



February 25, 2021

Via e-mail at shareholderproposals@sec.gov

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

Re: Request by Alphabet Inc. to omit proposal submitted by CtW Investment Group

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, CtW Investment Group ("CtW") submitted a shareholder proposal (the "Proposal") to Alphabet Inc. ("Alphabet" or the "Company"). The Proposal asks Alphabet's board to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board's role in Alphabet's public policy activities related to such risks.

In a letter to the Division dated February 2, 2021 (the "No-Action Request"), Alphabet stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company's 2021 annual meeting of shareholders. Alphabet argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(7), on the ground that the Proposal deals with Alphabet's ordinary business operations; and 14a-8(i)(3), arguing that the Proposal is excessively vague. As discussed more fully below, Alphabet has not met its burden of proving its entitlement to exclude the Proposal on either of those bases, and we respectfully request that Alphabet's request for relief be denied.

The Proposal

The Proposal states:

RESOLVED that shareholders of Alphabet Inc. ("Alphabet") ask the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board

committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board's role in Alphabet's public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information.

Ordinary Business

Rule 14a-8(i)(7) allows exclusion of proposals related to a company's ordinary business operations. Alphabet argues that the Proposal relates to the Company's ordinary business operations because it addresses legal compliance and management of legal proceedings and investigations, without implicating a significant policy issue. Because the Proposal addresses the strategic, reputational, and public policy risks created by anticompetitive practices, not compliance or legal proceedings, and because those practices are a significant policy issue for Alphabet, it should not be permitted to exclude the Proposal on ordinary business grounds.

The Proposal's Subject is the Risks Associated With Anticompetitive Practices, Not Compliance or Legal Proceedings and Investigations

Just because risks from anticompetitive practices "stem from" competition laws, as Alphabet asserts on page 5, does not mean that the Proposal's subject is legal compliance or legal proceedings and investigations. The Proposal focuses on board oversight of various kinds of risk created by anticompetitive practices beyond the simple risk that Alphabet will be sued for past misconduct: the risk that concerns over anticompetitive practices will lead governments to erect barriers to acquisitions; the risk that Alphabet will be prohibited from entering particular lines of business; the risk that Alphabet's reputation will be harmed by public reports regarding anticompetitive practices; and the risk that governments will adopt new laws and/or regulations affecting Alphabet's business in response to perceptions or findings about Alphabet's anticompetitive conduct.

The Proposal's resolved clause does not ask for information about how Alphabet or its board manages or oversees compliance or legal proceedings and investigations. Instead, it focuses solely on board oversight of the risks described above. As well, the supporting statement makes clear that risks related to anticompetitive practices encompass strategic, reputational, and regulatory consequences of Alphabet's behavior, undermining the Company's claim that compliance and legal proceedings and investigations are the implicit subjects of the Proposal.

According to Alphabet, the "examples of concerns related to the Proposal that the Proponent cites in the Supporting Statement demonstrate that oversight

relating to alleged anticompetitive risks are closely intertwined with the Company's ordinary business matters.”¹ Analysis of the supporting statement, however, does not support Alphabet's conclusion that the subject of the Proposal is compliance or legal proceedings and investigations.² The supporting statement's first paragraph describes negative public perceptions about large tech companies' business practices, including those related to online search, which could affect consumers' choices. That discussion does not implicate compliance or legal proceedings and investigations.

While the supporting statement's second paragraph describes several investigations into anticompetitive practices by tech companies, the purpose of that discussion is not to suggest that the report sought by the Proposal should reveal details about how Alphabet's board manages such investigations. Instead, the fact of the investigations (and in the case of the House Antitrust Subcommittee, the findings from its report) were included to show that there is reason to believe that Alphabet subsidiary Google has engaged in anticompetitive practices. Such a showing is necessary to make the case for the Proposal, as investors consider evidence of past controversies or problems at a company when determining how to vote on a proposal regarding board oversight.³ The third paragraph's references to investigations by European regulators serve a similar purpose.

Finally, the fourth paragraph focuses on the risk of increased regulation as a result of concern over anticompetitive practices. That risk does not relate to compliance or legal proceedings and investigations, which by definition involve existing laws and rules. As discussed below, much of the debate over digital platforms' anticompetitive practices, including Google's, emphasizes the limits of existing rules and proposes potential new rules and regulatory bodies. The risk of regulatory blowback is even more pronounced now, following President Biden's victory and the new Democratic Senate majority, than it was when the Proposal was submitted. It is inaccurate, then, to equate references to “regulation” to a focus on compliance or legal proceedings and investigations.

¹ No-Action Request, at 5.

² Confusingly, Alphabet appears to acknowledge this, stating “As such, ‘anticompetitive risks’ necessarily extend beyond the scope that the Proposal contemplates, which is the enforcement and litigation side of competition.” (No-Action Request, at 6) The impact of such risks on Alphabet's ability to make acquisitions, develop its business, and enter new markets, which Alphabet offers as examples of such risks beyond compliance (see No-Action Request, at 6), is exactly the information the Proposal seeks to elicit.

³ See, e.g., Institutional Shareholder Services, U.S. Proxy Voting Guidelines Benchmark Policy Recommendations, at 19 (publ. Nov. 19, 2020) (www.issgovernance.com/file/policy/active/americas/US-Voting-Guidelines.pdf) (listing “[c]ompany performance related to the issue for which board oversight is sought” as a factor to consider for proposals asking for the establishment of a new board committee).

Google’s claim that the Proposal’s subject is legal compliance or legal proceedings and investigations lacks textual basis. It ignores the risks that anticompetitive practices pose to Alphabet’s business, strategy, and reputation as well as the possibility that such practices will push legislators and regulators to adopt new rules. The numerous determinations Alphabet cites on pages 4-5 of the No-Action Request, which involved proposals that squarely requested reports on legal compliance, are therefore inapposite.⁴ In particular, Alphabet cites DTE Energy⁵ as standing for the proposition that anticompetitive risks are ordinary business.⁶ DTE Energy involved a proposal whose supporting statement asserted that the requested report assessing the impact of the company’s environmental record “could include” as “assessment of the potential antitrust fines” resulting from a specific company project. The Proposal, by contrast, does not ask for any disclosure of fines or other matters related to litigation or enforcement of the antitrust laws.

