



DIVISION OF  
CORPORATION FINANCE

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

April 10, 2024

Amy C. Seidel  
Faegre Drinker Biddle & Reath LLP

Re: Target Corporation (the "Company")  
Incoming letter dated April 10, 2024

Dear Amy C. Seidel:

This letter is in regard to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by BNP Paribas Asset Management (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Proponent has withdrawn the Proposal and that the Company therefore withdraws its February 9, 2024 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at <https://www.sec.gov/corpfin/2023-2024-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Adam M. Kanzer  
BNP Paribas Asset Management

Faegre Drinker Biddle & Reath LLP  
2200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, Minnesota 55402  
+1 612 766 7000 main  
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February 9, 2024

**VIA STAFF ONLINE FORM**

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

**Re: Target Corporation – Notice of Intent to Exclude from 2024 Proxy Materials  
Shareholder Proposal of BNP Paribas Asset Management**

Ladies and Gentlemen:

This letter is submitted on behalf of Target Corporation, a Minnesota corporation (“Target” or the “Company”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934 (the “Exchange Act”), to notify the Securities and Exchange Commission (the “Commission”) of the Company’s intention to exclude from its proxy materials for its 2024 Annual Meeting of Shareholders (the “2024 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof from BNP Paribas Asset Management (the “Proponent”). The Company requests confirmation that the staff of the Division of Corporation Finance (the “Staff”) will not recommend an enforcement action to the Commission if the Company excludes the Proposal from its 2024 Proxy Materials in reliance on Rule 14a-8.

Pursuant to Rule 14a-8(j) and Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), we have (i) submitted this letter and its exhibit to the Commission within the time period required under Rule 14a-8(j) and (ii) concurrently sent copies of this correspondence to the Proponent as notification of the Company’s intention to exclude the Proposal from its 2024 Proxy Materials.

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

### **The Proposal**

The Company received the Proposal on December 28, 2023. A full copy of the Proposal, including the accompanying supporting statement (the “Supporting Statement”), is attached hereto as Exhibit A. The resolution of the Proposal reads as follows:

**Resolved:** Shareholders request that the Board of Directors oversee an investigation and a public report within the next year (at reasonable cost, omitting proprietary information) addressing allegations that Target suppliers may be contributing to illegal deforestation, and, if true, outlining steps Target is taking to address the root causes of these violations.

### **Basis for Exclusion**

We hereby respectfully request the Staff concur in our view that the Proposal may be excluded from the Company’s 2024 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business.

### **Analysis**

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

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

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if it “deals with a matter relating to the company’s ordinary business operations.” According to the Commission, the term “ordinary business” refers to matters that are not necessarily “ordinary” in the common meaning of the word, but instead the term “is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”). The underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.” *See* 1998 Release. The Commission has provided two central considerations for determining whether the ordinary business exclusion applies. The first consideration, related to the subject matter of the proposal, recognizes that “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight.” The second consideration “relates to 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.” 1998 Release.

Framing a shareholder proposal in the form of a request for a report, including requesting a report about certain risks, does not change the nature of the proposal. The Commission 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 report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983). Similarly, a proposal's request for a review of certain risks also does not preclude exclusion if the underlying subject matter of the proposal to which the risk pertains or that gives rise to the risk is ordinary business. *See* Legal Bulletin No. 14E (Oct. 27, 2009). As discussed below, the Proposal relates to the Company's relationships with its suppliers, an issue fundamental to management's ability to run the Company and which involves a consideration of multiple and complex factors that would be impracticable for shareholders to decide. As such, the Proposal may be omitted under Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

*B. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates To The Company's Relationships With Its Suppliers.*

The Staff has consistently concurred with the exclusion under Rule 14a-8(i)(7) of proposals relating to a company's supplier relationships, noting that those relationships comprise part of the company's ordinary business. For example, in *The Home Depot, Inc.* (Mar. 20, 2020), the Staff permitted exclusion of a shareholder proposal requesting an annual report "summarizing the extent of known usage of prison labor in the company's supply chain." Specifically, the report requested, in part, "an evaluation of any risks to finances, operations, and reputation related to prison labor in the company's supply chain including from undetected uses of prison labor in the supply chain." The company argued that the proposal sought to "influence the manner in which the [c]ompany monitors its supplier relationships." *See also The TJX Companies, Inc.* (Mar. 20, 2020) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report assessing the effectiveness of current company policies for preventing prison labor in the company's supply chain); *Walmart Inc.* (Mar. 8, 2018) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal seeking a report outlining the requirements suppliers must follow regarding engineering ownership and liability); *Foot Locker* (Mar. 3, 2017) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal requesting a report that "outlin[ed] the steps that the company [was] taking, or [could] take, to monitor the use of subcontractors by the company's overseas apparel suppliers," because the proposal "relate[d] broadly to the manner in which the company monitor[ed] the conduct of its suppliers and their subcontractors"); *Kraft Foods Inc.* (Feb. 23, 2012) (permitting exclusion of a proposal requesting a report detailing the ways the company would assess and mitigate water risk to its agricultural supply chain as "relat[ing] to decisions relating to supplier relationships"); and *Duke Energy Corp.* (Jan. 24, 2011) (concurring with the exclusion of a proposal to strive to purchase a very high percentage of "Made in USA" goods and services and noting that "the proposal relate[d] to decisions relating to supplier relationships"). Moreover, in the 1998 Release, the Commission highlighted the "retention of suppliers" as an area "fundamental to management's ability to run a company on a day-to-day basis."

