior guidance, and Targa believes that SLB 14M further supports Targa’s position such that the Proposal is even more clearly excludable now.

In addition, we note to the Staff that the Proponent indicated in email correspondence to the Staff on January 7, 2025 that it intended to submit a response to the No-Action Letter to the Staff by February 7, 2025. To Targa’s knowledge, such correspondence was never submitted by the Proponent.

***A. SLB 14M returns to the previous company-specific approach to evaluating the excludability of shareholder proposals, and the policy issues raised by the Proposal fail to transcend the ordinary business of the Company.***

The Commission stated in Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”), that the policy underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to the degree to which the proposal seeks to “micro-manage” the company

by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.

SLB 14M rescinds the categorical exception for proposals raising broad societal impacts in Staff Legal Bulletin No. 14L (“SLB 14L”), and returns the analysis to a case-by-case inquiry that takes a company-specific approach in evaluating the significance of policy issues. Under pre-SLB 14L guidance, the fact that a proposal may touch upon a significant policy issue did not preclude exclusion under Rule 14a-8(i)(7). Instead, the question has been whether the proposal focuses primarily on a matter of broad public policy or whether the matter is related to the company’s ordinary business operations. (*See* 1998 Release; Staff Legal Bulletin No. 14E (Oct. 27, 2009)). The Staff has consistently permitted exclusion of shareholder proposals focused on ordinary business matters, even though such proposals also related to a potential significant policy issue such as climate change. (*See e.g.*, Exxon Mobil Corporation (Apr. 2, 2019) (allowing exclusion of a proposal requesting disclosure of greenhouse gas (“GHG”) emissions targets in line with Paris Agreement goals); The Goldman Sachs Group, Inc. (Mar. 12, 2019) (allowing exclusion of a proposal requesting the company adopt a policy to reduce the carbon footprint of its loan and investment portfolios in alignment with the Paris Agreement, where the proposal was viewed to be imposing an “overarching requirement”); J.B. Hunt Transport Services, Inc. (Feb. 14, 2019) (allowing the exclusion of a proposal that requested a report on the company’s plan/progress in achieving company-wide, quantitative targets for lower GHG emissions); PayPal Holdings, Inc. (Mar. 6, 2018) (allowing the exclusion of a proposal requesting that the company prepare a report to shareholders that evaluates the feasibility of the company achieving by 2030 “net-zero” GHG emissions from parts of the business directly owned and operated by the company); EOG Resources, Inc. (Feb. 26, 2018) (allowing the exclusion of a proposal requesting that the company adopt company-wide, quantitative, time-bound targets for reducing GHG emissions and issue a report discussing its plans and progress towards achieving these targets); and Deere & Company (Dec. 27, 2017) (allowing the exclusion of a proposal requesting that the company prepare a report that evaluates the potential for the company to achieve “net zero” emissions of GHGs by fixed future target date). As these decisions demonstrate, even if a proposal involves a significant policy issue, the proposal may nevertheless be excluded under Rule 14a-8(i)(7). The crucial component in determining whether the Proposal micromanages the Company is not the subject matter itself, but rather an evaluation of the manner in which the Proposal seeks to address the subject matter of climate change or whether the subject matter of climate change transcends the Company’s ordinary business.

As discussed further in the No-Action Letter, the Proposal is not tailored to a significant social policy issue that transcends the company’s ordinary business operations. While the Proposal purports to raise a significant social policy issue, the Proposal asserts that “[b]y setting Paris-aligned emissions reduction targets, Targa can increase its operational efficiency, prepare for growing climate-related regulations, and increase its competitive position amongst peers, all of which are important steps to mitigate climate-related risk.” However, Targa’s operational efficiency, compliance with future

regulations, navigating legal risks, and competitive position are not social policy issues. Instead, they are fundamental facets of Targa's business that Targa's management and Board of Directors are properly charged with managing.

As discussed more fully below, the Proposal's requirement for Paris Agreement-aligned GHG emissions reduction targets would compel Targa's management and Board of Directors to take specific actions regarding the selection of equipment, gathering and processing volumes and the form of power utilized for its gas compression equipment. As a result, the Proposal would overrule the Board and management's role in considering and overseeing day-to-day commercial and operational decisions for the Company. These decisions are integral to Targa's ordinary business operations and should not be subject to direct shareholder oversight.

Accordingly, the Proposal should be excluded from the 2025 proxy materials pursuant to Rule 14a-8(i)(7) as relating to Targa's ordinary business operations.

***B. SLB 14M reinstates previous guidance that micromanagement occurs where a shareholder proposal prescribes particular methods, timelines or details that probe matters too complex for shareholders, and the Proposal seeks to prescribe specific manners of disclosure, target setting and timeframes for the Company.***

SLB 14M also reinstates portions of Staff Legal Bulletin Nos. 14J (Oct. 23, 2018) ("SLB 14J") and 14K (Oct. 16, 2019) ("SLB 14K") regarding the Staff's guidance for excluding proposals on the basis of micromanagement. In SLB 14J, the Staff explained that a proposal may probe too deeply into matters of a complex nature if it "involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies." The Staff noted that the micromanagement basis of exclusion "also applies to proposals that call for a study or report" and, therefore, a proposal that seeks an intricately detailed study or report may be excluded on micromanagement grounds. Further, the Staff stated that it "would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report" to determine whether a proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.

In *Devon Energy* (Mar. 14, 2019, *recon. denied* Apr. 1, 2019), the Staff allowed the exclusion of a proposal that "requests an intricately detailed and complex report on emission targets" and "the report would require [company] management to subject its daily operational strategies and business judgments regarding drilling and production levels, among other ordinary business operations, to company-wide, time-bound quantitative targets..." thereby "replac[ing] the informed balancing of ... factors that directs [company] management's daily decisions." That proposal imposed a specific method for implementing a complex policy by requiring the company to adopt targets aligned with the goals established by the Paris Climate Agreement and, therefore, micromanaged that company by seeking to impose specific methods

for implementing complex policies in place of the ongoing judgments of management and its board of directors.