There is no reason to believe that implementation of the Proposal would prejudice Alphabet in any pending legal or administrative proceedings, as Alphabet claims. Alphabet has not explained how *board oversight* of risks related to anticompetitive practices, the subject of the Proposal, is relevant to any pending proceedings. The Proposal does not request disclosure about anticompetitive practices themselves that could constitute an admission. In that respect, the Proposal differs from those at issue in the determinations on which Alphabet relies, all of which asked the companies to disclose information central to claims they were litigating, which could have constituted admissions, or to take specific action in litigation.⁷

Finally, Alphabet’s contention that implementation of the Proposal would require it to disclose confidential information about its business is meritless. Alphabet acknowledges, as it must, that the Proposal explicitly provides that no confidential or proprietary information should be provided in the report implementing the Proposal.⁸ But excluding such information, Alphabet urges, would

⁴ The resolved clauses of these proposals sought reports on “the actions taken to ensure **compliance** with applicable federal and state laws” (Navient); “efforts to **implement**” several different fair employment statutes (Raytheon); why the company’s ethics code did not promote “[c]**ompliance** with securities laws, and SEC rules and regulations” (Sprint Nextel); “the **compliance** of the company and its contractors with federal and state laws governing proper classification of employees and independent contractors” (FedEx); “the **costs and benefits of the Sarbanes-Oxley Act** on the Company’s in-house operations” (The Bear Stearns Companies, Merrill Lynch & Co., and Morgan Stanley); and a report on “the policies and procedures adopted and implemented to reduce or eliminate the reoccurrence of **such violations and investigations** [bribery, fraud, illegal sales to Iran, and pension law violations]” (Halliburton); as well as establishment of a new **Compliance Committee** of the board (KB Home) (emphases added).

⁵ DTE Energy Company (Feb. 8, 2018).

⁶ No-Action Request, at 5.

⁷ See No-Action Request, at 7-8.

⁸ No-Action Request, at 9.

result in a report that is “so sparse as to likely not be aligned with the spirit of the Proposal or shareholder expectations.”⁹ That argument does not support a finding of prejudice needed to justify exclusion on ordinary business grounds and is more appropriately made in Alphabet’s statement in opposition to the Proposal.

Digital Platforms’ Anticompetitive Practices Are a Significant Policy Issue, Both Generally and for Alphabet

Companies may not rely on the ordinary business exclusion to omit proposals that “focus[] on sufficiently significant social policy issues.”¹⁰ Alphabet concedes that a proposal on the board’s management of risk may transcend ordinary business if the underlying subject matter of the proposal addresses a significant policy issue.¹¹ To determine whether a topic qualifies as a significant social policy issue, the Division analyzes whether it is a “consistent topic of widespread public debate.”¹²

Over the past several years anticompetitive practices by digital platforms have generated a great deal of debate among the public and policy makers and the subject thus qualifies as a significant policy issue. That debate is significant for Alphabet in particular because Google has been accused of exploiting its monopoly in online search in ways that are harmful to consumers and other companies and of undermining access to high-quality journalism, which plays a key role in our democracy.

The debate over anticompetitive practices has been robust over the past several years, even in 2020 when the COVID-19 pandemic and U.S. elections demanded significant attention. BuzzFeed editor-in-chief Ben Smith announced in 2017 that there was “blood in the water” for big tech. “The new corporate leviathans that used to be seen as bright new avatars of American innovation,” he wrote, “are increasingly portrayed as sinister new centers of unaccountable power, a transformation likely to have major consequences for the industry and for American politics.”¹³ The events of the following three and a half years have proven him right.

Academic institutions have taken up monopoly and competition issues in the tech industry over the past few years. A widely-read 2016 Yale Law Journal article

⁹ No-Action Request, at 9.

¹⁰ Exchange Act Release No. 40018 (May 21, 1998).

¹¹ No-Action Request, at 11; because the Proposal’s subject is not compliance, Alphabet’s argument that “the Staff has not taken the view in any previous no-action letters that compliance with competition or other laws is a matter that “transcends day-to-day business matters” to the level of a “significant policy issue” (No-Action Request, at 11) is immaterial.

¹² See, e.g., Duke Energy Corp. (Mar. 1, 2002); AT&T Inc. (Feb. 2, 2011).

¹³ <https://www.buzzfeednews.com/article/bensmith/theres-blood-in-the-water-in-silicon-valley#.xqwBdqODp>

by Lina Khan, “Amazon’s Antitrust Paradox,” helped catalyze the current debate.¹⁴ Khan argued that digital platforms present unique competition concerns because they control the “essential infrastructure on which their rivals depend.”¹⁵

In 2017, the Stigler Center at the University of Chicago Booth School of Business undertook what it described as an “ambitious project to reinvigorate the discussion of concentration and monopoly in the United States.”¹⁶ The center held conferences on the subject in 2017, 2018 and 2019, forming a Digital Platforms Committee at the 2018 meeting.¹⁷ That Committee’s 2019 Final Report found that “Digital Platforms tend toward monopolies”¹⁸ and proposed changing merger guidelines for digital platforms and creating a new regulator to oversee them as possible solutions.¹⁹

NYU law school hosted a February 2020 conference on the theme, “Antitrust and 21st Century Bigness: Dealing With Tech Platforms in a Globalized World,” featuring discussions of merger analysis and the adequacy of current laws in dealing with monopoly and abuse.²⁰ A symposium on “The Tech Giants, Monopoly Power, and Public Discourse” was convened in November 2019 at Columbia University’s Knight First Amendment Institute.²¹ In October 2020, Yale Law School held a “Big Tech and Antitrust” conference²² and Colorado University-Boulder’s Silicon Flatirons Center put on a two-day event in February 2019 entitled “Internet Platforms’ Rising Dominance, Evolving Governance.”²³

Think tanks and policy organizations that have sponsored conferences and panel discussions, or published reports or papers on anticompetitive practices by digital platforms (or both), include the Roosevelt Institute,²⁴ Open Markets

¹⁴ See <https://www.theatlantic.com/technology/archive/2017/06/ro-khanna-amazon-whole-foods/530805/> (“Then [New America’s] Matt Stoller’s and Lina Khan’s work. Their work has gotten the attention of some of us in Congress that we need to reorient antitrust policy from the Robert Bork days, who made the whole thing a litmus test just about consumer prices, so that if something helps consumer prices, it can’t be an antitrust violation.”)

¹⁵ <https://digitalcommons.law.yale.edu/cgi/viewcontent.cgi?article=5785&context=ylj>

¹⁶ <https://www.chicagobooth.edu/research/stigler/events/antitrust-competition-conference>

¹⁷ See <https://www.chicagobooth.edu/research/stigler/events/antitrust-competition-conference>;

<https://www.chicagobooth.edu/research/stigler/events>; see also

<https://promarket.org/2017/05/05/connection-market-concentration-rise-inequality/>;

<https://www.chicagomag.com/city-life/September-2017/University-of-Chicago-Big-Tech-Monopoly/>

¹⁸ <https://research.chicagobooth.edu/-/media/research/stigler/pdfs/digital-platforms---committee-report---stigler-center.pdf> at 7.

