



DIVISION OF
CORPORATION FINANCE

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

January 21, 2025

Lori Zyskowski
Gibson, Dunn & Crutcher LLP

Re: HP Inc. (the "Company")
Incoming letter dated December 6, 2024

Dear Lori Zyskowski:

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

The Proposal requests a report, updated annually, disclosing the Company's policy and procedures governing direct and indirect lobbying and grassroots lobbying communications; payments used for direct or indirect lobbying or grassroots lobbying communications, in each case including the recipient and the amount of the payment; the Company's membership in and payments to any tax-exempt organization that writes and endorses model legislation; and a description of management's decision-making process and the board's oversight for making the aforementioned payments..

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: John Chevedden

December 6, 2024

VIA ELECTRONIC SUBMISSION

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

Re: *HP Inc.*
Stockholder Proposal of John Chevedden
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, HP Inc. (the “Company” or “HP”), intends to omit from its proxy statement and form of proxy for its 2025 Annual Meeting of Stockholders (collectively, the “2025 Proxy Materials”) a stockholder proposal (the “Proposal”) and statement in support thereof (the “Supporting Statement”) received from John Chevedden (the “Proponent”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2025 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that stockholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “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 this 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.

Office of Chief Counsel
Division of Corporation Finance
December 6, 2024
Page 2

THE PROPOSAL

The Proposal states:

Resolved, the stockholders of HP request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by HP used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. HP's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which HP is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Nominating, Governance and Social Responsibility Committee and posted on HP's website.

A copy of the Proposal and the Supporting Statement is attached to this letter as Exhibit A.

Office of Chief Counsel
Division of Corporation Finance
December 6, 2024
Page 3

BASIS FOR EXCLUSION

For the reasons discussed below, the Proposal properly may be excluded from the 2025 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations and seeks to micromanage the Company.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because The Proposal Relates To The Company's Ordinary Business Operations And Seeks to Micromanage the Company.

A. Background On The Ordinary Business Standard.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a stockholder proposal that relates to the company's ordinary business operations. According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" does not "refer[] to matters that are . . . 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. 40018 (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission stated that 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."

The 1998 Release identified two central considerations that underlie this policy. *Id.* The first of those considerations is that "[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." *Id.* 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." *Id.*, citing Exchange Act Release No. 12999 (Nov. 22, 1976) (the "1976 Release").

When assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005) ("SLB 14C") ("In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole."). A shareholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting

Office of Chief Counsel
Division of Corporation Finance
December 6, 2024
Page 4

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. 20091 (Aug. 16, 1983); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) (“Where the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).”).

B. The Proposal Is Excludable Because It Seeks To Micromanage The Company.

The Commission and Staff have long recognized that a proposal that seeks to micromanage a company is excludable under Rule 14a-8(i)(7). The Commission has stated that the exclusion of a proposal under Rule 14a-8(i)(7) on micromanagement grounds “may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” 1998 Release. The Staff has determined that proposals that seek to impermissibly 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” are excludable under Rule 14a-8(i)(7), even in circumstances where the proposal is found to address a significant social policy. *Id.* The Staff has repeatedly confirmed 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. To that end, 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.” Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“SLB 14L”).

Notably, the Staff recently determined that a substantially identical proposal submitted to *Air Products and Chemicals, Inc.* (avail. Nov. 29, 2024) could be excluded pursuant to Rule 14a-8(i)(7) on micromanagement grounds. As the Proposal is substantially identical to the proposal in *Air Products and Chemicals, Inc.* the same reasoning should apply in the instant case.

Further, since the issuance of SLB 14L, the Staff has also granted relief on micromanagement grounds with respect to numerous proposals requiring reporting of information that is significantly less complex than the information demanded by the Proposal. *See, e.g., Delta Air Lines, Inc.* (avail. Apr. 24, 2024) (permitting exclusion of a proposal requiring a report regarding “union suppression expenditures,” including internal and external expenses); *Paramount Global (National Center for Public Policy Research)* (avail. Apr. 19, 2024) (permitting exclusion of a proposal requesting disclosure of the recipients of corporate charitable contributions of \$5,000 or more); *Walmart Inc. (Green Century Capital Management)* (avail. Apr. 18, 2024) (permitting exclusion of a proposal

Office of Chief Counsel
Division of Corporation Finance
December 6, 2024
Page 5

submitted by Green Century Capital Management requiring a breakdown of greenhouse gas emissions for different categories of products in a manner inconsistent with existing reporting frameworks); *Amazon.com, Inc.* (avail. Apr. 1, 2024) (permitting exclusion of proposal calling for highly detailed living wage report); *Amazon.com, Inc.* (avail. Apr. 7, 2023) (permitting exclusion of proposal requesting the company measure and disclose scope 3 greenhouse gas emissions from the company's full value chain by imposing a specific method for implementing a complex policy without affording discretion to management); *Chubb Limited (Green Century Equity Fund)* (avail. Mar. 27, 2023) (proposal requesting the board adopt and disclose a policy related to risks associated with new fossil fuel exploration and development projects would micromanage the company); *Phillips 66* (avail. Mar. 20, 2023) (permitting exclusion of a proposal requesting an audited report describing the undiscounted expected value to settle obligations for the company's asset retirement obligations with indeterminate settlement dates); *Valero Energy Corporation* (avail. Mar. 20, 2023) (same); *Verizon Communications Inc. (National Center for Public Policy Research)* (avail. Mar. 17, 2022) (permitting exclusion of proposal requesting publication of certain employee-training materials); *Coca Cola Co.* (avail. Feb. 16, 2022) (permitting exclusion of proposal requiring the company to submit any proposed political statement to the next stockholder meeting for approval prior to issuing the statement publicly); *Deere & Co.* (avail. Jan. 3, 2022) (permitting exclusion of proposal requesting publication of employee-training materials).

Like the proposal in *Air Products and Chemicals, Inc.*, the Proposal seeks to micromanage the Company by requesting a highly prescriptive and detailed report that requires dozens of distinct pieces of information. In particular, the Proposal requests an annual report on the Company's lobbying activities and payments, which is to be subdivided into four sections, with each section being further subdivided into multiple subsections. The first section of the report requests disclosure of the Company's "policy and procedures governing" both "direct and indirect" and "grassroots lobbying communications." The Proposal defines the term "grassroots lobbying communications" as a "communication directed to the general public," which must satisfy a three-pronged test. The Proposal's definitions of both "direct and indirect lobbying" and "grassroots lobbying communications" would require all the foregoing information at the local, state and federal levels. The requested report would have a second section focused on the Company's payments related to direct or indirect lobbying or grassroots lobbying communications, "in each case including the amount of the payment and the recipient." The third section of the requested report would require disclosure of the Company's "membership in and payments to any tax-exempt organization that writes and endorses model legislation." The fourth section of the report would include disclosure of the Company's management and board of directors' "decision-making process" and "oversight" of payments covered by the second and third sections. Finally, the Proposal prescribes the manner in which the report would be reviewed by the board of directors and disclosed to the

Office of Chief Counsel
Division of Corporation Finance
December 6, 2024
Page 6

public. A chart illustrating the dozens of discrete pieces of information required by the Proposal is attached hereto as Annex A.

The highly prescriptive nature of the Proposal – just like the proposal in *Air Products and Chemicals, Inc.* – would significantly micromanage the manner in which the Company could provide information regarding its lobbying initiatives. In addition, the Proposal would require the Company to collect and report a significant amount of information from third parties with respect to their activities. If adopted, the Proposal would place substantial restrictions on the Company's ability to engage in and report on government relations initiatives. The disclosures prescribed in the Proposal are not required by the Commission and do not follow any established framework for reporting lobbying activities (unlike frameworks that exist for providing disclosure on many other complex topics, including political contributions). The prescribed disclosures are also significantly more detailed than the disclosures provided by the Company's peers and other public companies and the information required by the report is more detailed and granular than the information required by the micromanagement precedents listed above.