In SLB 14K, the Staff noted that it conducts an assessment of the level of “prescriptiveness” of a proposal in determining whether a proposal can be excluded on the basis of micromanagement. An evaluation of the manner in which the Proposal seeks to address the subject matter of climate change, rather than the subject matter of climate change itself, is therefore essential to the analysis of whether the Proposal micromanages the Company. The Staff notes in SLB 14K that it did not concur with the excludability of a proposal seeking a report “*describing if, and how, [a company] plans to reduce its total contribution to climate change and align its operations and investments with the Paris [Climate] Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius.*” (Anadarko Petroleum, Mar. 4, 2019) (emphasis added). In contrast to the Staff’s example in *Anadarko Petroleum*, the Proposal contains no such “discretionary provisions” deferring to the Company if a report should be undertaken at all in line with the judgement of Targa’s management and Board of Directors, and therefore constitutes micromanagement.

Furthermore, even without a “discretionary provision,” the level of “prescriptiveness” of the Proposal divests management of its discretion. Developing appropriate GHG emissions goals that are credible and achievable in light of Targa’s circumstances requires an understanding of operational and commercial considerations, physical and economic constraints and business goals. The No-Action Letter sets forth in detail the numerous operational challenges associated with the Proposal. By prescribing that the goals cover the full scope of Targa’s operations and comport with the Paris Agreement, the Proposal denies Targa’s management and Board of Directors the flexibility to establish goals more compatible with Targa’s operational constraints – whether that be by (i) only covering portions of Targa’s operations, (ii) covering only specific types of emissions, or (iii) establishing more feasible goals that Targa’s management and Board of Directors believe to be reasonably achievable.

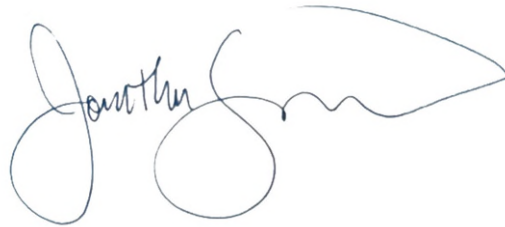
Targa’s notable methane reduction achievements illustrate this point. As the Proposal states, Targa has already “made significant progress in reducing its operational methane emissions, *guided by segment specific methane emissions intensity targets.*” (emphasis added.) However, in prescribing its own specific judgments with respect to setting GHG emissions reduction targets, including the range of the Company’s operations subject to such goal, the nature of GHG emissions that must be covered and the specific end-result (Paris Agreement alignment) as a prerequisite, the Proponent limits the discretion of Targa’s management and Board of Directors with respect to the most effective strategy to achieve emissions reductions. Targa also notes that its methane goals are more environmentally impactful than carbon dioxide abatement efforts or generalized GHG emissions reduction targets, as methane is a more potent greenhouse gas than carbon dioxide. But, more importantly, these targets and initiatives were set carefully by Targa’s *management and Board of Directors*, taking into account the many complex business and operational considerations discussed in the No-Action Letter. The Proposal, if implemented, would veto

the carefully reasoned decisions that management has made about which areas of its operations should be the focus for any GHG reductions.

Finally, cavalierly adopting GHG emissions reduction targets, with knowledge that achievement of such targets is unlikely or impractical for various technical, physical and economic reasons is not only imprudent business, but it would also expose Targa, its management and Board of Directors to real risk, including enforcement risks. Complex risk calculations should not be dictated by shareholders, but rather require the deep operational and industry knowledge that has been entrusted to a company's management, with oversight of its board of directors.

If you have any questions with respect to this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jonathan Solorzano". The signature is stylized with large loops and a long horizontal stroke extending to the right.

Jonathan S. Solorzano  
Vinson & Elkins L.L.P.

cc: David Shugar, As You Sow  
Parker Caswell, As You Sow  
Gerald R. Shrader, Targa Resources Corp.  
Michael S. Telle, Vinson & Elkins L.L.P.

February 24, 2025

**VIA ONLINE SUBMISSION**

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

Email: shareholderproposals@sec.gov

**Re: Shareholder Proposal to Targa Resources Corp. Regarding Greenhouse Gas Emissions Reduction Disclosures**

Ladies and Gentlemen:

*As You Sow* Foundation Fund (the “Proponent”), a beneficial owner of common stock of Targa Resources Corp. (the “Company” or “Targa”), has submitted a shareholder proposal (the “Proposal”) requesting that the Company disclose how it intends to reduce its Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement. The Proponent is in receipt of a no-action request submitted to the Staff on January 6, 2025 (the “Company Letter”) and supplemental submission of February 20, 2025 (the “Supplemental Letter” and, collectively with the Company Letter, the “Company Letters”).<sup>1</sup>

The Company Letters both contend that the Proposal may be excluded from the Company’s 2025 proxy statement under Rule 14a-8(i)(7) because, Targa argues, the Proposal concerns its ordinary business and micromanages it. However, under both Staff Legal Bulletin (“SLB”) 14L (the standards in place at the time the Proposal was written and submitted and the time of the Company’s no-action request) and SLB 14M, the Proposal raises a transcendent policy issue significant to the Company. Additionally, the Proposal does not seek to micromanage the Company under either of the SLB’s standards. Accordingly, the Company has articulated no basis to exclude the Proposal, and the Proponent respectfully requests the Staff deny the Company’s request.