By requesting that the Company's Board oversee the preparation of a report "addressing allegations that [the Company] suppliers may be contributing to illegal deforestation, and, if true, outlining steps [the Company] is taking to address the root causes of these violations," the Proposal implicates the Company's decisions related to its suppliers. Notably, the Proposal addresses allegations of illegal deforestation by the Company's suppliers, rather than by the Company itself. In this way, the Proposal is concerned with the Company's selection and oversight of its suppliers,

an issue that is fundamental to the Company's day-to-day operations and entails a variety of ordinary business operations and decisions. Accordingly, consistent with the precedent discussed above, the Proposal is properly excludable under Rule 14a-8(i)(7) because it seeks a report concerning matters which relate to the Company's ordinary business operations.

*C. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates To The Company's General Legal Compliance.*

The Proposal may be properly excluded because it relates to legal compliance by the Company's suppliers, which is even more attenuated than the Company's own compliance, a topic that falls squarely within a Company's ordinary business. The Proposal's primary concern is the allegation<sup>1</sup> that certain Company suppliers operating in Cambodia are implicated in illegal deforestation. The Supporting Statement notes that such allegations may present "legal, operational and reputational risks to [the Company]." Such statements evidence the Proposal's focus on compliance with laws regarding illegal deforestation by the Company's suppliers.

The Staff has consistently permitted exclusion of proposals concerning a company's legal compliance program as relating to ordinary business. For example, in *Comcast Corporation* (Apr. 9, 2020), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal requesting "an independent investigation into and prepar[ation of] a report . . . on risks posed by the [c]ompany's failures to prevent workplace sexual harassment," where the company successfully argued that compliance with law and regulations is a matter falling squarely within the ordinary business of the company. In *The Chemours Company* (Jan. 17, 2017), the proposal requested a report "on the steps the [c]ompany has taken to reduce the risk of accidents." The company successfully contended that the proposal was excludable because the requested report concerned the company's legal compliance practices. The company noted that its operations were "regulated by several agencies within and outside the United States," and that the company "continually monitor[ed] and review[ed] changes in requirements of the codes and regulations that govern[ed] the operation of its facilities." See also *Navient Corp.* (Mar. 26, 2015) (permitting exclusion of a proposal seeking "a report on the company's internal controls over student loan servicing operations, including a discussion of the actions taken to ensure compliance with applicable federal and state laws," and noting that "[p]roposals that concern a company's legal compliance program are generally excludable under [R]ule 14a-8(i)(7)").

Here, like the above cited precedent, the Proposal is concerned with risks related to legal noncompliance. Notably, however, the Proposal focuses on alleged legal noncompliance by the Company's *suppliers* – an issue that is even more intricate than the Company's own legal compliance. Such matters are multifaceted, complex, and based on factors that are not appropriate for shareholder voting or reporting to shareholders. The Proposal's requested report on the Company's suppliers' compliance with respect to laws regarding deforestation in Cambodia is properly excludable under Rule 14a-8(i)(7) because it relates to the general legal compliance of the Company's suppliers and thus, its ordinary business operations.

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<sup>1</sup> Despite the Company's engagement with the Proponent and the Proponent's outreach to one of the authors of the "Forests of the furnace" article published by Mongabay and cited in the Supporting Statement (as such outreach was reported to the Company), the Company has not received any information indicating that wood provided to and used by the Company's suppliers is illegally forested.

*D. The Proposal Does Not Raise A Significant Social Policy Issue For Purposes Of Rule 14a-8(i)(7).*

In the past, the Staff has made limited exceptions to the ordinary business exclusion rule for proposals that “focus[ed] on sufficiently significant social policy issues” that “transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” *See* 1998 Release.

However, in Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“SLB 14L”), the Staff provided clarity on its process for evaluating proposals that raise significant social policy issues. Whereas previously it would focus on the determination of a “nexus between a policy issue and the company,” the Staff stated that, going forward, it will consider whether the policy issues raised in a proposal have “a broad societal impact, such that they transcend the ordinary business of the company.” SLB 14L. The Staff has consistently indicated that the mere mention of an issue with a broad societal impact cannot transform a proposal that is otherwise excludable as relating to ordinary business. For example, in *McDonald’s Corporation* (Apr. 3, 2023), the Staff permitted exclusion under Rule 14a-8(i)(7) of a shareholder proposal asking the company to prepare a report “listing and analyzing policy endorsements made in recent years.” The proposal requested that the report include “public endorsements, including press statements...and signing of public statements associated with activist groups and statements of threat or warning against particular statements in response to policy proposals [,]” an analysis of whether the policies advocated are of pecuniary benefit to the company and a description of possible risks to the company arising from such statements, endorsements or warnings. In reaching its decision, the Staff noted that the proposal “relates to, and does not transcend, ordinary business matters.” *See also Johnson & Johnson* (March 2, 2023) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report explaining the business rationale for the company’s participation in corporate and executive membership organizations and how such involvement by the company and its corporate leaders fulfills its fiduciary duty to shareholders as relating to, but not transcending, ordinary business matters).