If adopted, the Proposal – just like the proposal in *Air Products and Chemicals, Inc.* – would be unduly burdensome by requiring the Company to provide granular disclosure of prescribed lobbying activities without regard to their significance to the Company's operations, or even with respect to their significance to the Company's overall government relations activities. Importantly, the disclosures specified in the Proposal are without any limiting principle – any association with or contribution to a covered organization would be required to be disclosed, even if the Company's involvement is tangential or if the amount contributed is de minimis or if management determines that disclosure is not otherwise required and could be detrimental to the Company's interests. Furthermore, the Proposal ignores the fact that lobbying activities are highly complex and based on a range of considerations related to the day-to-day operations of the business, and also that such activities are already subject to disclosure under the Lobbying Disclosure Act and similar state and foreign requirements and for which the Company already files publicly accessible reports as prescribed by law.

In short, the Proposal, like the proposal in *Air Products and Chemicals, Inc.*, seeks to micromanage the Company by probing too deeply into matters of a complex nature in seeking disclosure of the intricate details of the manner in which the Company reports on lobbying activities, without providing the Company with any discretion to choose the form, substance or manner of its disclosure. Moreover, the Proposal even mandates the governance process through which the board of directors would oversee this reporting, as the Proposal would dictate that the report be provided to the Nominating, Governance and Social Responsibility Committee rather than the full board or another committee. Furthermore, the Proposal seeks to indirectly influence management's decisions and assessments of how best

Office of Chief Counsel
Division of Corporation Finance
December 6, 2024
Page 7

to support the execution of the Company's projects and engage with community, regulatory and legislative stakeholders for such projects. These decisions fall squarely within the purview of the Company's management and its board of directors. It would neither be appropriate nor realistic for shareholders to direct such decisions at an annual meeting. Accordingly, the Proposal should be excluded under Rule 14a-8(i)(7) because it seeks to micromanage the Company with respect to its lobbying activities and related disclosures.

CONCLUSION

Based upon the foregoing analysis, the Company intends to exclude the Proposal from its 2025 Proxy Materials, and we respectfully request that the Staff concur that the Proposal may be excluded under Rule 14a-8.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (212) 351-2309 or Rick Hansen, the Company's SVP, Deputy General Counsel – Corporate, and Corporate Secretary, at 313-815-5748.

Sincerely,



Lori Zyskowski

Enclosures

cc: Rick Hansen, SVP, Deputy General Counsel – Corporate, and Corporate Secretary,
HP Inc.
Christopher Kortum, Director, Securities and Capital Markets, HP Inc.
John Chevedden

Annex A

Information Required by the Proposal

Information Required by Stockholder Proposal	
Policies and Procedures Governing:	(1) Direct Lobbying - Local
	(2) Direct Lobbying - State
	(3) Direct Lobbying - Federal
	(4) Indirect Trade Association Lobbying – Local
	(5) Indirect Trade Association Lobbying – State
	(6) Indirect Trade Association Lobbying – Federal
	(7) Social Welfare Group Lobbying – Local
	(8) Social Welfare Group Lobbying – State
	(9) Social Welfare Group Lobbying – Federal
	(10) Indirect Other Organization Lobbying – Local
	(11) Indirect Other Organization Lobbying – State
	(12) Indirect Other Organization Lobbying – Federal
	(13) Grassroots Lobbying – Local
	(14) Grassroots Lobbying – State
	(15) Grassroots Lobbying – Federal
Recipient of Payments Used for or Made to:	(1) Direct Lobbying - Local
	(2) Direct Lobbying - State
	(3) Direct Lobbying - Federal
	(4) Indirect Trade Association Lobbying – Local
	(5) Indirect Trade Association Lobbying – State
	(6) Indirect Trade Association Lobbying – Federal
	(7) Social Welfare Group Lobbying – Local
	(8) Social Welfare Group Lobbying – State
	(9) Social Welfare Group Lobbying – Federal
	(10) Other Organization Lobbying – Local
	(11) Other Organization Lobbying – State
	(12) Other Organization Lobbying – Federal
	(13) Grassroots Lobbying – Local
	(14) Grassroots Lobbying – State
	(15) Grassroots Lobbying – Federal
	(16) Any Tax-Exempt Organization that Writes and Endorses Model Legislation
Amount Paid to Each Recipient Regarding:	(1) Direct Lobbying - Local
	(2) Direct Lobbying - State
	(3) Direct Lobbying - Federal
	(4) Indirect Trade Association Lobbying – Local
	(5) Indirect Trade Association Lobbying – State
	(6) Indirect Trade Association Lobbying – Federal
	(7) Social Welfare Group Lobbying – Local
	(8) Social Welfare Group Lobbying – State
	(9) Social Welfare Group Lobbying – Federal
	(10) Other Organization Lobbying – Local
	(11) Other Organization Lobbying – State
	(12) Other Organization Lobbying – Federal

	(13) Grassroots Lobbying – Local
	(14) Grassroots Lobbying – State
	(15) Grassroots Lobbying – Federal
	(16) Any Tax-Exempt Organization that Writes and Endorses Model Legislation
Management’s Decision-Making Process for Making Payments Related To:	(1) Direct Lobbying - Local
	(2) Direct Lobbying - State
	(3) Direct Lobbying - Federal
	(4) Indirect Trade Association Lobbying – Local
	(5) Indirect Trade Association Lobbying – State
	(6) Indirect Trade Association Lobbying – Federal
	(7) Social Welfare Group Lobbying – Local
	(8) Social Welfare Group Lobbying – State
	(9) Social Welfare Group Lobbying – Federal
	(10) Other Organization Lobbying – Local
	(11) Other Organization Lobbying – State
	(12) Other Organization Lobbying – Federal
	(13) Grassroots Lobbying – Local
	(14) Grassroots Lobbying – State
	(15) Grassroots Lobbying – Federal
	(16) Any Tax-Exempt Organization that Writes and Endorses Model Legislation
Board Oversight for Making Payments Related to:	(1) Direct Lobbying - Local
	(2) Direct Lobbying - State
	(3) Direct Lobbying - Federal
	(4) Indirect Trade Association Lobbying – Local
	(5) Indirect Trade Association Lobbying – State
	(6) Indirect Trade Association Lobbying – Federal
	(7) Social Welfare Group Lobbying – Local
	(8) Social Welfare Group Lobbying – State
	(9) Social Welfare Group Lobbying – Federal
	(10) Other Organization Lobbying – Local
	(11) Other Organization Lobbying – State
	(12) Other Organization Lobbying – Federal
	(13) Grassroots Lobbying – Local
	(14) Grassroots Lobbying – State
	(15) Grassroots Lobbying – Federal
	(16) Tax-Exempt Organizations that Write Model Legislation

Exhibit A

Stockholder Proposal

Mr. Ruairidh Ross
Corporate Secretary
HP Inc. (HPQ)
1501 Page Mill Road
Palo Alto, California 94304
PH: 650-857-1501
FX: 650-275-9138

REVISED 18 OCT 2024

Dear Mr. Ross,

This Rule 14a-8 proposal is respectfully submitted in support of the long-term performance of our company.

This Rule 14a-8 proposal is intended as a low-cost method to improve company performance – especially compared to the substantial capitalization of our company.

This proposal is for the next annual shareholder meeting.

I intend to continue to hold the required amount of Company shares through the date of the Company's next Annual Meeting of Stockholders and beyond as is or will be documented in my ownership proof.

This submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

Please assign the proper sequential proposal number in each appropriate place.