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<sup>1</sup> The Proponent delayed submission of this response to the Company Letter in anticipation of the release of Staff Legal Bulletin 14M (“SLB 14M”) (Feb. 12, 2025) and further delayed responding in anticipation of the Company’s Supplemental Letter, as disclosed in email to Company counsel and Staff. The arguments herein that the Proposal satisfies the standards of SLB 14M do not constitute concessions of the legality of retroactively applying SLB 14M’s standards to proposals submitted prior to its publication, and the Proponent expressly reserves all rights and arguments to contest such retroactive application as appropriate and permitted by law.

The Supplemental Letter’s reference to the Proponent’s delayed response, including its statement that “to Targa’s knowledge, such correspondence was never submitted,” Supplemental Letter at 1, is puzzling, given that the Proponent confirmed in email to the Company’s counsel on February 14 that the response was not submitted in anticipation of SLB 14M and that the Proponent would wait until receipt of the Supplemental Letter to respond. Response was further delayed by the fact that, despite two prior email exchanges with the Proponent’s counsel regarding the no-action request, Company’s counsel did not copy Proponent’s counsel on the Supplemental Letter.

A copy of this letter is being emailed to the Company concurrently with its submission to the Commission's online shareholder proposal portal.

## SUMMARY

Targa is one of the largest midstream natural gas operators in the United States. Its annual financial reports disclose the existence of significant risks related to climate change and acknowledges the importance of addressing climate change in setting segment-specific methane emissions intensity targets. The Proposal, reproduced below, asks Targa to disclose how it intends to reduce its operational emissions in alignment with the Paris Agreement, since it has not yet set operational, Paris-aligned targets.

The Company's argument begins with a fundamental misreading of the Proposal as *requiring* it to adopt Paris-aligned Scope 1 and 2 targets. The Proposal does not require the Company to do anything; shareholder proposals are precatory in nature. Even if 100% of shareholders supported the Proposal, the Company is not required to implement it. Rather, if the Proposal proceeds, Targa will have feedback from its shareholders on whether they believe it is prudent that the Company set emission reduction objectives in alignment with global goals to prevent warming beyond already catastrophic levels.<sup>2</sup>

This foundational error infects the remainder of the Company Letters, much of which entail a series of policy arguments about why such reductions are not in Targa's interests, in the opinion of its management. *See* Company Letter at 7 ("The Proposal, if implemented, would veto the decisions that management has carefully made about which areas of its operations should be the focus for GHG reductions . . ."). The Company is perfectly entitled to its policy objections, but they belong in an opposition statement. **That a proposal differs from management's status quo approach is an inherent feature of any proposal—not a valid basis to exclude.**

The Company's Rule 14a-8(i)(7) arguments, premised on this misinterpretation, are unpersuasive. First, the Company suggests that the Proposal does not raise a transcendent policy issue significant to the Company, an argument that borders on frivolity. The Proposal addresses climate change, a transcendent policy issue of particular significance to the Company, a natural gas company, as demonstrated by its own financial disclosures. Perversely, the Company attempts to portray the Proposal's demonstration of the significance of climate risk to the Company (an analysis *required* by SLB 14M) as somehow demonstrating that the Proposal is not about a transcendent policy issue.

This is not the only effort by the Company to have its cake and eat it too regarding the significance of the policy issue. The Company simultaneously argues that the Proposal (as misinterpreted above) does not invoke a significant policy issue that transcends day-to-day operational questions *and* that implementing the Proposal would fundamentally overhaul Targa's entire approach to climate change. If a proposal were to be as consequential as the Company describes, it would necessarily not be an *ordinary* business issue under Staff precedent. Because

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<sup>2</sup> E.g., Kate Gibson, *Climate change to obliterate \$1.5 trillion in U.S. home values, study finds*, CBS News (Feb. 4, 2025), <https://www.cbsnews.com/news/climate-change-to-obliterate-1-5-trillion-in-us-home-values-study-finds/>.

the Proposal unquestionably raises a transcendent policy issue of particular significance to the Company, the Company's first Rule 14a-8(i)(7) argument is unavailing under both SLB 14L and the recently issued 14M.

The Company Letters also argue that the Proposal seeks to micromanage it. But the Company's argument fatally undermines itself here. Targa goes to great lengths to describe the many actions it suggests will be required to implement its interpretation of the Proposal. In so doing, the Company Letters demonstrate that the Proposal, even as misinterpreted by the Company, has done exactly what the Rule permits: identify an end target or goal, without prescribing the necessary steps to achieve that goal. The Proposal does not demand that the Company "decommission . . . natural gas fired engines . . . and replace[ them] with electric equipment," "conver[t] to electric process heaters," or use "post combustion capture and sequestration as well as conver[t] to hydrogen fuel." Company Letter at 6. The Proposal asks the Company to report on how it intends to reduce its emissions. The Company Letter has described several ways the Company apparently does *not* intend to reduce its emissions, all of which would be relevant information for the report requested by the Proposal. But the fact that the Company resorts to reading a kitchen sink of highly detailed demands into the Proposal in order to argue for its exclusion all but answers the question of whether the Proposal itself micromanages the Company in the negative.

As importantly, the Company's argument that a proposal as general as this one — report on how you intend to reduce your operational emissions in alignment with the Paris Agreement — micromanages it, stretches the micromanagement rule well past its breaking point, even under SLB 14M's new approach. The Supplemental Letter boils down to asserting that because the Proposal: (a) includes emissions from "the full scope of Targa's operations," and (b) references alignment with the Paris Agreement, it micromanages the Company. But neither of these elements of the Proposal are sufficiently limiting or intricate to constitute micromanagement. Removing either element as to what is at issue — the full scope of its operational emissions — and what is to be done — alignment with the Paris Agreement — would clearly provoke a substantial implementation argument from *any* company, including Targa, which describes at length how it is already reducing some emissions, or a vagueness argument. *See* Company Letter at 5; Supplemental Letter at 4.