¹⁹ <https://research.chicagobooth.edu/-/media/research/stigler/pdfs/digital-platforms---committee-report---stigler-center.pdf>, at 16, 18. For coverage of the report, see

²⁰ <https://www.law.nyu.edu/conferences/2020-Bigness-Antitrust-Conference>

²¹ <https://knightcolumbia.org/research/the-tech-giants-monopoly-power-and-public-discourse>

²² <https://law.yale.edu/isp/events/big-tech-antitrust>

²³ <https://siliconflatirons.org/events/internet-platforms-rising-dominance-evolving-governance/>

²⁴ <https://rooseveltinstitute.org/2017/10/26/america-has-a-monopoly-problem-and-its-huge/>

Institute,²⁵ the Pew Research Center,²⁶ Common Wealth,²⁷ the Institute for Local Self-Reliance,²⁸ the Information Technology & Innovation Foundation,²⁹ the Kenan Institute,³⁰ and the Disruptive Competition Project.³¹

Congress has taken a keen interest in the market power of big tech platforms. A recent article in The New York Times described the shift in Congressional sentiment regarding the big tech companies and anticompetitive practices over the past several years:

The last time Senator Amy Klobuchar, the Minnesota Democrat, sat in the majority, her party was fawning over Silicon Valley. Lawmakers praised the ingenuity of Facebook and Amazon, while President Barack Obama and regulators fought alongside Google and Twitter to protect the growth of internet businesses. Now, many of those same politicians are gearing up to tame those companies. And Ms. Klobuchar, who leads the Senate panel overseeing antitrust, is expected to play a leading role. Many Democrats, as well as some Republicans, want to take on Big Tech with laws and regulations to address issues like market power, data privacy, and disinformation and hate speech. Those ambitions have only grown since the insurrection of Capitol Hill, with more members of Congress pointing to the power of the tech companies as the root cause of many problems.³²

In August 2019, prompted by a BuzzFeed story highlighting quality problems and inauthentic reviews for products receiving the “Amazon’s Choice” designation,³³ Senators Blumenthal and Menendez sent a letter to Amazon asking for a “detailed explanation” of how it makes those selections.³⁴ Senator Menendez publicly

²⁵ See, e.g., <https://www.openmarketsinstitute.org/publications/discussion-what-you-can-do-to-fight-monopolies-with-recently-published-authors-zephyr-teachout-and-barry-lynn->;

<https://www.openmarketsinstitute.org/technology-power>

²⁶ https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2020/02/PI_2020.02.21_future-democracy_REPORT.pdf

²⁷ <https://www.common-wealth.co.uk/reports/common-platform-tech-utility-antitrust>

²⁸ <https://ilsr.org/amazon-stranglehold/>

²⁹ <https://itif.org/publications/2020/07/23/monopoly-myths-do-internet-platforms-threaten-competition> (arguing that additional regulation is unnecessary)

³⁰ <https://kenaninstitute.unc.edu/kenan-insight/the-role-of-tech-monopolies-in-mapping-the-geography-of-wealth/>

³¹ <https://www.project-disco.org/competition/021320-assessing-monopoly-power-or-dominance-in-platform-markets-a-summary/>

³² <https://www.nytimes.com/2021/01/26/technology/congress-antitrust-tech.html>

³³ <https://www.buzzfeednews.com/article/nicolenguyen/amazons-choice-bad-products>

³⁴ <https://www.wsj.com/articles/democratic-senators-want-answers-about-listings-for-unsafe-merchandise-on-amazon-com-11567101615>; <https://www.cnet.com/news/amazon-offers-more-details-on-amazons-choice-but-senator-isnt-impressed/>; <https://www.cnbc.com/2019/08/12/senators-ask-amazon-ceo-jeff-bezos-to-explain-amazons-choice-badge.html> (“The letter is the latest example of Washington’s growing concern of Big Tech, specifically regarding the control Amazon has over consumer behavior as more shopping activity moves online and to mobile devices.”);

expressed dissatisfaction with Amazon’s response, which he said confirmed suspicions that quality does not play an important role.³⁵ The House Committee on Small Business heard testimony from both small businesses and big tech firms at a hearing in November 2019 entitled “A Fair Playing Field? Investigating Big Tech’s Impact on Small Business.”³⁶ The Committee heard testimony both favorable and unfavorable to the platforms.³⁷

The House Judiciary Committee’s Antitrust Subcommittee opened an investigation in 2019 into anticompetitive practices by Amazon, Apple, Facebook, and Google. The investigation involved “seven congressional hearings, the production of nearly 1.3 million internal documents and communications, submissions from 38 antitrust experts, and interviews with more than 240 market participants, former employees of the investigated platforms, and other individuals.”³⁸

The Subcommittee’s majority staff issued a final report in October 2020 finding that the four companies “have captured control over key channels of distribution and have come to function as gatekeepers” and that this dominance “has diminished consumer choice, eroded innovation and entrepreneurship in the U.S. economy, weakened the vibrancy of the free and diverse press, and undermined Americans’ privacy.”³⁹ The Subcommittee concluded that Google has “a monopoly in the markets for general online search and search advertising,” which it has maintained “through a series of anticompetitive tactics,” including “an aggressive campaign to undermine vertical search providers,” anticompetitive contracts with device manufacturers, and covert programs to track actual and potential competitors.⁴⁰ The report also raised concerns that Google (along with Facebook) has an “outsized influence over the distribution and monetization of trustworthy

<https://www.reuters.com/article/us-usa-amazon-com-senate/u-s-senators-ask-amazon-ceo-if-amazons-choice-deceives-consumers-idUSKCN1V21VK>

³⁵ <https://www.cnet.com/news/amazon-offers-more-details-on-amazons-choice-but-senator-isnt-impressed/>

³⁶ <https://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=2981>

³⁷ See https://smallbusiness.house.gov/uploadedfiles/11-14-19_ms_prodromitis_testimony.pdf (small business owner and Amazon seller praising the company); https://smallbusiness.house.gov/uploadedfiles/11-14-19_mr_feld_testimony.pdf (describing problems associated with digital platform dominance and suggesting new regulation).

³⁸ <https://judiciary.house.gov/news/documentsingle.aspx?DocumentID=3429>

³⁹ https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf, at 10, 12. For examples of coverage of the report, see <https://www.nytimes.com/2020/10/06/technology/congress-big-tech-monopoly-power.html>; <https://apnews.com/article/technology-50e69e921c66699a3edbd730c12292436>; <https://www.wsj.com/articles/house-panel-calls-for-congress-to-break-up-tech-giants-11602016985>; <https://www.cnn.com/2020/10/10/tech/apple-amazon-facebook-amazon-monopoly-data/index.html>; <https://www.washingtonpost.com/outlook/2020/10/08/congress-big-tech-anti-trust/>; <https://www.npr.org/2020/10/06/920882893/how-are-apple-amazon-facebook-google-monopolies-house-report-counts-the-ways>; <https://www.cNBC.com/2020/10/06/house-democrats-say-facebook-amazon-alphabet-apple-enjoy-monopoly-power.html>

⁴⁰ https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf, at 14-15.

sources of news online, undermining the quality and availability of high-quality sources of journalism.”⁴¹

The report recommended that Congress consider legislation imposing structural separation and line of business restrictions.⁴² Tech website The Verge asserted that the recommendations “could have sweeping consequences for the biggest tech companies. They would restrict which lines of business dominant companies could operate in, potentially severing many of the companies into separate entities. Non-discrimination rules would regulate platforms like Facebook, YouTube [owned by Google], and Amazon more like cable companies and phone networks.”⁴³

The idea of a new regulator has achieved significant momentum and public attention. According to an October 2020 New York Times article: “One solution [for entrenched market power]: a specialist regulator that would focus on the major tech companies. It would establish and enforce a set of basic rules of conduct, which would include not allowing the companies to favor their own services, exclude competitors or acquire emerging rivals and require them to permit competitors access to their platforms and data on reasonable terms.”⁴⁴ A report on a New York Times Deal Book forum in 2019 noted that “Congress is looking at creating a new digital authority or significantly expanding the powers of the Federal Trade Commission to regulate the tech giants.”⁴⁵

Democratic presidential primary contenders in the 2020 race highlighted anticompetitive practices by digital platforms. Senator Elizabeth Warren, who was sounding the alarm as far back as 2016,⁴⁶ proposed breaking up--she called it “structural separation”--the big digital platforms, including Google.⁴⁷ Bernie Sanders and Tom Steyer also favored such breakups.⁴⁸ Andrew Yang stated that

⁴¹ https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf, at 17.