Please use the title of the proposal in bold in all references to the proposal in the proxy including the table of contents, like Board of Directors proposals, and on the ballot. If there is objection to the title please negotiate or seek no action relief as a last resort.

I expect to forward a broker letter soon so if you acknowledge this proposal in an email message to [REDACTED] it may very well save you from formally requesting a broker letter from me.

Please confirm that this proposal was sent to the correct email address for rule 14a-8 proposals. Per SEC SLB 14L, Section F, the Securities and Exchange Commission Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested." I so request.

Sincerely,


John Chevedden

October 16, 2024
Date

cc: "Hansen, Rick" <rick.hansen@hp.com>
"Kortum, Chris" <christopher.kortum@hp.com>

Proposal 4 – Transparency in Lobbying

Whereas, we believe in full disclosure of HP Inc.’s (“HP’s”) lobbying activities and expenditures to assess whether HP’s lobbying is consistent with its expressed goals and stockholder interests.

Resolved, the stockholders of HP request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by HP used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. HP’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management’s decision-making process and the Board’s oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying engaged in by a trade association or other organization of which HP is a member.

Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels.

The report shall be presented to the Nominating, Governance and Social Responsibility Committee and posted on HP’s website.

Supporting Statement

HP spent \$21 million from 2015 – 2023 on federal lobbying. This does not include state lobbying, where HP also lobbies but disclosure is uneven or absent. For example, HP spent \$1,154,685 on lobbying in California from 2015 – 2023. HP also lobbies abroad, spending between €400,000 – 499,999 on lobbying in Europe for 2023.

Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity, and these groups may be spending “at least double what’s publicly reported.”¹ Unlike many of its peers, HP fails to disclose its memberships in or payments to trade associations and social welfare groups, or the amounts used for lobbying. HP belongs to the Business Roundtable, which has spent over \$400 million on federal lobbying since 1998, and other trade associations that lobby like the Consumer Technology Association, Silicon Valley Leadership Group and TechNet. HP also belongs to social welfare groups that lobby, like the Future of Privacy Forum and Public Affairs Council.

HP’s lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, HP publicly supports addressing climate change, yet the Business Roundtable filed an amicus brief opposing the Securities and Exchange Commission climate risk disclosure rules² and previously opposed the Inflation Reduction Act.³ And HP is committed to promoting privacy principles, yet the Future of Privacy Forum has reportedly been “watering down attempts at privacy regulation” at the state level.⁴

Thus it will be a best practice for HP to expand its political spending disclosure.

¹ <https://theintercept.com/2019/08/06/business-group-spending-on-lobbying-in-washington-is-at-least-double-whats-publicly-reported/>.

² <https://www.eenews.net/articles/investors-question-business-roundtables-climate-rule-battle/>.

³ <https://www.theguardian.com/environment/2022/aug/19/top-us-business-lobby-group-climate-action-business-roundtable>.

⁴ <https://themarkup.org/privacy/2022/05/26/tech-industry-groups-are-watering-down-attempts-at-privacy-regulation-one-state-at-a-time>.

Notes:

“Proposal 4” stands in for the final proposal number that management will assign.

The proposal number and title at the top of proposal is the number and title intended for publication in the proxy and on the ballot – word for word with no added words or mixture of shareholder words with management words.

It is critically important that the proponent have control of the ballot title with no words added or subtracted from the title because the title of the proposal may be the only words a voting shareholder sees. If management disagrees then it has the option of negotiating now or asking for no action relief.

This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(l)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also: Sun Microsystems, Inc. (July 21, 2005).

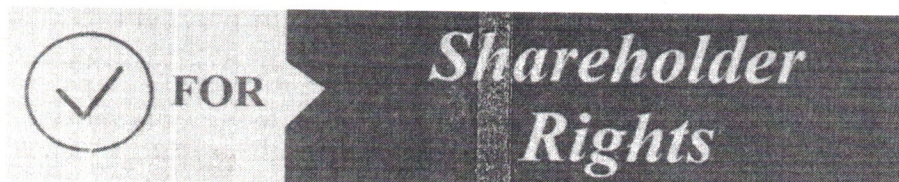
The proponent is available for a telephone meeting on the first Monday and Tuesday after 10-days of the proposal submittal date at noon PT.

Please arrange in advance in a separate email message regarding a meeting if needed.

The proponent intends to continue holding the same required amount of Company shares through the date of the Company’s 2025 Annual Meeting of Stockholders as is or will be documented in his ownership proof.

Please acknowledge this proposal promptly by email [REDACTED]

The color version of the below graphic is to be published immediately after the bold title line of the proposal at the top of the proposal and be center justified with the title.



December 10, 2024

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

1 Rule 14a-8 Proposal
HP Inc. (HPQ)
Transparency in Lobbying
John Chevedden
602691

Ladies and Gentlemen:

This responds to the December 6, 2024 no-action request.

Beth Young will be submitting a response on my behalf.

Sincerely,


John Chevedden

cc: Beth Young
Rick Hansen

Beth M. Young, Esq.

PII

December 23, 2024

Via Shareholder Proposal Portal

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

Re: Request by HP Inc. to omit proposal submitted by John Chevedden

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, John Chevedden (the “Proponent”) submitted a shareholder proposal (the “Proposal”) to HP Inc. (“HP” or the “Company”). The Proposal asks HP to report on certain information related to its direct and indirect lobbying activities. As counsel to the Interfaith Center on Corporate Responsibility (“ICCR”), I submit this response on behalf of Mr. Chevedden, who is an ICCR member.

In a letter to the Division dated December 6, 2024 (the “No-Action Request”), HP stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company’s 2025 annual meeting of shareholders. HP argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(7), on the ground that the Proposal would micromanage the Company and thus deals with its ordinary business operations.

The Proponent acknowledges that the Division recently provided no-action relief on micromanagement grounds to Air Products and Chemicals, Inc. (“Air Products”) on a proposal substantially similar to the Proposal.¹ Given the escalating sums companies are spending on direct and indirect lobbying, this is an inopportune time to shut down shareholders’ ability to communicate their preferences about lobbying disclosure.

The Division’s prior practice of denying requests to exclude lobbying disclosure proposals on micromanagement grounds is more consistent with the policy and other considerations articulated in the Commission’s and Division’s interpretive guidance. As well, the fact that HP

¹ See Air Products and Chemicals, Inc. (Nov. 29, 2024)

already makes certain lobbying-related disclosures and agreed to make others just a few years ago in connection with a shareholder proposal settlement undermines its claim that implementing the Proposal would be excessively burdensome.

Accordingly, HP has failed to meet its burden of proving that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7), and its request for relief should be denied.

THE PROPOSAL

The Proposal states:

Resolved, the stockholders of HP request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by HP used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. HP's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 above.

ORDINARY BUSINESS

Rule 14a-8(i)(7) allows a company to exclude a proposal related to the company's ordinary business operations. HP argues that the Proposal relates to the Company's ordinary business operations because it would micromanage the Company. Specifically, HP claims that the Proposal requests excessively detailed disclosure and seeks to impose specific methods for implementing complex policies.

The Commission's 1998 release reversing its *Cracker Barrel* policy on employment-related proposals² (the "1998 Release") described the considerations in the Division's application of the ordinary business exclusion. The second consideration was 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." The 1998 Release emphasized that not all proposals "seeking detail, or seeking to promote time-frames or methods, necessarily amount to 'ordinary business'"; rather, a proposal "may seek a reasonable level of detail" without micromanaging the company.