In reality, neither contested element of the Proposal steps over the micromanagement line. The reference to Scope 1 and 2 "operational" emissions is, in fact, intended to *limit* the Proposal's scope by excluding the more complicated issue of Scope 3 emissions. And Paris Alignment has repeatedly been held to be an acceptable detail in climate-focused proposals, given the universally understood nature of the Paris Agreement's global goal.

The Company Letters evince Targa's strong policy disagreements with setting Paris-aligned operational GHG emissions targets. The Company is entitled to those disagreements and, indeed, is entitled to decline to act on this purely precatory Proposal based on those disagreements. But they do not constitute a valid basis to exclude a proposal asking the Company to report on how it intends to reduce its operational emissions in alignment with an internationally recognized standard. If the Company's answer is that it does not intend to do so, it can and should make that

argument to its investors. However, Targa has not met its burden of demonstrating that the Proposal interferes with its ordinary business or that it seeks to micromanage the Company.

## THE PROPOSAL

**WHEREAS:** The Intergovernmental Panel on Climate Change reports that immediate and sustained reductions in greenhouse gas (“GHG”) emissions are required to align with the Paris Agreement’s 1.5°C goal and limit the worst consequences of climate change.<sup>1</sup> Reducing emissions from fossil fuel operations is a critical part of decarbonizing the global economy, and investors are increasingly demanding that companies establish climate transition plans to mitigate risk.<sup>2</sup>

Targa Resources Corp, one of the largest midstream natural gas operators in the United States, faces increasing risks from its lack of operational GHG emission reduction targets. In its most recent annual report, the Company identifies “a number of risks arising out of the threat of climate change” including growing emissions regulations, decreasing demand for natural gas products, and rising stakeholder sustainability demands.<sup>3</sup> By setting Paris-aligned emissions reduction targets, Targa can increase its operational efficiency, prepare for growing climate-related regulations, and increase its competitive position amongst peers, all of which are important steps to mitigate climate-related risk.

Targa has made significant progress in reducing its operational methane emissions, guided by segment specific methane emissions intensity targets.<sup>4</sup> These targets are an important first step, but methane comprises only 5% of Targa’s operational GHG emissions footprint.<sup>5</sup> By setting GHG emissions reduction targets for the full range of its operations, Targa can expand its emissions and risk mitigation strategy beyond methane, maximizing the benefits associated with proactive carbon management.

Leading midstream players Enbridge and The Williams Companies have set near-term Scope 1 and 2 operational emissions intensity targets and disclosed net zero emissions strategies.<sup>6</sup> Notably, Enbridge provides a detailed breakdown of the emissions mitigation levers it will use to meet its goals, providing shareholders with valuable insight into its ongoing efforts to mitigate risk.<sup>7</sup> While reducing methane emissions is an important part of any climate strategy, Targa’s midstream peers have more complete emissions reductions goals that will serve them in meeting climate regulations and competing against peers.

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<sup>1</sup> [https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC\\_AR6\\_SYR\\_FullVolume.pdf](https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_FullVolume.pdf), p.20

<sup>2</sup> <https://www.iea.org/energy-system/fossil-fuels>;  
<https://trellis.net/article/large-corporations-face-increasing-calls-follow-through-climate-commitments/>

<sup>3</sup> <https://www.sec.gov/Archives/edgar/data/1389170/000095017024015841/trgp-20231231.htm>, p.24

<sup>4</sup> <https://www.targaresources.com/static-files/f16d011c-8387-4f94-a4c5-212888a49db8>, p.91

<sup>5</sup> <https://www.targaresources.com/static-files/f16d011c-8387-4f94-a4c5-212888a49db8>, p.90

<sup>6</sup> <https://www.williams.com/wp-content/uploads/sites/8/2024/08/Williams-2023-Sustainability-Report-1.pdf%20>, p.37;

[https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge\\_SR\\_2023.pdf](https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge_SR_2023.pdf), p.25

<sup>7</sup> [https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge\\_SR\\_2023.pdf](https://www.enbridge.com/~media/Enb/Documents/Reports/Sustainability-Report-2023/Enbridge_SR_2023.pdf), p.26

By setting science-aligned operational emissions reduction targets and providing a comprehensive transition plan, Targa can mitigate climate-related risk, capitalize on climate-related opportunities, catch up to its more sustainable peers, and ensure long-term, sustainable value creation.

**RESOLVED:** Shareholders request that Targa issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its full range of Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement’s goals.

**SUPPORTING STATEMENT:** Proponents suggest, at Company discretion, that the report include:

- A climate transition plan to achieve emissions reduction goals across all relevant scopes; and
- Annual reports demonstrating progress towards meeting emissions reduction goals.

## ANALYSIS

The Company Letters contend that the Proposal violates Rule 14a-8(i)(7) insofar as it concerns the Company’s ordinary business while failing to raise a significant policy matter and by seeking to micromanage the Company. Each argument is addressed in turn.

While the Staff generally considers the subject matter of a report as relevant to a 14a-8(i)(7) argument, this is both dictated by and bound by reason. A report requesting that a company assess the costs and benefits of changing the lightbulbs in a single suite of a single hotel would obviously micromanage the company, even if “requesting a report” is not generally a basis for micromanagement. But, by the same token, issuers are not entitled to treat requests for reports as demands that they undertake a laundry list of actions conceivably oriented towards the goal the report is asking the company to assess and then to exclude them on that basis, as the Company does here.