⁴² See https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf, at 379-80.

⁴³ <https://www.theverge.com/2020/10/6/21504814/congress-antitrust-report-house-judiciary-committee-apple-google-amazon-facebook>

⁴⁴ <https://www.nytimes.com/2020/10/22/technology/antitrust-laws-tech-new-regulator.html>

⁴⁵ <https://www.nytimes.com/2019/11/11/business/dealbook/makan-delrahim-kevin-systrom-bill-gates-regulation-technology.html>

⁴⁶ https://www.warren.senate.gov/files/documents/2016-6-29_Warren_Antitrust_Speech.pdf (“Google, Apple, and Amazon provide platforms that lots of other companies depend on for survival. But Google, Apple, and Amazon also, in many cases, compete with those same small companies, so that the platform can become a tool to snuff out competition.”)

⁴⁷ <https://medium.com/@teamwarren/heres-how-we-can-break-up-big-tech-9ad9e0da324c>; <https://www.fastcompany.com/90317419/elizabeth-warren-wants-to-break-up-google-amazon-facebook>; <https://www.newyorker.com/tech/annals-of-technology/mark-zuckerberg-elizabeth-warren-and-the-case-for-regulating-big-tech>

⁴⁸ <https://www.reuters.com/article/us-usa-election-tech-factbox/where-u-s-presidential-candidates-stand-on-breaking-up-big-tech-idUSKBN1ZN16C>

companies like Amazon, Facebook and Google would be “well served” by breaking up, though he appeared to contemplate it as a voluntary action.⁴⁹

The debate over big tech’s anticompetitive practices has also been active outside the U.S. Margrethe Vestager, then European Union’s Commissioner for Competition, commissioned a report on “how competition policy should evolve to continue to promote pro-consumer innovation in the digital age.”⁵⁰ The report, issued in 2019, found that digital platforms “play a form of regulatory role as they determine the rules according to which their users, including consumers, business users and providers of complementary services, interact”⁵¹; it concluded that regulatory changes are necessary to address practices such as self-preferencing (where a platform subjects third-party sellers to different rules than applied to the platform itself).⁵² In December 2020, Vestager proposed the Digital Services Act and Digital Markets Act, which, among other things, impose new rules on “gatekeepers,” large platforms that operate as a gateway between a large number of businesses and users over a period of time, including rules prohibiting the use of data collected from businesses when competing against them, requiring interoperability, and banning self-preferencing.⁵³

Platforms are even accusing each other of anticompetitive practices. In December 2020, Facebook characterized as anticompetitive Apple’s new rules requiring Facebook to give users of Apple devices the right to opt in to Facebook’s user tracking on other sites and apps and targeted advertising. Facebook ran full-page newspaper advertisements opposing those rules.⁵⁴

Anticompetitive practices by large digital platforms, including Google, have been the subject of a truly massive amount of coverage in national media outlets. It would be impossible to catalogue all of it, but a non-exhaustive list appears below:

- <https://www.nytimes.com/2021/01/26/technology/congress-antitrust-tech.html>
- <https://www.nytimes.com/2020/10/06/technology/congress-big-tech-monopoly-power.html>
- <https://www.nytimes.com/2020/07/29/technology/big-tech-hearing-apple-amazon-facebook-google.html>

⁴⁹ <https://abcnews.go.com/Politics/andrew-yang-big-tech-companies-served-broken/story?id=63050432>

⁵⁰ <https://ec.europa.eu/competition/publications/reports/kd0419345enn.pdf>, at 2.

⁵¹ <https://ec.europa.eu/competition/publications/reports/kd0419345enn.pdf>, at 5.

⁵² <https://ec.europa.eu/competition/publications/reports/kd0419345enn.pdf>, at 66-68.

⁵³ https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_20_2450; for coverage of the proposals, see <https://www.cnbc.com/2020/12/04/eu-vestager-hints-big-tech-will-have-to-end-self-preferencing.html>; <https://www.bbc.com/news/technology-55307115>; <https://www.politico.eu/article/europe-digital-markets-act-services-act-tech-competition-rules-margrethe-vestager-thierry-breton/>

⁵⁴ <https://www.reuters.com/article/us-facebook-apple/facebook-accuses-apple-of-anticompetitive-behavior-over-privacy-changes-idUSKBN28Q2LG>

- <https://www.nytimes.com/2020/07/24/technology/global-antitrust-institute-google-amazon-qualcomm.html>
- <https://www.nytimes.com/2020/10/22/technology/antitrust-laws-tech-new-regulator.html>
- <https://www.nytimes.com/2020/01/17/technology/antitrust-hearing-boulder-colorado.html>
- <https://www.nytimes.com/2020/02/11/technology/ftc-tech-giants-acquisitions.html>
- <https://www.nytimes.com/2020/12/20/technology/antitrust-case-google-facebook.html>
- <https://www.nytimes.com/2019/11/11/business/dealbook/makan-delrahim-kevin-systrom-bill-gates-regulation-technology.html>
- <https://www.nytimes.com/2019/09/20/technology/house-antitrust-investigation-big-tech.html>
- <https://www.nytimes.com/2019/07/07/business/facebook-google-antitrust-germany.html>
- <https://www.nytimes.com/2019/06/20/technology/tech-giants-antitrust-law.html>
- <https://www.nytimes.com/2019/06/03/technology/facebook-ftc-antitrust.html>
- <https://www.nytimes.com/2018/09/07/technology/monopoly-antitrust-lina-khan-amazon.html>
- <https://www.washingtonpost.com/technology/2020/10/06/amazon-apple-facebook-google-congress/>
- <https://www.washingtonpost.com/outlook/2020/10/08/congress-big-tech-anti-trust/>
- <https://www.washingtonpost.com/business/2020/07/30/antitrust-amazon-apple-facebook-google/>
- <https://www.washingtonpost.com/politics/2021/01/18/biden-antitrust-big-tech/>
- https://www.washingtonpost.com/business/is-amazon-getting-too-big/2017/07/28/ff38b9ca-722e-11e7-9eac-d56bd5568db8_story.html
- <https://www.wsj.com/articles/these-are-the-u-s-antitrust-cases-facing-google-facebook-and-others-11608150564>
- <https://www.wsj.com/articles/ftc-to-examine-how-facebook-s-practices-affect-digital-competition-11559576731>
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- <https://financialpost.com/technology/tech-giants-grilled-for-hours-over-allegations-of-anti-competitive-behaviour>

Alphabet has not provided a board or board committee analysis regarding whether the subject of the Proposal is a significant policy issue for the Company, as the Division invited companies to do in Staff Legal Bulletins (“SLBs”) 14I, J and K. Nonetheless, Alphabet attempts to rely on factors set forth in those SLBs, arguing that the fact that the Company has never before received a shareholder proposal on the Proposal’s topic and that a proposal requesting the “hir[ing] of independent

advisors to help review strategic alternatives/maximize shareholder value” and mentioning antitrust concerns received a very low vote at the 2019 annual meeting show a “lack of significant concern” on the issue among Alphabet shareholders.⁵⁵ Alphabet also offers the “delta” analysis discussed in SLBs 14J and 14K, urging that its board “is constantly focusing on full compliance with all laws and regulations around the world, including competition laws.”