² Exch. Act Rel. No. 40018 (May 21, 1998)

The Division clarified its approach to micromanagement three years ago. In Staff Legal Bulletin 14L (“SLB 14L”), the Division explained that recent Staff application of the micromanagement doctrine had “expanded the concept of micromanagement beyond the Commission’s policy directives” and “may have been taken to mean that any limit on company or board discretion constitutes micromanagement.” Going forward, SLB 14L stated, the Staff would consider “the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.”

The Previous Determinations

For over a decade before the Air Products determination, the Staff repeatedly rejected company requests to exclude lobbying disclosure proposals on micromanagement grounds.

The first such challenges were brought in 2011, when IBM,³ Bank of America,⁴ and Raytheon⁵ argued that lobbying disclosure proposals would micromanage them. The proposals submitted to the three companies sought even more detail than the Proposal: In addition to requesting disclosure of policies and procedures relevant to lobbying and of lobbying expenditures themselves, these proposals asked the companies to include, for each payment, “[i]dentification of the person or persons [in the company] who participated in making the decision” to make the expenditure.

IBM, Bank of America, and Raytheon unsuccessfully advanced many of the same micromanagement arguments HP now makes (all emphases added)

- Like HP does here,⁶ Bank of America, IBM and Raytheon objected that the proposed report “require[d] a significant amount of detailed disclosure.”⁷ Or as IBM put it, “In order for the Company to provide the instant Proponent with the ‘complete picture’ it desires, a great degree of additional detail would be required to complete the report.”⁸
- IBM, like HP,⁹ argued that the methodology and format required by the proposal were too prescriptive, requiring IBM to use the proponent’s “own specific detailed methodology for the disclosures” and “to report on a host of lobbying activities in the format required by the Proponent.”¹⁰
- HP’s complaint that the “disclosures specified in the Proposal are without any limiting principle”¹¹ as to size or relevance harkens back to Bank of America’s contention that the proposal micromanaged because “[t]here is no size or amount limitations in the Proposal.”

³ International Business Machines Corporation (Jan. 24, 2011)

⁴ Bank of America Corporation (Mar. 7, 2011)

⁵ Raytheon Company (Mar. 29, 2011)

⁶ See No-Action Request, at 5

⁷ Bank of America Corporation (Mar. 7, 2011)

⁸ International Business Machines Corporation (Jan. 24, 2011)

⁹ See No-Action Request, at 6 (the “highly prescriptive nature of the Proposal . . . would significantly micromanage the manner in which the Company could provide information regarding its lobbying initiatives.”)

¹⁰ International Business Machines Corporation (Jan. 24, 2011)

¹¹ No-Action Request, at 6

- Bank of America claimed that the disclosure proposal aimed to change the company's behavior around lobbying: "The Proposal inappropriately seeks to intervene in the Corporation's routine management of this basic area of its business in order to limit or stop the Corporation from engaging in certain political or legislative objectives." HP, likewise, urges that "the Proposal would place substantial restrictions on the Company's ability to engage in and report on government relations initiatives."
- Bank of America, IBM, and Raytheon invoked the language from the 1998 Release, arguing that the proposals addressed matters of a complex nature unsuited to shareholder oversight, as HP does.¹²

The Staff found Bank of America, IBM, and Raytheon's micromanagement arguments unconvincing. The determinations stated: "In our view, the proposal focuses primarily on [company's] general political activities and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate."

The following season, Devon Energy¹³ returned to these themes. The proposal submitted to Devon had an identical resolved clause to the Proposal, abandoning the request for identities of the employees who took part in the decision to make each contribution found in the Bank of America, IBM, and Raytheon proposals. Devon argued that the proposal sought to micromanage the company by requesting "detailed disclosure" about the activities of its trade associations, which "prob[ed] too deeply into matter of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." The Staff did not grant relief.

In 2015, FirstEnergy¹⁴ fell short yet again on a similar challenge to a lobbying disclosure proposal whose resolved clause mirrored the Proposal's. FirstEnergy asserted that, as a regulated utility, it "often finds it necessary or advisable to participate in the political process, especially regarding those legislative initiatives or public policy debates that may have a direct impact on its core business." The company claimed that "[i]njecting shareholders' judgment into these activities would subject the Company to micro-management" and characterized the requested report as "burdensome." The Staff did not concur with FirstEnergy's view that the proposal would micromanage the company.

Allowing Exclusion of Lobbying Disclosure Proposals on Micromanagement Grounds is at Odds with Commission and Division Guidance

The determinations prior to Air Products were aligned with the considerations set forth in the 1998 Release. The Staff rightfully rejected requests from companies seeking to omit lobbying disclosure proposals on micromanagement grounds based on arguments that those proposals requested too much detail, were too prescriptive, aimed to interfere with companies' lobbying activities, and would produce disclosure that was too complex for shareholders to understand. HP's request for relief should likewise be denied.

¹² No-Action Request, at 6-7

¹³ Devon Energy Corp. (Mar. 27, 2012)

¹⁴ FirstEnergy Corp. (Feb. 19, 2015).

The Proposal Requests a Reasonable Amount of Detail Necessary for Shareholders to Assess HP's Oversight of Lobbying and Risks Associated With Lobbying Activities

The amount of detail requested by the Proposal is reasonable. In the language of SLB 14L, it is “consistent with that needed to enable investors to assess an issuer’s impacts, . . . risks or other strategic matters appropriate for shareholder input.” The disclosure the Proposal seeks enables shareholders to assess the robustness of HP’s governance of lobbying activities, which is key to managing risks. Shareholders can evaluate the nature and extent of those risks from the disclosure on expenditures and memberships in groups that engage in lobbying. Without both of those components, the Proposal would fall short of giving shareholders the information they need.

The Proposal does not request disclosure of intricate detail. Air Products and HP both submitted tables in their no-action requests breaking down the disclosure sought by the proposals to make it seem more complicated and burdensome than it actually is—the “dozens of discrete items,” as HP puts it.¹⁵ But the Proposal does not ask HP to classify the disclosure into these artificial categories, so HP would not need to collect, maintain, or report data using the scheme. This seeming complexity is purely a figment of HP’s imagination.

The Proposal does not, and would not, request the granular disclosure HP contrives because those narrow categories do not correspond to real-world company practice. To take one example, HP’s table breaks down the Proposal’s first request, for disclosure of policies and procedures governing lobbying, into 15 separate items. HP asserts that separate policies and procedures disclosures would be required for federal, state and local lobbying carried out through each method: directly, through trade associations, through social welfare organizations, through other organizations, and via grassroots lobbying.

Companies’ policies on lobbying do not differentiate in this manner, however. For example, Southern Company, a regulated utility that would be expected to engage in significant lobbying at both the state and federal level, has a single two-page policy.¹⁶ Rather than 15 items, it addresses two matters: policies governing its own direct lobbying and participation in “trade associations and industry coalitions” that engage in “government relations activities,” in each case with no distinction regarding the level of government at which lobbying occurs.

The policies and procedures followed by Boeing, a company whose business is significantly affected by policymakers’ decisions, use a similar breakdown. Those policies and procedures, which are included in its Advocacy Report,¹⁷ apply to both “direct and indirect” lobbying. Boeing describes its approach to membership in third party organizations, which applies to trade associations and social welfare organizations that may lobby indirectly for Boeing. None of these policies varies depending on whether lobbying is occurring at the federal, state, or local level.

¹⁵ No-Action Request, at 6

¹⁶ See https://www.southerncompany.com/content/dam/southerncompany/pdfs/about/governance/Overview_of_Policies_and_Practices_for_Lobbying-Related_Activities_PDF11.pdf

¹⁷ https://www.boeing.com/content/dam/boeing/boeingdotcom/company/key_orgs/pdf/Boeing_Advocacy_Report.pdf, at 3-4, 7-10.