The Supporting Statement notes that “[i]llegal deforestation presents legal, operational and reputational risks to [the Company], and compromises its ability to meet its Scope 3 climate targets.” While the Supporting Statement discusses the harms of deforestation generally, the Proposal itself is focused solely on “illegal” deforestation, ultimately requesting that the Company’s report “outline steps Target is taking to address the root causes of these violations.” The Supporting Statement similarly references a concern that “[s]uppliers that are willing to engage in illegal deforestation may also be engaging in other violations of Target’s policies,” again indicating the primary purpose of the requested report is to evaluate the legal compliance of the Company’s suppliers and the operational and reputational risks to the Company arising from such allegations against the Company’s suppliers. Accordingly, the Proposal may be excluded under Rule 14a-8(i)(7) because the subject matter of the Proposal relates to the ordinary business of the Company and does not implicate a significant social policy issue which transcends the Company’s ordinary business matters.

**Conclusion**

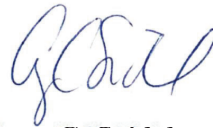
Based upon the foregoing analysis, the Company respectfully requests that the Staff confirm that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its 2024 Proxy Materials pursuant to Rule 14a-8. We would be happy to provide any additional information and answer any questions regarding this matter.

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

Thank you for your consideration.

Regards,

FAEGRE DRINKER BIDDLE & REATH LLP



Amy C. Seidel  
Partner

cc: Minette Loula  
Assistant General Counsel  
Target Corporation  
Email: [REDACTED]

Adam M. Kanzer  
Head of Stewardship – Americas  
BNP Paribas Asset Management  
Email: [REDACTED]

**EXHIBIT A**

Proposal  
[See Attached]





# BNP PARIBAS ASSET MANAGEMENT

December 27, 2023

Mr. Don H. Liu  
Corporate Secretary  
Target Corporation  
1000 Nicollet Mall, Mail Stop TPS-2670  
Minneapolis, Minnesota 55403

Re: Shareholder Proposal Submission

Dear Mr. Liu:

I am writing on behalf of BNP Paribas Asset Management (BNPP AM), a global asset manager with more than \$560 billion in assets under management, to submit the attached shareholder proposal requesting a report on Target's exposure to illegal deforestation. We are long-term investors in Target, holding more than 400,000 shares across multiple portfolios.

I am submitting the attached proposal (the "Proposal") pursuant to the Securities and Exchange Commission's Rule 14a-8 to be included in the proxy statement of Target (the "Company") for its 2024 annual meeting of shareholders. We have continuously beneficially owned, for at least three years as of the date hereof, at least \$2,000 worth of the Company's common stock in our BNP PARIBAS EASY ECPI Circular Economy Leaders portfolio. Verification of this ownership will be sent under separate cover. We intend to continue to hold such shares through the date of the Company's 2024 annual meeting of shareholders and will provide a representative to present the Proposal at Target's annual meeting.

We reached this decision to submit this proposal after attempting dialogue with Target management on the Cambodia issue. After receiving a minimal response, we were informed that the Company had nothing further to share. Given the nature of the allegations described in the Proposal, we felt we had a fiduciary duty to escalate our concerns. We continue to welcome the opportunity to discuss these issues with you and hope that we may be able to reach agreement to allow us to withdraw the Proposal. I am available to speak January 3-5 from 1-5PM Eastern Time. I can be reached at [REDACTED]

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Kanzer', with a long horizontal stroke extending to the right.

Adam M. Kanzer  
Head of Stewardship – Americas

## Report on Illegal Deforestation

**Resolved:** Shareholders request that the Board of Directors oversee an investigation and a public report within the next year (at reasonable cost, omitting proprietary information) addressing allegations that Target suppliers may be contributing to illegal deforestation, and, if true, outlining steps Target is taking to address the root causes of these violations.

### Supporting Statement

A man-made extinction event threatens 25% of the world's plants and animals by 2050, and 50% or more by 2100.<sup>1</sup> Deforestation is a key contributor to nature loss and climate change.

Target suppliers have recently been implicated in illegal deforestation in Cambodia. Target has not adopted a commitment to end deforestation in its global supply chain, which potentially impacts multiple critical forest ecosystems around the world.

"Forests in the Furnace"<sup>2</sup>, a recent three-part Mongabay investigation supported by the Pulitzer Center's Rainforest Investigations Network and Royal Holloway University of London research,<sup>3</sup> detailed how "Cambodia's garment sector is fueled by illegal logging" in protected forests rich in biodiversity. Mongabay documented life-threatening conditions faced by an informal network of loggers, trapped in a cycle of poverty. An estimated one third of Cambodia's roughly 1,200 garment factories are burning wood to boil water for washing, dyeing, and ironing, or to generate electricity. A separate study found that 70% of the wood used by Cambodian garment factories was sourced from natural forests, producing roughly 368,000 metric tons of carbon emissions annually.<sup>4</sup>

Target sources from 73 Cambodian factories.<sup>5</sup> Mongabay identified five Target suppliers using forest wood, but only Target can accurately determine how many of its factories are engaged in illegal deforestation.

H&M Group partnered with WWF to produce an app to identify wood species arriving at Cambodian factories, and with Geres on the feasibility of switching suppliers to sustainable biomass. Sainsbury's conducted an investigation in response to these allegations and requires garment suppliers to complete the Higg Facility Environmental Module, which includes the energy sources used. These efforts have shortcomings but are steps in the right direction.

Suppliers that are willing to engage in illegal deforestation may also be engaging in other violations of Target's policies.