Consistent with these principles, similar efforts by Companies to read broad report requests as demanding specific action largely fail. *E.g.*, *Apple Inc.* (Jan. 2, 2025) (proposal requested that company “report on the costs and benefits of the Company’s decisions regarding its use of child sex abuse material identifying software”; company unsuccessfully attempted to portray the proposal as seeking to micromanage its choice of technologies). Even proposals seeking *action* are properly understood to be limited to their actual scope. For example, in *Tesla, Inc.* (Mar. 27, 2024), the proposal requested that the company commit to a moratorium on sourcing minerals from deep-sea mining. The company unsuccessfully attempted to portray the proposal as “seek[ing] to influence the specific suppliers from which the Company sources its minerals” and to “micromanage the source of the raw materials used in the Company’s products and the specific suppliers from which the Company may purchase from [sic].” Tesla’s unsuccessful arguments are identical to the Company’s efforts here to read into the Proposal demands that it electrify, decommission, and begin capture and sequestration. The Proposal asks for a report on

*how* the Company would align its emissions with the Paris Agreement, giving shareholders critical information about the feasibility and benefits of doing so.

The Company's argument for misreading the Proposal this way relies on a few references within the Proposal's "whereas" clauses to the benefits of setting Paris-aligned targets. As the Company is well-aware, proposals are intended in part to educate and persuade other investors. It would be passing strange for a proposal asking the Company to report on its intent to reduce its emissions in alignment with the Paris Agreement to not mention the benefits of such a reduction.

Finally, the Company's interpretation of the Proposal as requiring a host of expensive interventions, *see* Company Letter at 6, is incompatible with the plain text of the Proposal. Stating that it *could* comply with the Proposal by electrifying the entirety of its operations, developing and deploying hydrogen infrastructure, and implementing capture and sequestration technologies may be useful information to shareholders, however, providing information as to *what it actually would* reasonably do to align with the Paris Agreement is what is requested.

Much of the Company's arguments concerning ordinary business and micromanagement turn on objections to the Proposal not as it is written or as how a reasonable investor would read it, but on a maximalist interpretation that violates logic, Staff precedent, and the plain text of the Proposal.

## **I. The Proposal Transcends Targa's Ordinary Business**

### *A. Ordinary Business Standard*

Rule 14a-8(i)(7) permits the exclusion of proposals that "deal[] with a matter relating to the company's ordinary business operations." All proposals, if implemented, *must* in some way relate to a company's ordinary business, but not every shareholder proposal is excludable. Proposals that raise substantial: (a) corporate or (b) social policy issues that transcend the Company's ordinary business may be brought to the proxy for shareholder analysis and a vote. *See Pacific Group Telesis* (Feb. 2, 1989) (declining to concur in exclusion of proposal that "involve[d] substantial corporate policy considerations that go beyond the conduct of the [c]ompany's ordinary business operations"); SLB 14M (noting that Staff will focus on "whether the proposal . . . raises a policy issue that transcends the individual company's ordinary business operations.")

This policy exception to the ordinary business rule reflects the reasoning behind the rule. Rule 14a-8(i)(7) is intended to prevent interference with "tasks. . . so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." 1998 Release. This Rule preserves the Company's ability to run the company while allowing shareholder oversight over "important issue[s] that [are] appropriate for stockholders to address." *Broadridge Financial Solutions, Inc.* (Sept. 22, 2021). The social policy exception specifically highlights one set of "important issues" that are

appropriate for stockholders to address and applies when a proposal “focuses on sufficiently significant social policy issue. In such case, a proposal may not be excluded even if it “relates to the ‘nitty-gritty’ of [the company’s] core business.” Staff Legal Bulletin No. 14H (Oct. 22, 2015).

As the Supplemental Letter notes, the primary departure of SLB 14M with respect to the ordinary business standard is the use of a “company-specific” approach to whether a proposal raises a significant policy issue that transcends the Company’s ordinary business. This is as simple as recognizing that “[a] policy issue that is significant to one company may not be significant to another.” SLB 14M. Thus, “whether the significant policy exception applies depends on the particular policy issue raised by the proposal and its significance in relation to the company.” *Id.*

*B. The Proposal Raises the Policy Issue of Climate Change, Which is Significant to Targa and Transcends its Ordinary Business*

That the Proposal raises the policy issue of climate change is beyond question, and that climate change qualifies as a significant policy issue is also established beyond debate. *See, e.g., Chubb Ltd.* (Mar. 26, 2022) (proposal requesting that company issue a report addressing whether and how it intends to measure, disclose, and reduce its scope 3 GHG emissions transcended ordinary business). This effectively forecloses the ordinary business argument under SLB 14L, the standard in place at the time of the Proposal’s submission and the deadline for the Company’s no-action request.

Remarkably, the Company Letter argues otherwise, stating that the Proposal “does not raise significant social policy issues that transcend the ordinary business of Targa” because while it “references” climate change, the “focus of the Proposal is not on a broad policy issue relating to these matters.” Company Letter at 11-12. The Company makes this argument by specifically arguing that implementing the climate-related Proposal will require it to completely overhaul its entire infrastructure, *see* Company Letter at 6, and make changes that would “significantly alter . . . the company’s core day-to-day strategic and competitive strategies,” Company Letter at 3. It is unclear to Proponent how a proposal asking how the Company intends to reduce its full range of Scope 1 and 2 operational greenhouse gas emissions in alignment with the Paris Agreement’s goal could even be changed better to “focus . . . on a broad policy issue” related to climate change.

Targa goes on to note that “the Proposal asserts that” reducing its emissions will promote the Company’s operational efficiency, regulatory readiness, and competitiveness, and those concerns “are not societal issues. Instead, they are facets of Targa’s business.” Company Letter at 12. This has become a routine argument for issuers to make, presumably because it’s always available. However, noting the benefits to the Company of addressing a significant social policy issue does not transform the Proposal into ordinary business. Staff has consistently rejected this argument.