Likewise, “management’s decision-making process and the Board’s oversight” of lobbying expenditures, which HP’s table represents as involving an incredible 32 separate items, do not generally differ depending on the level of government or type of lobbying, nor do they require extensive disclosure. ExxonMobil’s two-paragraph disclosure, which describes a single set of management and board processes applicable to all lobbying activities, is typical:

ExxonMobil has a rigorous process to determine which public policy issues are of most importance to the Corporation. This process includes soliciting input from internal businesses, such as low carbon solutions, product solutions, and upstream, as well as corporate departments including human resources, tax, and public and government affairs. We also engage with a wide range of third parties – both individuals and organizations – to ensure external perspectives are fully considered and taken into account. ExxonMobil’s Vice President for Public and Government Affairs, who reports directly to the Chief Executive Officer, is responsible for the stewardship of identified key public policy issues which guide the company’s lobbying efforts and political contributions.

Lobbying and political engagement are included as part of the Board of Director’s stewardship of the company’s enterprise-risk framework. Each year, the Vice President for Public and Government Affairs presents the company’s political contributions, lobbying activities and lobbying expenditures to the full Board, along with the Board’s Environment, Safety and Public Policy Committee [formerly the Public Issues and Contributions Committee (PICC)], which is comprised entirely of independent directors. The directors review the efforts, associated expenditures, and consistency with company positions. In addition, in-depth reviews of the company’s priority issues are conducted by the Management Committee throughout the year.¹⁸

Many companies would have nothing to report for certain items on which disclosure is requested. The nature of a company’s business might mean that lobbying at the state or local level, for example, is not useful. A company might have a policy against certain kinds of lobbying. Or a company may simply not be engaging in a particular activity at the moment. Accenture, for example, states in its lobbying report, “Accenture does not currently make direct expenditures towards U.S. federal or state grassroots lobbying communications to the general public.”¹⁹ The American Legislative Exchange Council (“ALEC”), the primary “tax-exempt organization that writes and endorses model legislation,” does not disclose its corporate donors, but HP reportedly stopped supporting ALEC.²⁰

The proposals in Delta²¹ and Paramount Global,²² cited by HP, requested disclosure that was far more detailed, and potentially open-ended, than the disclosure sought in the Proposal. The proposal to Delta asked it to disclose “union suppression expenditures,” which were defined as internal expenditures and amounts paid to outside entities, including the entity name, fees, hours

¹⁸ <https://corporate.exxonmobil.com/who-we-are/policy/lobbying/report-on-lobbying-activities>

¹⁹ <https://www.accenture.com/us-en/about/governance/political-contributions-policy>; see also https://aecom.com/wp-content/uploads/documents/disclosures/2023/AECOM-PEP_CY2023_Data-Exhibit_1_Lobbying.pdf (Aecom: “In 2023, Aecom did not engage in or make payments for any grassroots lobbying communications.”)

²⁰ https://colorofchange.org/press_release/five-more-major-companies-will-no-longer-fund-alec/

²¹ Delta Air Lines, Inc. (Apr. 24, 2024)

²² Paramount Global (NCPPR) (Apr. 19, 2024)

worked, remits, work performed, other kinds of work performed for the company, board oversight of the entity, and adherence to company policies. Delta urged that the broad definition of union suppression expenditures—“expenditures that are intended or could be viewed as intended to dissuade employees from joining or supporting unions”—could be read to require the company to disclose expenditures associated with a large number of activities and communications with its workforce that do not mention unions but could qualify as “intended to dissuade” union support. These could include pizza parties, profit-sharing, and pay raises.

The Paramount Global proposal also sought intricate detail. It asked the company to disclose the amount and recipient of all charitable contributions of \$5000 or more, including contributions made in non-cash forms. Paramount Global pointed out that in 2023, it made more than 770 contributions, 70% of which were \$5000 or more, to 550 organizations. Paramount Global argued that the disclosure sought by the Proposal was too granular, pointing out that the \$5000 threshold was “a relatively low amount relative to the usual size of the Company’s contributions.”

The Proposal requests much less detail than the Delta and Paramount Global proposals. It does not ask for any information to be presented using HP’s invented categories, and implementing the Proposal would not require HP to collect or maintain data using this scheme. Unlike the Proposals in Bank of America, IBM, and Raytheon—which were deemed not excludable on micromanagement grounds—the Proposal does not ask HP to disclose information regarding the identity of everyone who participated in the decision to make each lobbying expenditure. The element of the Proposal addressing tax-exempt organizations that write and support model legislation can be satisfied concisely: UPS discloses its support of ALEC in a single line in its Political Engagement Policy Report reporting a range of dues paid.²³ This argument by HP for exclusion of the Proposal thus misses the mark.

The Proposal Does not Seek to Impose Specific Methods for Implementing Complex Policies or to Inappropriately Limit the Board’s and Management’s Discretion

Nor does the Proposal seek to impose specific methods for implementing complex policies. As an initial matter, in contrast to the “intricate detail” standard, this factor is not well suited to a proposal that focuses only on disclosure. “Specific methods for implementing complex policies” implies that a proposal is directing the company to take particular actions to achieve a goal, like net zero greenhouse gas emissions or eliminating child labor from the supply chain, and is leaving no latitude for management or the board to tailor the actions to accommodate company-specific circumstances. A disclosure policy, by contrast, is not implementing a “complex policy” unless the disclosure itself is the complex policy, which is circular.

This distinction finds support in the Commission’s proposing release for the 1998 ordinary business interpretive changes (the “1997 Release”).²⁴ Both of the determinations cited in the 1997

²³

https://investors.ups.com/_assets/_14695e1b2c974f42435fb8075aa916dd/ups/db/1140/10850/file/Political+Engagement+Report+-+Feb+2024.pdf, at 2

²⁴ Exch. Act Rel. No. 39093 (Sept. 18, 1997)

Release as seeking to impose specific time-frames or methods for implementing complex policies²⁵ involved proposals that would require the companies to take specific actions rather than make specific disclosures.²⁶ The first was a proposal asking Templeton Dragon Fund/Newgate Management Associates²⁷ to establish a particular interval between repurchases and the amount of the initial repurchase offer for a fund's repurchase program, illustrating an effort to impose a specific time frame. The second determination addressed a proposal submitted to Burlington Northern Santa Fe Corp.²⁸ directing the company to develop new technology for railroad braking systems, an unambiguous example of a proposal seeking to impose a specific method for implementing a complex policy.

Even assuming the “complex standard” policy applies equally to disclosure proposals, lobbying disclosure is less complex than the subjects of other proposals that the Staff has not allowed companies to exclude on micromanagement grounds.

For example, pharmaceutical pricing disclosure is technical and involves many variables, yet Celgene²⁹ and Gilead³⁰ were not permitted to exclude proposals asking them to report on four different elements of risk related to public pressure to contain high specialty drug prices. Those elements included price disparities between the U.S. and other countries; the possibility that payers will increasingly rely on pharmaco-economics techniques to make reimbursement decisions; price sensitivity of prescribers, payers and patients; and the relationship between the company's specialty drug prices, on the one hand, and clinical benefit, patient access, the efficacy and price of alternative therapies, drug development costs and the proportion of those costs borne by academic institutions and/or the government, on the other. The Celgene and Gilead unsuccessfully argued that the proposals micromanaged because the elements probed too deeply into complex marketing and public relations activities and because shareholders could not be expected to make an informed judgment about the technical and complex matters addressed in the elements.