Even assuming the factors enumerated in the SLBs apply absent a board or committee analysis—which CtW does not concede—Alphabet’s arguments are unpersuasive. A proposal seeking a breakup of Alphabet or another fundamental transaction bears no resemblance to the Proposal, which seeks disclosure regarding board oversight, so the vote achieved on it is irrelevant here. As well, Alphabet’s delta analysis misses the mark because it analyzes Alphabet’s board’s oversight of compliance with competition laws, which, as discussed above, is not the Proposal’s subject.

In sum, the subject of the Proposal is anticompetitive practices by tech platforms, not legal compliance or legal proceedings and investigations. Such practices are a significant policy issue, as shown by the widespread public debate, including numerous legislative and regulatory initiatives and substantial media coverage, over the past several years. That issue is salient for Google because it has come in for criticism as a result of both its monopoly of online search and its control over the distribution of news. For these reasons, Alphabet has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7).

Vagueness

Alphabet claims that the Proposal is excessively vague, and therefore excludable in reliance on Rule 14a-8(i)(3). Before addressing Alphabet’s specific complaints, it is important to note that it is impossible, in a 500-word proposal, to provide definitions for all terms. Most terms used in proposals have commonsense meanings that both companies and shareholders understand without elaboration. At times, a term is so technical, or a concept so open-ended, that the absence of a definition, or sufficient context or description, truly deprives companies and shareholders of the ability to understand what a proposal seeks. That is the case in the determinations Alphabet cites on page 15 of the No-Action Request, in which the Staff allowed exclusion of proposals asking companies to, for example, “set standards of corporate governance,” “improve guiding principles of executive compensation,” negotiate with executives to convince them to “relinquish preexisting executive pay rights,” and “reform” the executive compensation

⁵⁵ No-Action Request, at 12.

committee without explaining what those requests meant. None of the words and phrases Alphabet argues are excessively vague fit into the latter category.

First, Alphabet urges that the phrase “anticompetitive practices” is “subject to vast differences in interpretation depending on the audience.” Lawyers, Alphabet asserts, view the term through the lens of competition law, while someone without legal training might define it in a different way, though Alphabet declines to explain what that might be.⁵⁶ It is clear from the Proposal and supporting statement, though, that anticompetitive practices are practices that involve the exploitation of monopoly power, regardless of whether such conduct is currently unlawful under U.S. or foreign law. For example, the supporting statement refers to Google “us[ing] its monopoly over internet search and its access to user data to eliminate competitors not only in search but also in adjacent areas such as online shopping” and entering into “anticompetitive exclusionary agreements with device makers, carriers, and browser developers.” Indeed, a central premise of the Proposal is that lawmakers and regulators may change the rules as a result of the conduct of Google and other online platforms; the status of such conduct under current laws and regulations is not determinative. Thus, the Proposal provides sufficient context and description to allow shareholders and Alphabet to understand what the Proposal seeks.

Alphabet also complains that “oversight responsibility” is indeterminate because oversight can be advisory or “people who oversee a project are expected to make decisions concerning that project.”⁵⁷ But board oversight is a concept shareholders understand well from reading proxy statements and voting on directors. Directors do make some decisions pursuant to state law and company governance documents, such as approving fundamental transactions, deciding whether to pursue claims against officers and directors, nominating directors for election to the board, and determining CEO compensation. In other contexts, oversight is more flexible; it might involve receiving information, asking questions of management, and making suggestions. Alphabet’s reference to “board oversight” in its proxy statement (without definition) suggests that the phrase is not as difficult for shareholders to understand as the Company claims here: “Our Board of Directors believes that having a mix of directors with complementary qualifications, expertise, experience, and attributes is essential to meeting its oversight responsibility”⁵⁸

Alphabet also objects that “risk” is excessively vague, justifying exclusion of the Proposal. According to Alphabet, “what one shareholder might reasonably

⁵⁶ See No-Action Request, at 15-16.

⁵⁷ No-Action Request, at 16.

⁵⁸ Definitive Proxy Statement of Alphabet Inc. filed on Apr. 24, 2020, at 11 (hereinafter, “2020 Proxy Statement”)

(https://www.sec.gov/Archives/edgar/data/1652044/000130817920000203/lgoog2020_def14a.htm)

consider a risk would not necessarily be considered a risk by another shareholder” because “[r]isk tolerance is something that is individual to each person.”⁵⁹ Alphabet’s board would only oversee those risks that it believes exist, and the Proposal simply asks Alphabet to report on existing board oversight, so the relevant standard is what Alphabet’s board views as a risk. This would be a familiar concept to shareholders voting on the Proposal, whose own personal views of risk are immaterial here, from Alphabet’s own proxy statement discussion of the board’s role in risk oversight.⁶⁰

Alphabet next takes issue with the word “strategy,” urging:

[s]trategy could relate to the Company’s overall business strategy, the Company’s strategy relating to a specific merger/acquisition, the Company’s strategy regarding new and upcoming changes in competition laws and regulations (which the Supporting Statement notes), the Company’s strategy in how the Company thinks about consumer needs and concerns about search products and services (which the Supporting Statement also notes), the Company’s strategy as it relates to one or more specific legal proceedings — or, alternatively, the Company’s litigation strategy generally (another item the Supporting Statement notes), or any combination of these topics or other topics that may relate to “strategy” and have some relationship to competition considerations.”⁶¹

There is no basis for concluding that “strategy” refers to strategy “relating to a specific merger/acquisition,” as no such transaction is mentioned in the resolved clause or supporting statement. The commonsense interpretation is that strategy refers to Alphabet’s overall business strategy, which would encompass all the other possibilities Alphabet lists.

The final ambiguity to which Alphabet points is “public policy activities.” Alphabet provides two dictionary definitions of public policy, which Alphabet claims “encompass a very broad range of topics.” The ambiguity persists, according to Alphabet, even though the Proposal refers to public policy activities related to risks from anticompetitive practices.⁶² In the corporate context, public policy activities are generally understood to refer to efforts to influence public policy, which can include laws, regulations, and sub-regulatory interpretations and guidance. Those efforts can take the form of direct lobbying, indirect lobbying through trade associations, or grassroots lobbying, which involves communications designed to influence members of the public to support or oppose legislation or regulation. Many companies have adopted policies or guidelines to govern public policy engagement

⁵⁹ No-Action Request, at 16.