For instance, Tesla argued that while the proposal may mention the environmental consequences of deep-sea mining, it's actually about supplier relationships, an ordinary business issue. *See Tesla Inc.* (Mar. 27, 2024) (rejecting this argument). Similarly, Wendy's argued that while the proposal may mention animal welfare, it was actually about the management of risk related to the sale of pork products, an ordinary business issue. *See The Wendy's Company* (Mar. 16, 2022) (rejecting this argument). Similarly, Eli Lilly argued ineffectively that, while the proposal may mention DEI, it was actually about workforce management, an ordinary business issue. *See Eli Lilly & Co.* (Mar. 10, 2023).

What makes this argument particularly problematic here is that it runs squarely into the argument the Company needs to make when it comes to SLB 14M. That bulletin expressly requires that the significant policy issue raised by a proposal be “significan[t] in relation to the company.” SLB 14M. Thus, to rebut the application of the significant policy exception, the Company must show that the policy issue is not significant to it. But, as the Proposal explains — and as the Company Letter reiterates — climate change *is* significant to Targa, in part because it has significant implications for Targa's operational efficiency, regulatory readiness, and competitiveness amongst peers, among other issues. *See* Company Letter at 11-12. The Supplemental Letter does not resolve this inconsistency, instead merely restating the 14M standard and then restating the Company Letter's argument, which is at odds with the 14M standard. *See* Supplemental Letter at 2-3. If the Company's argument were correct, it is unclear how a proponent could ever go about demonstrating that a policy issue was significant to a particular company without falling into the “trap” of describing impacts to aspects of the company's business entrusted in the first instance to management and the Board.

For the foregoing reasons, the Proposal clearly raises a significant policy issue that transcends the Company's ordinary business.<sup>1</sup>

## **II. The Proposal does not seek to micromanage Targa**

### *A. Micromanagement Standard*

The Commission has recognized the exclusion under Rule 14a-8(i)(7) of proposals seeking to “micromanage” companies by “probing too deeply into matters of a complex nature upon which

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<sup>1</sup> The Company Letters also suggest, incorrectly, that a proposal must focus on a significant “societal” or “social” policy issue. *See* Company Letter at 12, Supplemental Letter at 3. The basis of the significant policy exception is that the Rule permits the exclusion of matters relating to “ordinary” business—but not all business matters are “ordinary.” Significant matters of *corporate* strategy also fall into the significant policy exclusion even absent a larger “social” issue, as shareholders are obviously not obligated to bring *only* social or environmental proposals. For example, the Staff has said that the following issues “transcend” ordinary business: plant closings or relocations, option repricing, pension plan conversion, director compensation, and CEO succession planning. *See Tesla Inc., supra* (Proponent Letter at 4, collecting citations).

Once more, the Company Letter's insistence that the Proposal would require a complete overhaul to its business effectively concedes that the Proposal transcends the Company's ordinary business as a matter of significant *corporate* policy, in addition to raising the significant social policy issue of climate change.

shareholders, as a group, would not be in a position to make an informed judgment.” 1998 Release.

In SLB 14M, the Staff reinstated guidance concerning the scope of the micromanagement exclusion from SLBs 14J and 14K. The guidance in those bulletins emphasizes that a proposal may seek to micromanage if it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” SLB 14M (Annex A, quoting SLB 14J). Additionally, the Staff looks “to whether the proposal seeks intricate detail or imposes a specific strategy, method, action, outcome, or timeline for addressing an issue, thereby supplanting the judgment of management and the board.” SLB 14K.

*B. The Proposal Does Not Seek to Micromanage Targa.*

The Proposal does not seek to micromanage the Company. The report sought by the Proposal — a description of how the Company intends to reduce its operational GHG emissions in alignment with the Paris Agreement — does not demand “intricate detail” when compared to proposals that have been excluded on this basis. *E.g.*, *Deere & Co.* (Jan. 3, 2022); *Verizon Communications Inc.* (Mar. 17, 2022); *American Express Co.* (Mar. 11, 2022) (each requesting publication of “the written and oral content of any employee-training materials offered to any subset of the company’s employees”). Nothing in the proposals requires more than identification of general actions it would take to align its operations with the Paris Agreement; shareholders have not requested, nor would it be useful to them, to receive intricate details of each proposed action. Nor does it seek to impose a particular “strategy, method, action, outcome, or timeline for addressing an issue.” SLB 14M. That is left up to the Company. Therefore, the Proposal is not subject to exclusion as micromanagement.

The Company’s argument to the contrary is unpersuasive. First, Targa’s argument relies heavily on its misinterpretation of the Proposal. The Company Letter sets forth a number of actions it alleges it would have to take in order to meet such targets, such as electrifying its entire infrastructure, deploying hydrogen fuel, and implementing capture and sequestration technology. *See* Company Letter at 6. All of this, the Letter asserts, is not feasible. The Company is free to make that argument in opposition to the Proposal and/or in the report itself. But the Proposal does not require it to implement infeasible measures, just to report how the Company would align its operational emissions with the global climate standard.

Once more: the Company is not entitled to read a set of highly specific demands into the Proposal and then assert that those demands micromanage it and that the Proposal may therefore be excluded. That this is the basis of the Company’s micromanagement argument amply demonstrates that the Proposal as written does *not* impose specific methods. For this reason, too, the Supplemental Letter’s assertions about the “prescriptiveness” of the Proposal actually describe the Company’s gloss on the Proposal, rather than the Proposal itself. *See* Supplemental Letter at 4 (noting the “level of ‘prescriptiveness’ of the Proposal” as related to “the [Company] Letter set[ting] forth in detail the numerous operational challenges associated with the Proposal”).