The Proposal does not inappropriately limit the discretion of management and the board, the standard articulated in SLB 14L. It does not attempt to control the format in which information is disclosed; there is no requirement that the requested report would have to be “subdivided into four sections,” as HP claims. Contrary to HP's assertion, the Proposal would have no impact on the Company's ability to engage in “government relations initiatives” of any kind, as it only addresses disclosure. The “three-pronged test” for a grassroots lobbying communication to which HP objects aligns with the legal standard for such communications, which would make it easier for HP to implement the Proposal. It was included in the Proposal because the Staff previously allowed companies to exclude lobbying disclosure proposals that did not define that term.³¹

HP makes much of the fact that disclosing amounts paid to trade associations and other organizations that are used for political purposes would require HP to “collect and report a

²⁵ The 1998 Release made clear that the third determination cited in the footnote, Capital Cities/ABC, Inc. (Apr. 4, 1991), was included to provide an example of a proposal that “intrude[s] unduly on a company's ‘ordinary business’ operations by virtue of the level of detail” it seeks.

²⁶ See Exch. Act Rel. No. 39093, fn. 79 (Sept. 18, 1997)

²⁷ Templeton Dragon Fund/Newgate Management Associates (Jun. 11, 1997)

²⁸ Burlington Northern Santa Fe Corp. (Jan. 22, 1997)

²⁹ Celgene Corporation (Mar. 19, 2015)

³⁰ Gilead Sciences Inc. (Feb. 23, 2015)

³¹ See, e.g., JPMorgan Chase & Co. (Mar. 5, 2010)

significant amount of information from third parties.”³² This is something that other companies--Accenture,³³ American Express,³⁴ Cardinal Health,³⁵ and ExxonMobil,³⁶ to name a few--seem to be able to do without excessive difficulty. HP could ask for this information and, if it was not provided, could note that fact in its disclosure. In any event, choosing to remain unaware of the extent to which trade associations, social welfare organizations, and other politically active groups to which HP contributes engage in lobbying deprives HP’s board and management of information they need to manage the risks to HP associated with such activity.

Shareholders Can Make an Informed Judgment About the Proposal’s Subject

High levels of support for many proposals seeking lobbying disclosure and shareholder interest in the topic provide strong evidence that shareholders believe that corporate lobbying can affect the value of their investments and that they would be capable of analyzing the data sought by the Proposal.

Data maintained by ICCR indicates that between 2011 and 2024, 13 lobbying disclosure proposals achieved majority shareholder support. Many others have received support from 30-50% of shares voted, a significant proportion that can prompt changes in company behavior.³⁷

A wide variety of shareholders favor robust lobbying disclosure. Alliance Bernstein’s Proxy Voting and Governance Policy³⁸ states, “We generally vote in favor of proposals requesting increased disclosure of political contributions and lobbying expenses, including those paid to trade organizations and political action committees, whether at the federal, state, or local level.” Northern Trust’s Proxy Voting Policies, Procedures and Guidelines³⁹ state: “Northern Trust will generally vote for proposals to publish a company’s political or lobbying contributions, taking into consideration recent, significant controversies, fines or litigation regarding the company’s political contributions or trade association spending.”

³² No-Action Request, at 6

³³ <https://www.accenture.com/us-en/about/governance/political-contributions-policy> (“The company asks these trade associations what portion of the company’s payments were used for non-deductible lobbying expenditures under Section 162(e) of the Internal Revenue Code.”)

³⁴ <https://ir.americanexpress.com/governance-and-corporate-responsibility/policy-engagement-and-political-activity/default.aspx> (“For any such organization that receives in excess of \$50,000 for dues during the calendar year from the Company, American Express requests that the organization identify the portion of American Express’ payments used, if any, in connection with participation or intervention in a political campaign on behalf of (or in opposition to) any ballot initiative or candidate for public office, as defined under Subsection 162(e)(1)(B) of the Code.”)

³⁵ <https://www.cardinalhealth.com/content/dam/corp/web/documents/Report/cardinal-health-2023-political-activities-policy.pdf> (“Trade associations are required to report to Cardinal Health what portion of the company’s annual dues are not deductible under federal tax laws because they were used for lobbying activities or to influence legislation.”)

³⁶ <https://corporate.exxonmobil.com/-/media/global/files/policy/lobbying/exxonmobil-2022-lobbying-report.pdf>, at 3, 16-25.

³⁷ See, e.g., <https://www.governance-intelligence.com/shareholders-activism/lobbying-disclosure-proposal-garners-support-morgan-stanley-agm>; <https://clsbluesky.law.columbia.edu/2022/06/28/iss-discusses-shareholder-resolutions-on-lobbying/>; <https://www.governance-intelligence.com/shareholders-activism/lobbying-proposal-gains-traction-goldman-sachs-agm>

³⁸ <https://www.alliancebernstein.com/content/dam/corporate/corporate-pdfs/AB-Proxy-Voting-and-Governance-Policy.pdf>, at 13

³⁹ https://cdn.northerntrust.com/pws/nt/documents/fact-sheets/mutual-funds/institutional/nt_proxypolicy.pdf, at 20

Robeco's Stewardship Approach and Guidelines⁴⁰ provide:

Corporate transparency is key in understanding potential legal, reputational and subsequent investment risks which can arise from opaque lobbying practices and political donations. These expenses must be consistent with the company's sustainability strategy and should be aligned with the long-term interests of investors and other relevant stakeholders. Robeco generally supports sound shareholder proposals requesting companies to review their political spending and lobbying activities.

The New York State Common Retirement Fund's Environmental, Social & Governance Principles and Proxy Voting Guidelines⁴¹ identify lobbying as a key ESG factor and state, "The Fund will support proposals asking companies to disclose their political and lobbying expenditures."

Wespath Institutional Investors' Proxy Voting Guidelines⁴² provide:

WII generally supports proposals calling for board oversight of political spending and for the publication of reports on the amounts and destination of funds exceeding \$10,000. A company's political contributions, lobbying activities and membership in trade associations or interest groups may conflict with company policy statements and may be at odds with the long-term interests of the company and its investors.

Trillium Asset Management's Proxy Voting Guidelines state that it will "Vote **for** proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures." (emphasis in original) And the AFL-CIO Proxy Voting Guidelines⁴³ provide that funds following them should "should support proposals that seek disclosure and board level oversight of corporate political contributions and lobbying expenditures. . . . Publicly available data on corporate political contributions and lobbying expenditures do not provide a complete picture of these activities. Investors need complete disclosure to be able to evaluate the use of corporate assets for political contributions and lobbying expenditures."

The fact that such a broad range of investors--investment managers, public pension funds, religious investors, labor funds, and socially responsible investment firms--all have policies of supporting proposals like the Proposal show that shareholders believe that lobbying disclosure is useful to them in assessing risks and oversight at the companies in which they invest. The significant voting support many lobbying disclosure proposals have garnered bolsters that conclusion.

The Fact that HP Agreed to Implement Portions of a Proposal Substantially Similar to the Proposal Shows That the Requested Disclosure is Not Overly Detailed or Burdensome and That HP Believed its Shareholders Would Be Able to Make Informed Judgments About It

In 2016, the AFL-CIO Reserve Fund (the "Fund") submitted a proposal to HP (the "Previous Proposal") that was substantially similar to the Proposal. In early 2017, HP and the Fund

⁴⁰ <https://www.robeco.com/files/docm/docu-stewardship-approach-and-guidelines.pdf>, at 21

⁴¹ <https://www.osc.ny.gov/files/common-retirement-fund/corporate-governance/pdf/proxy-voting-guidelines-2024.pdf>, at 1, 35

⁴² <https://www.wespath.com/assets/1/7/5306A.pdf>, at 24

⁴³ https://aflcio.org/sites/default/files/2017-03/proxy_voting_2012.pdf, at 22

engaged in dialogue, and HP agreed to make certain disclosures in exchange for the Fund withdrawing the Previous Proposal. By letter dated January 31, 2017, which is attached hereto as Exhibit A, HP agreed to disclose:

- Information on U.S. lobbying—approach, policies, governance, and compliance
- Annual total of U.S. lobbying expenses, including:
 - a breakout of state/local vs. federal
 - a line item for trade association dues used for lobbying
 - grassroots expenditures as defined by the IRS
- Updated list of our U.S. trade associations, with a notation for dues in excess of \$100K

The fact that HP agreed to this disclosure indicates that HP did not view it as overly detailed or burdensome. In 2017, HP disclosed the trade associations to which it belonged that engaged in lobbying, along with the amount of dues HP paid.⁴⁴ (Although HP's website disclosure states that the Company discloses its trade associations,⁴⁵ implying that the disclosure is regularly updated, a search of HP's website as well as a broader search using a search engine failed to turn up any trade association disclosure more recent than 2017.)