Illegal deforestation presents legal, operational and reputational risks to Target, and compromises its ability to meet its Scope 3 climate targets. Target's supply chains may also be contributing to the

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<sup>1</sup> [Global Assessment Report on Biodiversity and Ecosystem Services | IPBES secretariat](#)

<sup>2</sup> [Forests in the furnace: Can fashion brands tackle illegal logging in their Cambodian supply chains? \(mongabay.com\)](#)

<sup>3</sup> [Publications — Disaster Trade](#)

<sup>4</sup> [Promotion of sustainable energy practices in the garment sector in Cambodia - Geres](#)

<sup>5</sup> <https://corporate.target.com/getmedia/07f80eea-2009-4943-8d20-f7e4138c1eba/Target-Global-Factory-List.xlsx>

systemic risks of climate change and biodiversity loss, which impact the portfolios of all diversified investors.



# BNP PARIBAS ASSET MANAGEMENT

March 8, 2024

Via Shareholder Proposal Portal

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

Re: Shareholder Proposal to Target Corporation seeking an investigation and report on supplier contribution to deforestation in Cambodia

Ladies and Gentlemen:

By letter dated February 9, 2024 (the “No-Action Request”), counsel for Target Corporation (“Target” or the “Company”) asked the Office of the Chief Counsel of the Division of Corporation Finance (the “Division”) to confirm that it will not recommend enforcement action if the Company omits a shareholder proposal (the “Proposal”) submitted pursuant to the Commission’s Rule 14a-8 by BNP Paribas Asset Management (“BNPP AM” or the “Proponent”).

Target argues that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7), as related to the Company’s ordinary business operations. For the reasons set forth below, the Company has not met its burden of proof under Rule 14a-8(g). Accordingly, BNPP AM respectfully requests that the Division not grant the relief Target seeks.

## The Proposal

The Proposal’s resolved clause states:

**Resolved:** Shareholders request that the Board of Directors oversee an investigation and a public report within the next year (at reasonable cost, omitting proprietary information) addressing allegations that Target suppliers may be contributing to illegal deforestation, and, if true, outlining steps Target is taking to address the root causes of these violations.

## Background

Halting and reversing deforestation is critical to addressing climate change. Forests serve as carbon sinks, absorbing an amount of carbon each year equal to half of that emitted by burning fossil fuels.<sup>1</sup> Deforestation, however, can turn them into sources of carbon emissions, which is now the case for

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<sup>1</sup> <https://blogs.worldbank.org/opendata/deforestation-accelerating-climate-change-and-threatening-biodiversity>

tropical rainforests in Southeast Asia.<sup>2</sup> Changes in land use, “principally deforestation, [are] responsible for 12-20% of global greenhouse gas emissions.”<sup>3</sup>

Cambodia has established protected areas of forest covering over six million hectares,<sup>4</sup> and timber logging inside protected areas is illegal.<sup>5</sup> Nonetheless, Cambodia has lost nearly 30% of its forest cover since 2001,<sup>6</sup> much of it from inside protected areas.<sup>7</sup> Challenges related to enforcement of logging prohibitions<sup>8</sup> underscore the importance of focusing on the demand side of the equation-- the role illegally logged timber plays in supply chains.

Strong evidence shows that factories manufacturing garments, a key export for Cambodia,<sup>9</sup> use such timber to power their operations:

- A 2021 study at Royal Holloway, University of London, found that 30% of Cambodia’s garment factories were using wood from forests.<sup>10</sup>
- In a 2023 investigation, nonprofit media organization Mongabay identified 14 international brands, including Target, whose suppliers appeared in the Royal Holloway report as users of forest wood.<sup>11</sup>
- Climate-focused NGO Geres estimates that 70% of the wood used by Cambodian garment factories was sourced from natural forests, “mainly from illegal harvesting and questionable land clearing practices.” Geres estimated that these practices release roughly 368,000 metric tons of carbon emissions into the atmosphere.<sup>12</sup>

The author of the Royal Holloway report stated last year:

In the case of the garment sector, the responsibility lies with the brands who have the funds and capacity to oversee fuel use in their supply chains — and who ultimately profit from claims of good environmental practice . . . Brands like to pass the buck on to ‘partner’

<sup>2</sup> <https://blogs.worldbank.org/opendata/deforestation-accelerating-climate-change-and-threatening-biodiversity>

<sup>3</sup> <https://climatefundsupdate.org/wp-content/uploads/2020/03/CFE5-2019-ENG-DIGITAL.pdf>, at 1.

<sup>4</sup> <https://www.sciencedirect.com/science/article/pii/S235198942200230X>

<sup>5</sup> <https://globalinitiative.net/wp-content/uploads/2021/03/Forest-crimes-in-Cambodia-Rings-of-illegality-in-Prey-Lang-Wildlife-Sanctuary-GITOC-2021.pdf>, at vii.