The core of the real micromanagement question at issue here, as resurrected in SLB 14M, is whether a proposal requesting a report on a company’s emissions reduction plans is permitted to (a) define the scope of the emissions in which it is interested, and (b) reference the Paris

Agreement. *See* Supplemental Letter at 4 (“By prescribing that the goals cover the full scope of Targa’s operations and comport with the Paris Agreement, the Proposal denies Targa’s management and Board of Directors the flexibility to establish goals” that cover a smaller category of emissions or which are not Paris-aligned). While it is wrong to say that the Proposal “prescribe[es] goals,” the Supplemental Letter raises an important point and an opportunity for the Staff to clarify SLB 14M.

As stated previously, the Proposal’s reference to Scopes 1 and 2 is intended to *limit* the Proposal’s expansiveness by excluding Scope 3 emissions, which the Proponent acknowledges are a more complicated topic. By requesting a report on how the Company intends to reduce the full range of its Scope 1 and 2 emissions, the Proposal is not demanding a one-size-fits-all approach to those emissions, that the Company abandon sensible prioritization of low-hanging or particularly potent fruit, or anything else that the Company Letters suggests. It is merely describing the universe of emissions with which the Proposal is concerned. The Company’s argument is akin to Tesla arguing, in response to the deep-sea mining moratorium proposal described above, that the proposal micromanages it by only requesting a moratorium on sourcing only deep-sea mined minerals and not *all* minerals. If it is micromanagement to describe at a high level of generality the subject matter of a report, it is unclear how investors are to ask for reports moving forward.

Nor should reference to the Paris Agreement doom a climate-focused Proposal. Paris alignment is the *de facto* global standard by which emissions reductions are judged. Paris alignment is also not a value judgment but an empirical question, one that stands as shorthand for a broad policy goal (limiting average global temperature increase to 1.5 degrees Celsius by 2050 to avoid catastrophic and economywide harm) that necessarily permits a variety of company-specific responses. As a rule, a request by shareholders for Paris-aligned targets does not constitute micromanagement, because it is neither intricate nor prescriptive as to a specific method or strategy to achieve that level of emissions reductions. And a report on how a company intends to align with the Paris agreement is even less guilty of micromanagement.

The absurdity of concluding that referencing the Paris Agreement constitutes micromanagement is heightened here. Under the standards in place at the time of the Proposal’s submission and the Company’s no-action deadline, the Staff *actively encouraged* references to “well-established national and international frameworks” like the Paris Agreement.<sup>2</sup> Holding now that reference to the well-established international Paris Agreement constitutes micromanagement based on the retroactive application of a rule not in place at the time of the submission of the proposal would constitute *textbook* arbitrary and capricious agency action.

SLB 14M contains language from SLB 14K contrasting two proposals. One requested the adoption of time-bound, Paris-aligned, short-, medium-, and long-term emissions reduction targets, and annual reporting on company progress. At the time, it was found to micromanage. The other requested a report “describing if and how [the company] plans to reduce its total contribution to climate change and align its operations and investments with the Paris

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<sup>2</sup> To put a finer point on it: in its capacity as a representative, the Proponent recently responded to another no-action request — submitted prior to the publication of SLB 14M — that argued that a proposal’s *failure* to reference a well-established international framework (like the Paris Agreement) was a fatal flaw demonstrating micromanagement. Here, the Company argues the opposite. Issuers cannot have it both ways.

Agreement’s goal,” which was found *not* to micromanage. *See* SLB 14M. The Proposal here requests a report on “how [the company] intends to” reduce its emissions in alignment with the Paris Agreement. We note that limiting stockowner’s questions to only “if and how” a company intends to comply with a global standard, when the Company has already stated it will not, leaves shareholders powerless to address important public policy issues that create significant risk for a company. In this case the Company has publicly recognized that climate change presents risk to the Company. Stockowners should not be prevented from seeking important information about an issue that creates risk to a company so long as the Proposal does not dictate to the Company the intricate details of managing that risk. *See also* Supplemental Letter at 4 (quoting *Andarko Petroleum* (Mar. 4, 2019) and emphasizing the use of the word “if” in a similar report proposal).

In short, the upshot of the Company’s argument is either: (1) that the Proposal micromanages because, based on a rule not in place at the time it was submitted, it should have said the word “if” in front of “how,” — a criteria so formalistic as to be unreasonable, in addition to an incredibly unlawful instance of retroactive rulemaking; or (2) that the Proposal micromanages because it defines the subject (emissions) about which it seeks reporting and because it references the Paris Agreement. If the latter point is the new standard, what would a permissible proposal addressed at emissions even look like? “Report on if and how [the company] ever intends to reduce some of its emissions?” Not only would such a proposal be useless to investors and to the company, it would likely be subject to potent substantial implementation and vagueness arguments. It is unclear what climate proposal could navigate between the Charybdis of the substantial implementation and vagueness exclusions and the Scylla of the micromanagement rule.

## CONCLUSION

The burden lies with the Company to demonstrate that it may exclude the Proposal. The Company Letters rewrite the Proposal as requiring “strict” adherence to a regime of emissions reduction targets and a requirement to comply with intricate and detailed actions, which it does not to. The Proposal asks the Company to describe how it intends to align with the Paris Agreement to help decrease global emissions and reduce risk to the Company.

Based on the foregoing, we believe that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2025 proxy statement pursuant to Rule 14a-8. We urge the Staff to deny the no action request.