HP's agreement to disclose lobbying information also suggests that HP believed that the disclosure would not be too complex for shareholders to make an informed judgment. HP continues to disclose the amount it spends each year on federal lobbying.⁴⁶ Thus, there is no reason to believe that the information sought by the Proposal would be too complex, voluminous or technical for shareholders to understand.

* * *

The Proponent appreciates the opportunity to be of assistance in this matter. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



Beth M. Young

cc: Lori Zyskowski
LZyskowski@gibsondunn.com

⁴⁴ <https://h20195.www2.hp.com/v2/getpdf.aspx/c05245717.pdf>

⁴⁵ See <https://www.hp.com/us-en/hp-information/government-affairs/us-political-engagement.html>

⁴⁶ <https://www.hp.com/us-en/hp-information/government-affairs/us-political-engagement.html>

EXHIBIT A



HP Inc.
1501 Page Mill Road
Palo Alto, CA 94304
US

hp.com

January 31, 2017

VIA Email

Brandon Rees
AFL-CIO Office of Investment
815 16th Street, NW
Washington, DC 20006

Dear Brandon:

Katie Colendich
Associate General Counsel
Corporate, Securities & M&A
katie.colendich@hp.com
T 1 650 236-8152
F 1 650 857-8728
katie.colendich@hp.com

Following up on our recent conversations regarding the stockholder proposal (the "Proposal"), which Ms. Corzo submitted on behalf of the AFL-CIO Reserve Fund (the "Proponent") pursuant to Securities and Exchange Commission ("SEC") Rule 14a-8 for inclusion in HP Inc.'s (the "Company") proxy statement for the Company's 2017 Annual Meeting of Stockholders, we propose addressing the Proponent's concerns by agreeing to begin the disclosures further described below by February 28, 2017.

HP will update our external Government Relations website to add the following:

- Information on U.S. lobbying---approach, policies, governance, and compliance
- Annual total of U.S. lobbying expenses, including:
 - a breakout of state/local vs. federal
 - a line item for trade association dues used for lobbying
 - grassroots expenditures as defined by the IRS
- Updated list of our U.S. trade associations, with a notation for dues in excess of \$100K

If the foregoing enhanced disclosure is acceptable to you, we respectfully ask that you (i) confirm that you have authority to withdraw the Proposal on behalf of the Proponent and (ii) pursuant to such authority, acknowledge and confirm your acceptance by signing below and agreeing to withdraw the Proposal. By signing below, you understand and agree that the Proposal will not be included in the Company's 2017 proxy statement and will not be voted on at the Company's 2017 Annual Meeting of Stockholders.

Please address any response to me at HP Inc., 1501 Page Mill Road, Palo Alto, California 94304. Alternatively, you may transmit any response by email to me at katie.colendich@hp.com.

January 31, 2017

Kind regards,

Katie Colendich

Katie Colendich
Associate General Counsel,
Corporate, Securities & M&A

Acknowledgement and Agreement to Withdraw Proposal:

A handwritten signature in black ink, appearing to read 'BRANDON REES', written over a horizontal line.

Brandon Rees
on behalf of the Proponent

January 14, 2025

VIA ONLINE SUBMISSION

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

Re: *HP Inc.*
Stockholder Proposal of John Chevedden
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter relates to the no-action request (the “No-Action Request”) submitted to the staff of the Division of Corporation Finance (the “Staff”) on December 6, 2024 on behalf of our client, HP Inc. (the “Company”), in response to the stockholder proposal (the “Proposal”) and statement in support thereof received from John Chevedden (the “Proponent”). The No-Action Request sets forth the basis for our view that the Proposal is properly excludable from the Company’s proxy statement and form of proxy for its 2025 Annual Meeting of Stockholders (collectively, the “2025 Proxy Materials”) pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business operations and seeks to micromanage the Company.

On December 23, 2024, Beth Young submitted a response to the No-Action Request (the “Response Letter”) on behalf of the Proponent. The Response Letter acknowledges that the Staff “recently provided no-action relief on micromanagement grounds to Air Products and Chemicals, Inc. . . . on a proposal substantially similar to the Proposal” and seeks to have the Staff reverse this determination, claiming that “determinations prior to Air Products were aligned with the considerations set forth in the 1998 Release.” However, the Staff’s determination in *Air Products and Chemicals, Inc.* (avail. Nov. 29, 2024) (“*Air Products*”) is aligned with the considerations in both Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”) and Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“SLB 14L”) and, therefore, the same reasoning should apply in the instant case.

The proposal in *Air Products* is virtually indistinguishable from the Proposal, and *Air Products* is the most recent determination with respect to any similar proposal. Unlike the precedent cited by the Response Letter, the only differences between the proposal in *Air Products* and the Proposal here are minor, technical edits to conform each proposal to the company to which it was submitted: (i) references to “Air Products” were replaced with “HP” or “Company”; (ii) one reference to “shareholders” was replaced with “the stockholders of HP”; and (iii) the name of the nominating committee was updated from “Corporate Governance and Nominating Committee” to “Nominating, Governance and Social Responsibility Committee.” Therefore, even if the Staff’s determination in *Air Products*

Office of Chief Counsel
Division of Corporation Finance
January 14, 2025
Page 2

represents a change in approach to the exclusion of prescriptive lobbying proposals on Rule 14a-8(i)(7) micromanagement grounds compared to prior precedent, there is no meaningful difference between the proposal in *Air Products* and the Proposal that would warrant a different determination in the instant case.

Moreover, the Staff's determination in *Air Products* was rightly decided, consistent with the considerations set forth in the 1998 Release and SLB 14L. The 1998 Release states that the exclusion of a proposal under Rule 14a-8(i)(7) on micromanagement grounds "may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific . . . methods for implementing complex policies." In SLB 14L, the Staff stated that in considering arguments for exclusion based on micromanagement, the Staff "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*" (emphasis added). To that end, the Staff 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." 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 *The Coca-Cola Co.* (avail. Feb. 16, 2022) and *Deere & Co.* (avail. Jan. 3, 2022) (each of which involved a broadly phrased request but required detailed and intrusive actions to implement).

As discussed in the No-Action Request, the Proposal, like the proposal in *Air Products*, seeks to micromanage the Company by probing too deeply into matters of a complex nature in seeking a highly prescriptive and detailed report that requires extensive information to be assembled and published, without providing the Company with any discretion to choose the form, substance or manner of its disclosure. If adopted, the Proposal would require granular disclosure of prescribed lobbying activities annually, including details as to the amount and recipient of *every* lobbying-related payment the Company makes each year, without regard to the significance to the Company's operations and without regard to whether the amount of the payments to an organization that are used for lobbying purposes are minor in the context of overall payments to the organization or whether management determines that disclosure is not otherwise required and could be detrimental to the Company's interests. Moreover, the Response Letter conveniently omits discussion of the Proposal's request that the report be presented to the Nominating, Governance and Social Responsibility Committee, rather than the full board or another board committee, dictating the annual governance process through which the board of directors would oversee this reporting. The Proposal thus does not "preserve management's discretion on ordinary business matters" and does not seek to provide "high-level direction on large strategic corporate matters." SLB 14L. Furthermore, the Proposal seeks to interject stockholders into the complex decision-making process of how best to support the execution of the Company's projects and engage with community, regulatory and legislative

Office of Chief Counsel
Division of Corporation Finance
January 14, 2025
Page 3

stakeholders on such matters and “inappropriately limits discretion of the board or management” in addressing and reporting on these matters.