⁶⁰ See 2020 Proxy Statement, at 30.

⁶¹ No-Action Request, at 16-17.

⁶² No-Action Request, at 17.

and disclose expenditures related to public policy advocacy.⁶³ Although Alphabet does not appear to have adopted such a policy, Google has a page on “U.S. Public Policy” describing the company’s approach to numerous issues, including artificial competition and privacy, and the oversight process for public policy activities.⁶⁴ Accordingly, it seems unlikely that Alphabet is confused about what the Proposal’s reference to public policy activities means.

* * *

In sum, the subject of the Proposal is anticompetitive practices by tech platforms, not legal compliance or legal proceedings and investigations. Such practices are a significant policy issue, as shown by the widespread public debate, including numerous legislative and regulatory initiatives and substantial media coverage, over the past several years. The issue is significant for Google, given the intense scrutiny of its business practices. The Proposal is not excessively vague because the meanings of key terms are clear from the whole Proposal or have definitions that are widely known. For these reasons, Alphabet has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7) or Rule 14a-8(i)(3). We thus respectfully request that Alphabet’s request for relief be denied.

CtW appreciates the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact me at dieter.waizenegger@ctwinvestmentgroup.com.

Sincerely,



Executive Director, CtW Investment Group

⁶³ See, e.g., <https://www.sysco.com/About/Company-Profile/Public-Policy-Engagement.html>; <https://corporate.bestbuy.com/wp-content/uploads/2019/03/Best-Buy-Political-Activity-and-Government-Affairs-policy-FINAL-PDF.pdf>; <https://www.apple.com/public-policy-advocacy/>; <https://investor.equinix.com/corporate-governance/public-policy-activities>; <https://www.westerndigital.com/company/corporate-sustainability/us-public-policy-activities>; <https://www.adobe.com/content/dam/cc/en/corporate-responsibility/pdfs/public-policy-guidelines.pdf>

⁶⁴ <https://www.google.com/publicpolicy/transparency/>

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February 2, 2021

VIA E-MAIL (shareholderproposals@sec.gov)

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

Re: Shareholder Proposal Submitted by CtW Investment Group

Ladies and Gentlemen:

We are writing on behalf of our client, Alphabet Inc., a Delaware corporation (“Alphabet” or the “Company”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to notify the staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) of the Company’s intention to exclude the shareholder proposal (the “Proposal”) and supporting statement (the “Supporting Statement”) submitted by CtW Investment Group (the “Proponent”), by a letter dated December 10, 2020, respectively, from the Company’s proxy statement for its 2021 annual meeting of shareholders (the “Proxy Statement”).

In accordance with Section C of the SEC Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”), we are emailing this letter and its attachments to the Staff at shareholderproposals@sec.gov. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to the Proponent as notice of the Company’s intent to omit the Proposal from the Proxy Statement. The Company expects to file its definitive Proxy Statement with the Commission on or about April 23, 2021, and this letter is being filed with the Commission no later than 80 calendar days before that date in accordance with Rule 14a-8(j). Rule 14a-8(k) and Section E of SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the shareholder proponent elects

to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if the Proponent submits correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to the undersigned on behalf of the Company.

THE PROPOSAL

The Proposal and Supporting Statement are attached hereto as Exhibit A. The Proposal states:

RESOLVED that the shareholders of Alphabet Inc. (“Alphabet”) ask the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board’s role in Alphabet’s public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information.

BASES FOR EXCLUSION

In accordance with Rule 14a-8, we hereby respectfully request that the Staff confirm that no enforcement action will be recommended against the Company if the Proposal and the Supporting Statement are omitted from the Proxy Statement for the following reasons:

1. The Proposal may be omitted pursuant to Rule 14a-8(i)(7) because the Proposal concerns the Company’s ordinary business operations; and
2. The Proposal may be omitted pursuant to Rule 14a-8(i)(3) because the Proposal is impermissibly vague, indefinite and susceptible to various interpretations so as to be inherently misleading in violation of the proxy rules.

ANALYSIS

A. Under Rule 14a-8(i)(7), the Proposal may be omitted because it concerns the Company’s ordinary business operations.

(1) Background on the ordinary business basis for exclusion under Rule 14a-8(i)(7).

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company’s “ordinary business operations.” According to the Commission, 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 shareholder meeting.” *Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals*, [1998 Transfer Binder] *Fed. Sec. L. Rep. (CCH)* ¶ 86,018, at 80,539 (May 21, 1998) (the “1998 Release”). In the 1998 Release, the Commission described two “central considerations” for the ordinary business exclusion: 1) certain tasks are “so fundamental to management’s ability to run

a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight,” and 2) 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.” *Id.* at 86,017-18 (footnote omitted).

The Staff has consistently held the view that whether a shareholder proposal requests a report be prepared and disseminated is not determinative of eligibility for exclusion under Rule 14a-8(i)(7), but rather, exclusion turns on the subject matter of the report. If the subject matter of a proposed report falls into the ordinary business of the company, then the company may be permitted to exclude the proposal under Rule 14a-8(i)(7), even if the proposal request is the dissemination of a report on such subject matter. *See Exchange Act Release No. 20091* (Aug. 16, 1983). *See also Johnson Controls, Inc.* (Oct. 26, 1999).

Subject to the guidance set forth in Staff Legal Bulletin No. 14I (November 21, 2017) (“SLB 14I”), which is discussed further in subsection A(4) below, the Staff has also consistently concurred that a board’s oversight and deliberations about strategy and public policy activities, which inherently include discussions and oversight of related risks, are all excludable under Rule 14a-8(i)(7) if the subject matter falls within a company’s ordinary business. *See, e.g., Amazon.com, Inc.* (Mar. 16, 2018) (allowing exclusion of a proposal requesting a report evaluating the feasibility of achieving various green goals by 2030); *McDonalds Corporation* (Mar. 12, 2019) (allowing exclusion of a proposal that required the creation of a special committee to restore public confidence in food quality); *Best Buy Co., Inc.* (Feb. 23, 2017) (allowing exclusion of a proposal that requested a report detailing the known and potential risks and costs to the company by pressure campaigns to oppose religious freedom laws, public accommodation laws, etc.); *Duke Energy Corp.* (Feb. 23, 2017) (same proposal and outcome as Best Buy); *Lowe’s Companies, Inc.* (Feb. 23, 2017) (same proposal and outcome as Best Buy and Duke Energy); *Bank of America Corporation* (Mar. 1, 2017) (allowing exclusion of a proposal that requested a report analyzing whether incentive policies and compensation for low level employees may expose the company to material losses and other risks); *Franklin Resources, Inc.* (Dec. 1, 2014) (allowing exclusion of a proposal that requested a board-initiated review of the company’s proxy voting policies and practices, taking into account corporate responsibility and environmental positions); and *Consol Energy Inc.* (Feb. 23, 2009) (allowing exclusion of a proposal requesting a report on how the company is responding to rising regulatory and public pressure to significantly reduce the social and environmental harm associated with carbon dioxide emissions from the company’s operations and from the use of its primary products).