Sincerely,



Luke Morgan

Office of Chief Counsel

February 24, 2025

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Staff Attorney, *As You Sow*

CC:

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March 4, 2025

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

RE: Targa Resources Corp. 2025 Annual Meeting of Shareholders  
Rule 14a-8 Proposal of As You Sow

Ladies and Gentlemen:

I am submitting this letter on behalf of Targa Resources Corp. (“Targa”) in response to a letter, dated February 24, 2025 (the “Proponent Comment Letter”), addressed to the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission by As You Sow (the “Proponent”) commenting on Targa’s prior letters to the Staff, dated January 6, 2025 (the “Company Letter”) and February 20, 2025 (the “Supplemental Letter” and, together with the Company Letter, the “No-Action Letters”), requesting that the Staff concur in Targa’s view that it may exclude the Proponent’s shareholder proposal (the “Proposal”) from inclusion in Targa’s 2025 proxy materials.

As discussed in the No-Action Letters, Targa seeks to exclude the Proposal on the basis that it seeks to micromanage Targa’s ordinary business operations and its emissions reduction strategy. The Proponent Comment Letter purports to merely raise a policy concern. In making this assertion, the Proponent ignores the very terms of the Proposal which repeatedly asserts that Targa should adopt “Paris-aligned emissions reduction targets” and, in turn, issue a report showing how it intends to meet those targets. Under the Proposal Targa has one, and only one, alternative—prepare a report to achieve “Paris-aligned emissions reduction targets.” This proscriptive approach does not give Targa, or its Board of Directors, the latitude contemplated by extant precedent or Staff Legal Bulletin No. 14M (“SLB 14M”).<sup>1</sup>

Excluding the Proposal is consistent with the Staff’s prior positions in *Valero* (Mar. 22, 2024) and *Chevron* (Mar. 22, 2024) which were issued under Staff Legal Bulletin No. 14L, and is even more squarely within those decisions under SLB 14M. As in *Valero* and *Chevron*, the Proposal infringes on Targa’s ordinary business operations by limiting Targa’s discretion in executing its business strategy by mandating

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<sup>1</sup> Targa applauds the Staff’s issuance of SLB 14M which it believes restores predictability and the more balanced approach followed over many years in evaluating proposals under Rule 14a-8(i)(7).

the selection of equipment and the form of power utilized to power such equipment and potentially limiting gathering and processing volumes.

The Proponent in its Supplemental Letter seeks to downplay the proposal by asserting that it is merely precatory in nature, which all shareholder proposals undoubtedly are. Proponent asserts that because the proposal is not binding, therefore it only raises social policy concerns. This of course, is contrary to Staff guidance and repeated precedent as it relates to shareholder proposals. Notwithstanding the non-binding nature of the proposal, the ultimate aim of the proposal is, of course, for it to be implemented and the result of any implementation would be to effectively offer no choice to Targa but to make significant changes to its ordinary business operations. Furthermore, the Proponent repeatedly asserts in the Proponent Comment Letter and in the Proposal itself that it merely “asks the Company to describe *how* it intends to align with the Paris Agreement to help decrease global emissions and reduce risk to the Company” [emphasis added], which presupposes the “if.” The Proponent takes for granted that Targa *will or should* set goals in alignment with the Paris Agreement in the first place. The logical conclusion of implementing and pursuing such a goal would be to dictate the ordinary business decisions of Targa, as Targa has limited-to-no flexibility in how it would achieve such goal other than pursuing value destructive, logistically unfeasible and unproven technological changes to its ordinary business operations.

In *Valero*, the Staff concurred with excluding a proposal that, although the proponent stated was “not intend[ed] to prescribe” the closure or sale of refineries and plants or the curtailment of production levels, would nevertheless have the same effect by being the only means of achieving the actions called for by the proposal. Targa’s management and Board have carefully considered how to address GHG emissions in its operations while maintaining reliable and sustainable energy delivery to its customers. Targa’s emissions reduction strategy, including its methane intensity reduction initiatives, were developed after extensive consideration of Targa’s operational constraints and feedback from stakeholders. The Proposal substitutes the Proponent’s judgments for those of Targa’s management and its Board, and disregards the complex, technical and economic realities of Targa’s operations, which are inextricably linked to Targa’s day-to-day operations and best understood by its management and Board.

The Proposal also seeks to micromanage Targa by prescribing that Targa’s goals must cover the full scope of its “operational” emissions, must include all GHG emissions and must be in alignment with the Paris Agreement’s goals, depriving management and the Board of the discretion to adopt targets more suitable for Targa’s business. The Staff has concurred in similar circumstances where a proposal prescribed both setting GHG emissions reduction targets and the specific method for doing so. For instance, in *Amazon.com, Inc.* (Apr. 7, 2023), the company successfully argued that the proposal would require the company to estimate emissions in a prescribed manner, “notwithstanding the Company’s determination that it has less control over such ... activities and less ability to develop appropriate estimates of such emissions than with respect to other activities that it has elected to include” in developing

its emission reduction strategy. As was the case in *Amazon*, the Proposal fails to address a complex, multifaceted issue by imposing a prescriptive standard that ignores the approach that Targa's management and Board believes are best suited to the nature of its operations.

For the forgoing reasons, Targa respectfully submits that the Proposal is clearly excludable on the basis of micromanagement under Rule 14a-8(i)(7).

Targa respectfully wishes to remind the Staff that it plans to file its definitive proxy materials on **March 27, 2025** and would appreciate the Staff's response to its no-action request prior to that date.

If you have any questions with respect to this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jonathan Solorzano". The signature is fluid and cursive, with a large initial "J" and a long, sweeping tail.

Jonathan S. Solorzano  
Vinson & Elkins L.L.P.

cc: David Shugar, As You Sow  
Parker Caswell, As You Sow  
Gerald R. Shrader, Targa Resources Corp.  
Michael S. Telle, Vinson & Elkins L.L.P.