<sup>6</sup> <https://www.nature.com/articles/s41598-022-19660-0>

<sup>7</sup> <https://cambojanews.com/satellite-data-shows-protected-areas-faced-brunt-of-deforestation-in-2022/>

<sup>8</sup> See, e.g., <https://www.forest-trends.org/wp-content/uploads/2022/01/Cambodia-Timber-Legality-Risk-Dashboard-IDAT-Risk.pdf>; <https://www.nature.com/articles/s41598-022-19660-0>; Mike Ives, “Fighting to Save Forests in Cambodia, and Endangering Himself,” *The New York Times*, Apr. 23, 2016

<sup>9</sup> <https://www.globalcitizen.org/en/content/garment-workers-cambodia/> (the garment industry “accounted for 57% of Cambodia’s total exports” in 2022)

<sup>10</sup> <https://news.mongabay.com/2023/07/forests-in-the-furnace-can-fashion-brands-tackle-illegal-logging-in-their-cambodian-supply-chains/>

<sup>11</sup> <https://news.mongabay.com/2023/07/forests-in-the-furnace-can-fashion-brands-tackle-illegal-logging-in-their-cambodian-supply-chains/>

<sup>12</sup> <https://www.geres.eu/en/our-actions/our-projects/promotion-sustainable-energy-practices-garment-sector-cambodia/>

factories themselves, but this is such a widespread issue that you can't place the blame on any given factory.<sup>13</sup>

The power of large firms to demand information and require suppliers not to contribute to deforestation has led companies to adopt policies on deforestation. For example, apparel retailers Gap, H&M, and Nike have such policies,<sup>14</sup> and over 1,000 companies reported to CDP in 2022 on their efforts to end deforestation, including Target Corp..<sup>15</sup>

Target has adopted a Forest Products Policy (the "Policy"), which applies to "all of Target's owned brand products and packaging containing a majority of wood-based material." The Policy states that Target "is committed to sourcing wood-based products from well-managed forests to avoid contributing to deforestation or forest degradation" and "will work actively with its vendors, suppliers and other stakeholders to implement our policy by eliminating any unacceptable sources, and progressively increasing the amount of responsible wood, paper, paper-based packaging and wood-based fiber over time."<sup>16</sup>

Target states in its most recent 10-K filing that "[f]ailure to address product safety and sourcing concerns could adversely affect [its] results of operations" and is a material risk. The risk factor applies to meeting the Company's or its customers' "responsible sourcing" expectations.<sup>17</sup>

Target asserts that "[d]espite [its] engagement with the Proponent and the Proponent's outreach to one of the authors of the 'Forests of [sic] the Furnace' article published by Mongabay and cited in the Supporting Statement (as such outreach was reported to the Company), the Company has not received any information indicating that wood provided to and used by the Company's suppliers is illegally forested."<sup>18</sup> That statement, which seems intended to cast doubt on the credibility of the Mongabay report—and by extension, the Proposal—is misleading, considering that:

- The Proponent contacted the Mongabay reporters and obtained the names of the Target suppliers allegedly sourcing illegal wood promptly after a January 31, 2024 call with Target and relayed that information to Target on February 2, a full week before Target submitted the No-Action Request.
- Mongabay also provided the Proponent with a copy of an email it sent Target at its public press inquiries email address in June 2023 asking about five Target suppliers; when queried by the Proponent about this email dating from many months before the Proponent filed the Proposal, Target claimed to have no record of it.

<sup>13</sup><https://news.mongabay.com/2023/07/forests-in-the-furnace-can-fashion-brands-tackle-illegal-logging-in-their-cambodian-supply-chains/>

<sup>14</sup> <https://www.ceres.org/sites/default/files/reports/2023-11/Ceres%20Deforestation%20Scorecard%202023.pdf>, at 6.

<sup>15</sup>[https://cdn.cdp.net/cdp-production/cms/reports/documents/000/007/182/original/CDP\\_Global\\_Forest\\_Report\\_2023.pdf?1688396252](https://cdn.cdp.net/cdp-production/cms/reports/documents/000/007/182/original/CDP_Global_Forest_Report_2023.pdf?1688396252), at 6.

<sup>16</sup><https://corporate.target.com/sustainability-governance/responsible-resource-use/environmental-impact-products/forest-products-policy>

<sup>17</sup> <https://www.sec.gov/ixviewer/ix.html?doc=/Archives/edgar/data/27419/000002741923000015/tgt-20230128.htm>, at 13.

<sup>18</sup> No-Action request, n.1.

- The Proponent contacted Target via email on August 7, 2023 and again on September 13<sup>th</sup>. Target’s cursory reply a few days later contained inaccurate information which has since been corrected during dialogue. Further requests from the Proponent to engage were met with an email stating, “At this time we do not have any additional information to share beyond what was included in our September email. We appreciate your engagement but we do not believe a call on this topic would be valuable at this time.”
- An officer of the Textile, Apparel, Footwear & Travel Goods Association (“TAFATAC”) was quoted in the Mongabay report speculating that the use of forest wood in Cambodian garment factories must be “not common” because the organization doesn’t “hear about it happening.”<sup>19</sup> TAFATAC reversed course soon thereafter, however, stating that about 300,000 tons of forest wood is used each year to power Cambodia’s garment sector and bemoaning that “[u]nsustainable use of wood and charcoal has been affecting the environment and leading to the loss of wildlife shelters, climate change, increase in greenhouse gases and global warming, flood and drought, et cetera.”<sup>20</sup>

Target could have received the names of suppliers identified as using illegally logged forest wood from Mongabay, in advance of its report’s publication and well before the Proponent contacted Target and eventually submitted the Proposal. The Proponent obtained the supplier names and passed them on to Target a week before it submitted the No-Action Request. Finally, Target could have contacted the Royal Holloway researchers who produced the original supplier list used by Mongabay at any time. As the Proponent has explained to Target, even without a list of specific Cambodian suppliers found to be using forest wood, the company still bears the risk of exposure to illegal deforestation given the widespread nature of the problem.