The Proposal requires the Company’s Board of Directors (the “Board”) to “report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full [B]oard or [B]oard committee has oversight responsibility, whether and how consideration of such risks is incorporated into [B]oard deliberations regarding strategy, and the [B]oard’s role in Alphabet’s public policy activities related to such risks.” As discussed above, that the Proposal asks for a report does not preclude it from being excluded under Rule 14a-8(i)(7); this basis for exclusion is valid as long as the underlying subject matter requested in the

report is a matter of ordinary business. Also as set forth above, the Board's oversight and deliberations about strategy and public policy activities, which inherently include discussions and oversight of related risks, are all excludable so long as the subject matter of such oversight and deliberations are a matter of ordinary business. The subject matter of this Proposal is oversight relating to alleged anticompetitive practices and risks, which constitute an integral part of the Company's ongoing global legal compliance function and are the subject of ongoing investigations and legal proceedings brought against the Company over many years. Both of these aspects constitute ordinary business functions, as discussed in the following sections. Therefore, the Proposal as submitted by the Proponent is properly excludable under Rule 14a-8(i)(7) for the reasons set forth below.

(2) *The Proposal is excludable because it relates to the oversight and evaluation of the Company's risk exposures and management of the Company's ordinary business functions, including the Company's ongoing legal compliance with global regulations.*

The Staff has a well-established track record of granting no-action relief to companies requesting to exclude proposals that concern a company's legal compliance program on the grounds that they relate to matters of ordinary business under Rule 14a-8(i)(7). *See, e.g., Navient Corp.* (Mar. 26, 2015, recon. denied Apr. 8, 2015) (allowing exclusion of a proposal that required the company to prepare a report on the company's student loan servicing operations, including a discussion of the actions taken to ensure compliance with applicable federal and state laws, because the proposal concerned the company's legal compliance program); *Raytheon Co.* (Mar. 25, 2013) (allowing exclusion of a proposal that required the company to produce a report on the board's oversight of the company's efforts to comply with the requirements of the Americans with Disabilities Act, the Fair Labor Standards Act, and the Age Discrimination in Employment Act); *Sprint Nextel Corp.* (Mar. 16, 2010, recon. denied Apr. 20, 2010) (allowing exclusion of a proposal requesting the board to explain why it failed to adopt an ethics code that was designed to, among other things, promote securities law compliance because proposals relating to "adherence to ethical business practices and the conduct of legal compliance programs are generally excludable under [R]ule 14a-8(i)(7)"); *FedEx Corp.* (July 14, 2009) (allowing exclusion of a proposal that required the company to produce a report detailing the company's compliance with federal and state laws governing proper classification of employees and independent contractors); *KB Home* (Jan. 11, 2008) (allowing exclusion of a proposal that required the board to establish a compliance committee that would conduct a thorough review of the company's regulatory, litigation and compliance risks with respect to its mortgage lending operations, and present such findings, recommendations and progress to the shareholders); *The Bear Stearns Companies, Inc.* (Feb. 14, 2007) (allowing exclusion of a proposal that required the board of directors to prepare a report on the costs, benefits and impacts of the Sarbanes-Oxley Act on the company's operations because the proposal "relat[ed] to its ordinary business operations (i.e. general legal compliance program)"); *Merrill Lynch & Co., Inc.* (Jan. 11, 2007) (same proposal and outcome as Bear Stearns); *Morgan Stanley* (Jan. 8, 2007) (same proposal and outcome as Bear Stearns and Merrill Lynch); *Halliburton Co.* (Mar. 10, 2006) (allowing exclusion of a proposal that required the company to produce a report on certain policies and procedures to reduce or eliminate recurring investigations and violations of various laws because the proposal

related to the company's ordinary business operations "(i.e., general conduct of a legal compliance program)"; and *Monsanto Company* (Nov. 3, 2005) (allowing exclusion of a proposal that required the creation of an ethics oversight committee of independent directors to monitor the company's compliance with its ethics policy and applicable law, including the Foreign Corrupt Practices Act).

Anticompetitive risks and practices stem from competition laws. Competition and antitrust laws and regulations are common in many jurisdictions around the world. For example, in the United States, the three major federal antitrust laws are the Sherman Act, the Clayton Act and the Federal Trade Commission Act. Europe has competition laws under various Articles of the Treaty on the Functioning of the European Union, as well as a number of Regulations and Directives. And most countries in the Asia Pacific region and Africa have similar statutes. Competition law compliance and risks are therefore part and parcel of a company's broader compliance and controls function, because competition matters are inherent to a company's ongoing compliance with the laws and regulations to which it is subject — and, as part of a company's ongoing legal compliance framework, competition matters and anticompetitive risks consequently also constitute part of a company's day-to-day legal operations. For example, the Staff found in *DTE Energy Company* (Feb. 8, 2018) that a proposal was excludable under Rule 14a-8(i)(7) because the potential antitrust fines at the center of the proposal were the ordinary business of the company.

The examples of concerns related to the Proposal that the Proponent cites in the Supporting Statement demonstrate that oversight relating to alleged anticompetitive risks are closely intertwined with the Company's ordinary business matters. The Supporting Statement explains, as part of the reason for the Proposal, that "the U.S. Department of Justice ("DOJ") and 11 state attorneys general sued Google, alleging the company maintained monopolies in 'general search services, search advertising, and general search text advertising' through anticompetitive exclusionary agreements with device makers, carriers and browser developers to make Google the default search engine and prohibit dealing with Google's competitors." The Supporting Statement also references "the European Union fin[ing] Google \$1.7 billion for 'abusive practices in online advertising'" in 2019, and "the Antitrust Subcommittee [of the House Judiciary] report[, which] recommended a slew of changes aimed at ending the monopolies enjoyed by Google and other platforms." These are all aspects of the day-to-day work that the Company has undertaken for many years as part of its global legal compliance program, which includes ensuring compliance and making decisions about legal strategy with respect to competition laws and regulations in all of the jurisdictions around the world in which the Company operates. Therefore, a report on "whether the full [B]oard or [B]oard committee has oversight responsibility" (which is already publicly available information in the charter (the "Charter") of the Audit and Compliance Committee ("ACC") of the Board of Alphabet), "whether and how consideration of [competition] risks is incorporated into [B]oard deliberations regarding strategy," and "the [B]oard's role in Alphabet's public policy activities related to [competition] risks" is nothing more than a report on the Board's oversight responsibilities of management's daily functions pertaining to ensuring that the Company continues to be in full

compliance with all of the various legal and regulatory requirements to which it is subject around the world.