In addition to asking the Staff to reverse its determination in *Air Products*, the Response Letter also asserts that the proposal in *Paramount Global (National Center for Public Policy Research)* (avail. Apr. 19, 2024) “requested disclosure that was far more detailed, and potentially open-ended, than the disclosure sought in the Proposal.” This couldn’t be less true. The proposal in *Paramount Global* simply requested that the company “list the recipients of corporate charitable contributions of \$5,000 or more on the [c]ompany’s website, along with the amount contributed and any material limitations or monitoring of the contributions.” Unlike the Proposal here, that proposal (i) only required detail about one type of payment (direct charitable giving) rather than the direct and indirect payments covered by the Proposal and (ii) limited disclosure to payments in excess of \$5,000, unlike the Proposal, which requires disclosure of each and every payment made, regardless of amount. Similar to how the \$5,000 threshold in *Paramount Global* was “a relatively low amount relative to the usual size of the [c]ompany’s contributions,” the Proposal requires even more granular detail regarding the Company’s lobbying payments and entirely strips management of any discretion to craft disclosure that takes into account the significance of the payments to the Company’s operations, as noted above. Therefore, the Proposal is much more prescriptive than the proposal in *Paramount Global* and is similarly excludable under Rule 14a-8(i)(7).

The Response Letter also contends that the Proposal’s requested disclosures are not “overly detailed or burdensome” because the Company previously agreed to publicly report certain information related to its lobbying activities in exchange for the withdrawal of a stockholder proposal submitted in connection with the Company’s 2017 Annual Meeting of Stockholders (the “2017 Disclosures”). However, the Proponent’s decision to submit the Proposal in the first instance is evidence that the 2017 Disclosures are irrelevant to the Proposal, because as the Response Letter concedes, the 2017 Disclosures constituted only *portions* of the request made in the prior lobbying-related proposal. The Proposal’s requested report is more prescriptive and granular than the 2017 Disclosures. For example, the 2017 Disclosures include an *annual total* of lobbying expenses, including a total for three separate categories (“state/local vs. federal” expenses, a “line item for trade association dues” and “grassroots expenditures”) whereas the Proposal requests disclosure of *each and every* payment used for lobbying or lobbying communications, “including the amount of the payment and the recipient” for three categories of expenditures (direct lobbying, indirect lobbying, and grassroots payments) at the “local, state, and federal levels.” Similarly, the 2017 Disclosures included an “[a]nnual total . . . line item for trade association dues used for lobbying” and a generalized list of “U.S. trade associations, with a notation for dues in excess of \$100K,” whereas the Proposal requests details of each payment used for indirect lobbying (which is “lobbying engaged in by a trade association”) listing the “amount of the payment and the recipient” for each and every trade association involved.

In addition to being much more general and high-level than the disclosure requested by the Proposal, the 2017 Disclosures represent the Company's determination of the type of information that was in the best interest of the Company at that point in time. The Company's lobbying disclosures have evolved since the 2017 Disclosures in accordance with what management has determined, in its discretion, is in the best interests of the Company and its stockholders. For example, the Company's current lobbying disclosures¹ contain total annual amounts for U.S. federal lobbying expenditures for the past three years but, compared to the 2017 Disclosures, no longer include certain details such as "a breakout of state/local vs. federal" lobbying expenses, a "line item for trade association dues used for lobbying," or "grassroots expenditures." As the Response Letter notes, the Company has also not publicly disclosed an updated "list of [its] U.S. trade associations, with a notation for dues in excess of \$100K" since the list that was included in the 2017 Disclosures. The evolution of the Company's lobbying disclosures reflects the complexity underlying lobbying activities and the necessity for management to use its discretion in considering the best form and substance for the Company's public reporting in this area. The Proposal's attempt to dictate the details of such disclosure thus inappropriately limits management's discretion, as discussed further above and in the No-Action Request.

The Response Letter also refers to other companies' lobbying disclosures, which are similarly irrelevant to the consideration of this Proposal. First, the lobbying-related policies, practices, and payments of other companies have no bearing on the Company's policies, practices, and payments and are irrelevant in assessing the granularity of disclosure sought by the Proposal. Second, even if other companies' disclosures were relevant to consideration of the Proposal, most of the companies the Response Letter cites do not provide disclosure with the level of granularity sought by the Proposal. For example, the Proposal requests disclosure of all payments used for indirect lobbying (*i.e.*, "lobbying engaged in by a trade association or other organization of which HP is a member"), including the "amount of the payment and the recipient." Only one² of the companies cited in the Response Letter provides this level of detail, with each of the other six companies only providing disclosure of their payments to trade associations used for lobbying if the annual dues paid to those organizations exceed a certain threshold, which ranges from \$25,000 to \$50,000 for the companies listed.³ The Proposal strips management of any discretion to establish similar thresholds for reporting indirect lobbying payments.

¹ Available at <https://www.hp.com/us-en/hp-information/government-affairs/us-political-engagement.html>.

² ExxonMobil provides disclosure of "all U.S.-based organizations that reported a percentage of the 2023 funding they received from ExxonMobil (Corporation or affiliates) as a lobbying expense," which includes one amount for "federal, state, local and grassroots lobbying expenses." See <https://corporate.exxonmobil.com/who-we-are/policy/exxonmobil-advocacy-report/direct-lobbying-activities-expenditures/trade-associations-think-tanks-and-coalitions>.

³ The annual dues threshold for each company is as follows: Southern Company—\$25,000; Boeing—\$25,000; Accenture—\$25,000; UPS—\$50,000; American Express—\$50,000; Cardinal Health—\$25,000.

GIBSON DUNN

Office of Chief Counsel
Division of Corporation Finance
January 14, 2025
Page 5

Finally, the Response Letter argues that the “Proposal does not request disclosure of intricate detail” because the Company would not need to “classify the disclosure into [the] artificial categories” depicted in Annex A to the No-Action Request. While the Proposal does not explicitly request organization of the disclosure into these categories, this does not mean that the Company does not need to collect, analyze, and disclose information in each of these categories in order to prepare the disclosure required by the Proposal. For example, the Proposal’s request for a listing of both the amount paid for each lobbying-related payment as well as the recipients for such payments would necessarily require the Company to collect and analyze information in each of the 16 separate categories of payments and recipients listed in Annex A to the No-Action Request and then assemble that information into an extensive list covering each of those categories (regardless of how such information is organized in the resulting disclosure). Therefore, the dozens of discrete items of disclosure listed in Annex A are not “a figment of [the Company’s] imagination” but a depiction of the practical application of the complexity and granularity requested by the Proposal.

Based upon the foregoing analysis, the Company intends to exclude the Proposal from its 2025 Proxy Materials, and we respectfully request that the Staff concur that the Proposal may be excluded under Rule 14a-8.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (212) 351-2309 or Rick Hansen, the Company’s SVP, Deputy General Counsel – Corporate, and Corporate Secretary, at 313-815-5748.

Sincerely,



Lori Zyskowski

Enclosures

cc: Rick Hansen, SVP, Deputy General Counsel – Corporate, and Corporate Secretary, HP Inc.
Christopher Kortum, Director, Securities and Capital Markets, HP Inc.
John Chevedden