Target, and not the Proponent, is in a position to investigate further the findings of Mongabay and the Royal Holloway researchers. The Proponent emphatically rejects Target’s suggestion that the Proponent or Mongabay did not diligently try to communicate with Target about the subject of the Proposal or respond promptly to Target’s requests for information.

### **Ordinary Business**

Rule 14a-8(i)(7) allows a company to omit a proposal that is related to the company’s ordinary business operations. Target argues that it is entitled to omit the Proposal in reliance on the ordinary business exclusion because it (i) relates to the Company’s relationship with its suppliers, (ii) relates to the Company’s general legal compliance, and (iii) does not focus on a significant social policy issue. None of those contentions has merit.

First, Target asserts that “the Proposal is concerned with the Company’s selection and oversight of its suppliers” and that “[t]he Staff has consistently concurred with the exclusion under Rule 14a-8(i)(7) of proposals relating to a company’s supplier relationships, noting that those relationships

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<sup>19</sup><https://news.mongabay.com/2023/07/forests-in-the-furnace-can-fashion-brands-tackle-illegal-logging-in-their-cambodian-supply-chains/>

<sup>20</sup> <https://kiripost.com/stories/taftac-calls-for-end-to-unsustainable-wood-used-to-power-industry>

comprise part of the company's ordinary business."<sup>21</sup> But none of the proposals at issue in the determinations Target cites in support of that claim focused on a significant social policy issue.

The Home Depot<sup>22</sup> and TJX<sup>23</sup> proposals asked the companies to report on "the extent of known usage of prison labor in the company's supply chain." Both companies argued that the proposals sought reporting on not only involuntary prison labor, which implicates human rights concerns, but also voluntary prison labor, which does not. The proposals in Walmart,<sup>24</sup> Foot Locker,<sup>25</sup> and Duke Energy<sup>26</sup> addressed mundane supplier relationship issues—engineering ownership, subcontractor monitoring, and sourcing U.S.-made goods, respectively. None of the proponents responded to the no-action requests, much less made the case that their proposals addressed significant social policy issues. Finally, Kraft Foods<sup>27</sup> successfully distinguished the proposal it received, which sought reporting on water risk in the company's agricultural supply chain, from proposals addressing the significant policy issue of the human right to water.

Where supplier oversight implicates a significant social policy issue, the Staff has not granted companies' requests for no-action relief on ordinary business grounds. For example, in Wendy's,<sup>28</sup> the company claimed that a proposal requesting a report on "Wendy's Supplier Code of Conduct and the extent to which Wendy's Quality Assurance audits and third-party reviews effectively protect workers in its food supply chain from human rights violations" related to the ordinary business matter of "supplier relationships." The proponent's argument that the proposal's subject was in fact the significant social policy issue of human rights persuaded the Staff not to allow exclusion. Here, as discussed more fully below, the Proposal's central focus is the significant policy issue of deforestation, not a day-to-day supplier-related matter.

Nor is the Proposal's subject legal compliance. The Proposal asks Target to investigate and report on allegations that its apparel suppliers may be "contributing to illegal deforestation" by purchasing wood harvested from protected forests. The Proposal does not claim that such purchases would cause Target or any of its suppliers to violate the law. Instead, the Proposal focuses on the fact that Target's suppliers could be creating demand for wood illegally harvested from natural forests that play a key role in achieving global climate and biodiversity goals. Although such purchases would not violate the terms of the Policy, they would run counter to the Policy's intent to "avoid contributing to deforestation or forest degradation."

Even if the Proposal could reasonably be viewed as addressing Target's or its suppliers' legal compliance—Target argues both in the No-Action Request—proposals implicating legal compliance are only excludable if they do not involve a significant social policy issue, which was the case in the determinations Target cites on page 4 of the No-Action Request. When a proposal's subject is

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<sup>21</sup> No-Action Request, at 3.

<sup>22</sup> The Home Depot, Inc. (Mar. 20, 2020)

<sup>23</sup> The TJX Companies, Inc. (Mar. 20, 2020)

<sup>24</sup> Walmart Inc. (Mar. 8, 2018)

<sup>25</sup> Foot Locker, Inc. (Mar. 3, 2017)

<sup>26</sup> Duke Energy Corp. (Jan. 24, 2011)

<sup>27</sup> Kraft Foods Inc. (Feb. 23, 2012)

<sup>28</sup> The Wendy's Company (Mar. 12, 2021)



deemed a significant social policy issue, the fact that legal compliance may be implicated is not sufficient to support exclusion on ordinary business grounds.

In *Amazon (2022)*,<sup>29</sup> the Staff did not concur with the company’s argument that a proposal seeking an audit and report on worker health and safety was excludable on ordinary business grounds, despite the company’s claim that workplace safety “involves an enormous range of (in the words of the 1998 Release) ‘core matters involving the [C]ompany’s business and operations,’ such as compliance with varying regulations around the world.” Likewise, in *AbbVie*,<sup>30</sup> the company argued that a proposal seeking a report on how the board oversees risks related to anticompetitive practices, which cited concerns over legal and regulatory risks stemming from abuse of the patent system, was excludable because its subject was AbbVie’s legal compliance program. The proponent successfully urged that pharmaceutical industry anticompetitive practices were a significant social policy issue due to their impact on drug prices. Requests characterizing similar proposals on anticompetitive practices at Alphabet<sup>31</sup> and *Amazon (2021)*<sup>32</sup> as addressing legal compliance also failed to persuade the Staff that exclusion on ordinary business grounds was warranted.

### **Deforestation and Biodiversity Loss are Significant Social Policy Issues**

Deforestation’s interconnection with climate change qualifies it as a significant social policy issue. According to the United Nations Development Programme, “[p]reserving and restoring forests is essential for achieving the world’s climate goals.”<sup>33</sup> Companies have not been permitted to exclude proposals on other means of meeting climate objectives, such as greenhouse gas emissions reduction targets, on ordinary business grounds,<sup>34</sup> so long as they would not micromanage the companies.

Deforestation is also a key driver of biodiversity loss, which is a significant policy issue given its impact on the environment and humanity.<sup>35</sup> BNPP AM views biodiversity loss as a systemic risk, given the number, complexity and interconnected nature of its impacts.<sup>36</sup> A 2017 paper in the journal *Nature* characterized global biodiversity loss as “a critical environmental crisis.”<sup>37</sup> Biodiversity loss threatens the achievement of 80% of the United Nations’ Sustainable Development Goals sub-

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<sup>29</sup> *Amazon.com, Inc.* (Apr. 6, 2022)

<sup>30</sup> *AbbVie, Inc.* (Mar. 11, 2022)

<sup>31</sup> *Alphabet Inc. (CtW Investment Group)* (Apr. 16, 2021)

<sup>32</sup> *Amazon.com, Inc. (CtW Investment Group)* (Apr. 9, 2021)

<sup>33</sup> <https://climatepromise.undp.org/news-and-stories/forests-can-help-us-limit-climate-change-here-how>

<sup>34</sup> *See, e.g., The Travelers Companies, Inc.* (Jan. 17, 2023) (not allowing exclusion proposal asking Travelers to report on “if and how it intends to measure, disclose, and reduce the greenhouse gas emissions associated with its underwriting, insuring, and investment activities, in alignment with the Paris Agreement’s 1.5°C goal, requiring net zero emissions”); *JPMorgan Chase & Co., Inc.* (Mar. 25, 2022) (declining to concur with company’s view that proposal asking the company to adopt a policy by the end of 2022 in which the company takes available actions to help ensure that its financing does not contribute to new fossil fuel supplies that would be inconsistent with the IEA’s Net Zero Emissions by 2050 Scenario was excludable)

<sup>35</sup> A 2022 study found that land use change, which includes deforestation, is the largest cause of biodiversity loss. (<https://www.nhm.ac.uk/discover/news/2022/november/destruction-forests-and-grasslands-biggest-cause-of-biodiversity-loss.html>)

<sup>36</sup> <https://docfinder.bnpparibas-am.com/api/files/940B42EF-AFFF-4C89-8C32-D9BFBA72BF24>, at 9

<sup>37</sup> <https://www.nature.com/articles/nature23285>

targets related to poverty, hunger, health, water, cities, climate, oceans and land.<sup>38</sup> Biodiversity plays a role in “ecosystem-based adaptation”<sup>39</sup> to climate change, which protects people, crops, structures, and other resources from climate change impacts such as wildfires, floods, droughts, and excessive heat.<sup>40</sup> The adoption by 188 nations of the Global Biodiversity Framework, with its “23 action-oriented global targets” through 2030, shows the issue’s significance as well as the urgency of the threat posed by biodiversity loss.<sup>41</sup> The Glasgow Leaders Declaration on Forests and Land Use, endorsed by 145 nations, including Cambodia, emphasized “the critical and interdependent roles of forests of all types, biodiversity and sustainable land use in enabling the world to meet its sustainable development goals; to help achieve a balance between anthropogenic greenhouse gas emissions and removal by sinks; to adapt to climate change; and to maintain other ecosystem services.”<sup>42</sup> According to the World Economic Forum, half of global GDP is threatened by nature loss.<sup>43</sup> In the 2024 WEF survey’s 10-year outlook, five of the top global risks in terms of severity are environmental, including critical change to Earth systems and biodiversity loss and ecosystem collapse.<sup>44</sup>

A substantial number of institutional investors are also recognizing the importance of preserving biodiversity:

- 200 institutional investors from around the world – representing over \$28 trillion in assets under management or advice – are participating in Nature Action 100, a new collaborative investor initiative designed to engage companies to reverse nature loss by 2030;<sup>45</sup>
- 131 institutional investors have endorsed a parallel initiative called Spring, organized by the UN-backed Principles for Responsible Investment. Spring’s initial engagements will focus on engaging companies on the policy drivers of deforestation;<sup>46</sup> and
- The Investor Policy Dialogue on Deforestation, focused on engaging policymakers to prevent deforestation, is supported by 78 financial institutions from 20 countries with approximately US\$10 trillion in assets under management (as of December 2022).<sup>47</sup>

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<sup>38</sup> IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. S. Díaz, J. Settele, E. S. Brondízio E.S., H. T. Ngo, M. Guèze, J. Agard, A. Arneth, P. Balvanera, K. A. Brauman, S. H. M. Butchart, K. M. A. Chan, L. A. Garibaldi, K. Ichii, J. Liu, S. M. Subramanian, G. F. Midgley, P. Miloslavich, Z. Molnár, D. Obura, A. Pfaff, S. Polasky, A. Purvis, J. Razzaque, B. Reyers, R. Roy Chowdhury, Y. J. Shin, I. J. Visseren-Hamakers, K. J. Willis, and C. N. Zayas (eds.). IPBES secretariat, Bonn, Germany. 56 pages. <https://doi.org/10.5281/zenodo.355357>

<sup>39</sup> <https://www.nature.com/articles/s41467-019-09646-4>

<sup>40</sup> <https://www.unep.org/news-and-stories/story/six-ways-nature-can-protect-us-climate-change>

<sup>41</sup> See <https://www.cbd.int/gbf/introduction> and <https://www.cbd.int/gbf/targets>

<sup>42</sup> <https://webarchive.nationalarchives.gov.uk/ukgwa/20230418175226/https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>

<sup>43</sup> <https://www.weforum.org/agenda/2020/07/future-nature-business-action-agenda-blueprint-climate-change-biodiversity-loss/>

<sup>44</sup> <https://www.weforum.org/publications/global-risks-report-2024/digest/>

<sup>45</sup> <https://www.natureaction100.org/investors/> (BNPP AM co-chairs the NA100 Steering Group)

<sup>46</sup> <https://www.unpri.org/investment-tools/stewardship/spring>

<sup>47</sup> <https://www.tropicalforestalliance.org/en/collective-action-agenda/finance/investors-policy-dialogue-on-deforestation-ipdd-initiative/> (BNPP AM is a member of the IPDD)

The SEC Staff has recognized biodiversity as a significant social policy issue. A proposal submitted to Exxon Mobil<sup>48</sup> asked the company to report on the potential environmental damage that would result from ExxonMobil drilling for oil and gas in protected areas and the implications of a policy of refraining from drilling there; the “whereas” clauses focused almost exclusively on biodiversity loss. ExxonMobil sought to exclude the proposal in reliance on the ordinary business exclusion, claiming that it requested an evaluation of risks and benefits, but the proponent successfully argued that protection of biodiversity was a significant policy issue.

## Conclusion

In sum, the Proposal is not excludable on ordinary business grounds. It would not affect the kinds of mundane supplier matters that the Commission intended to shield from shareholder oversight, and the conduct referenced in the Proposal does not implicate any legal obligations of Target. Instead, the Proposal’s subject is the significant social policy issue of deforestation, which is inextricably linked to climate change and biodiversity loss.

For the reasons stated above, the Company's request for no-action relief should be denied and the Company should be instructed to include the Proposal in its Proxy Materials. If you have any questions or need anything further, I can be reached at (917) 721-0608, or at [adam.kanzer@us.bnpparibas.com](mailto:adam.kanzer@us.bnpparibas.com).

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a long horizontal line that ends in an arrowhead pointing to the right.

Adam M. Kanzer  
Head of Stewardship – Americas

cc: Amy C. Seidel  
[Amy.Seidel@FaegreDrinker.com](mailto:Amy.Seidel@FaegreDrinker.com)

Jeffrey Proulx  
[Jeffrey.Proulx@target.com](mailto:Jeffrey.Proulx@target.com)

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<sup>48</sup> ExxonMobil Corp. (Mar. 18, 2005)

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2200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, Minnesota 55402  
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April 10, 2024

**VIA STAFF ONLINE FORM**

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

**Re: Target Corporation – Withdrawal of No-Action Request with Respect to Shareholder Proposal of BNP Paribas Asset Management**

Ladies and Gentlemen:

We hereby withdraw our no-action request that we submitted on February 9, 2024 on behalf of Target Corporation (“Target” or the “Company”) requesting that the Staff of the Division of Corporation Finance concur that, for the reasons stated in the request, the shareholder proposal and supporting statement (the “Proposal”) filed by BNP Paribas Asset Management (the “Proponent”) may be omitted from the proxy materials for the Company’s 2024 Annual Meeting of Shareholders. The Proponent has indicated to the Company that it is withdrawing the Proposal. Attached hereto as Exhibit A is a copy of the Proponent’s notice withdrawing the Proposal.

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

Thank you for your consideration.

Regards,

FAEGRE DRINKER BIDDLE & REATH LLP



Amy C. Seidel  
Partner

cc: Minette Loula  
Assistant General Counsel  
Target Corporation  
Email: [REDACTED]

Adam M. Kanzer  
Head of Stewardship – Americas  
BNP Paribas Asset Management  
Email: [REDACTED]

**EXHIBIT A**

Notice of Withdrawal

April 9, 2024

David L. Donlin  
Target Corporation  
1000 Nicollet Mall  
Minneapolis, MN 55403

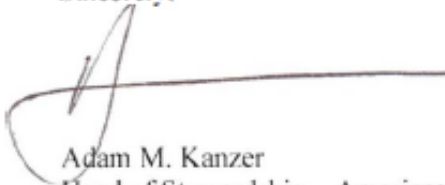
Re: Shareholder Proposal

Mr. Donlin:

I am writing on behalf of BNP Paribas Asset Management (BNPP AM) with respect to the shareholder proposal we submitted to Target Corporation, dated December 27, 2023, requesting a report on Target's exposure to illegal deforestation.

I hereby confirm that BNPP AM has withdrawn the shareholder proposal based on our understanding with Target.

Sincerely,



Adam M. Kanzer  
Head of Stewardship – Americas

ACKNOWLEDGED AND AGREED:

Target Corporation

By: David L. Donlin  
David L. Donlin (Apr 10, 2024 11:00 EDT)  
David L. Donlin