The Proposal, along with the Supporting Statement, makes clear that the underlying issue and purpose is to review the Company's legal compliance and related business and policy practices, and how the Board ensures the Company's legal compliance with competition laws globally as part of its oversight duties. All of these practices, risk analyses and strategy deliberations require complex analysis of significant volumes of information and facts, many of which are highly sensitive and confidential (including relevant facts and circumstances about the Company's business, short- and long-term strategy, operations and the direction of planned growth and development). A core element common to the Company's defense of many of the pending competition matters is that its products and services benefit its customers, a consideration integral to its everyday operations. Board oversight of management in carrying out its duties with respect to legal compliance and risk management, particularly as they pertain to anticompetitive matters, also requires deep knowledge and understanding of all of the various competition laws and related regulations in all of the relevant jurisdictions around the world, extensive experience in identifying and evaluating relevant issues, approaches and potential decision-making options with respect to a wide range of matters that may relate to competition law compliance, and constant refreshment on the latest industry trends and best practices. As such, "anticompetitive risks" necessarily extend beyond the scope that the Proposal contemplates, which is the enforcement and litigation side of competition. The full scope of management's and the Board's work in considering competition risks also include how such competition laws impact the Company's potential transactions, future growth and business development, the Company's relationships and partnerships with other companies, the Company's research and development and distribution of new and revolutionary products and services to stay competitive with the Company's peers, and the Company's decisions with respect to entering new markets and other strategies, just to name a few examples. In undertaking the work on these complex matters, the Company's management and Board must conduct intricate analyses on multifaceted issues that are often beyond the knowledge, experience and expertise of a typical shareholder, and make determinations based on numerous and oftentimes constantly developing factors relating to the ever-changing regulatory landscape, the activities of the Company and its peers, and the constantly evolving products and services and markets in which the Company competes. In light of all of the above, and consistent with the cited precedents above, exclusion of the Proposal under Rule 14a-8(i)(7) is permissible and proper because the requested report relates to matters involving the Company's global legal compliance program, which is part of the Company's ordinary business operations.

(3) *The Proposal is excludable because it relates to pending litigation matters and the Company's legal strategy related to such litigation matters, and would constitute micromanagement of the Board and management in carrying out their ordinary business duties in connection with such litigation matters.*

Generally, the Staff has consistently allowed exclusion because proposals sought to micromanage a board as it relates to the board's management of risks related to complex decision-making and problem solving, *see Pfizer Inc.* (Mar. 1, 2019) (allowing exclusion of a

proposal that sought implementation of a policy preventing use of the “forced swim test” on animal test subjects because it micromanaged the company by seeking to impose specific methods for implementing complex policies); *see also Wells Fargo* (Mar. 5, 2019) and *Exxon Mobil* (April 2, 2019) (allowing exclusion of the proposals because the imposition of an overarching requirement of alignment with the Paris Agreement displaced the ongoing judgments of management as overseen by its board of directors). Although the Staff has found that litigation itself does not constitute ordinary business, a proposal that seeks oversight of the board’s conduct with regards to pending litigation constitutes micromanagement. Consistent with this, the Staff has concurred with the exclusion of proposals that implicate a company’s litigation strategy or conduct in pending litigation proceedings. In *General Electric Company*, the Staff noted that “[p]roposals that would affect the conduct of ongoing litigation to which the company is a party are generally excludable under rule 14a-8(i)(7)” (Feb. 3, 2016) (allowing exclusion of a proposal because the company was “presently involved in litigation relating to the subject matter of the proposal”). *See also Walmart Inc.* (Apr. 13, 2018) (permitting exclusion of a proposal that requested a report on the risks related to the [c]ompany in connection with public policies on the gender pay gap because “the [p]roposal would affect the conduct of ongoing litigation relating to the subject matter of the [p]roposal to which the [c]ompany is a party”); *Eli Lilly and Co.* (Jan. 13, 2017) (allowing exclusion of a proposal because it related to the disclosure of litigation information above and beyond what is required under the Commission’s rules); *Johnson & Johnson* (Feb. 14, 2012) (permitting exclusion of a proposal that required the company to issue a report on initiatives instituted by the company to address the concerns of people harmed by one of the company’s pharmaceutical products, for which the company was involved in ongoing litigation, thereby necessitating the company to take a position contrary to its litigation strategy); *AT&T Inc.* (Feb. 9, 2007) (allowing exclusion of a proposal because it requested the company issue a report containing information regarding a matter of which the company was involved in pending lawsuits); *Microsoft Corp.* (June 22, 2000) (permitting exclusion of a proposal that requested the company pursue and file a class action lawsuit against the U.S. federal government on behalf of all Microsoft shareholders because the proposal “involve[ed] matters of the company’s ordinary business operations (i.e., the conduct of litigation”); and *Philip Morris Companies Inc. and RJR Nabisco Companies Inc.* (Feb. 22, 1999) (allowing exclusion of proposals that required the companies to stop using “light” and “ultralight” to describe their products until independent research verified that such “light” and “ultralight” brands reduced the risk of smoking-related diseases).

Furthermore, where a proposal would affect the conduct of ongoing litigation because the proposal deals with a subject matter that is the same or similar to that of an ongoing legal proceeding, the Staff has consistently concurred with exclusion under Rule 14a-8(i)(7) on the particular grounds that the implementation of the proposal may prejudice the company in the ongoing legal proceeding or investigation. *See, e.g., Baxter International Inc.* (Feb. 20, 1992) (allowing exclusion of a proposal on the grounds that “the [c]ompany [was] presently involved in litigation relating to the subject matter of the proposal[, and the] implementation of the proposal might prejudice the [c]ompany in an on-going government investigation of the matter”); *NetCurrents, Inc.* (May 8, 2001) (allowing exclusion of a proposal relating to the company’s ordinary business operations (i.e., litigation strategy) where the proposal required the company to

file suit against certain of its officers for financial improprieties); *Benihana National Corp.* (avail. Sept. 13, 1991) (permitting exclusion under Rule 14a-8(c)(7) of a proposal requesting the company to publish a report prepared by a board committee analyzing claims asserted in a pending lawsuit); and *CBS Corp.* (Jan. 21, 1983) (allowing exclusion of two proposals under Rule 14a-8(i)(7) because both related to a then-ongoing lawsuit for libel against the company).

Both as set forth in the Supporting Statement and as disclosed in the Company's previously filed Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and in the Company's forthcoming Annual Report on Form 10-K for the fiscal year ended December 31, 2020, the Company is involved in legal proceedings concerning antitrust and various competition matters both in the United States and in other jurisdictions around the world. In response to such legal proceedings, the Company has engaged numerous internal and external competition counsel and advisors. The Company and its counsel and advisors are engaged in legal planning and strategy in response to the aforementioned legal proceedings and litigation. This all requires intensively complex decision-making and problem solving, and a critical part of the legal planning and strategy required to defend properly the Company against such investigations and legal proceedings is having an extensive and familiar knowledge about the institutional history of the Company, its business model, strategies and mission, and how the Company developed and evolved into its current state. With respect to Alphabet, these matters involve experience and intimate knowledge of how Alphabet works as a company and its long-term plans. For example, Alphabet is a collection of businesses — the largest of which is Google — and a large part of Alphabet's business is to innovate continually and invest in areas where technology can have a positive impact on people's lives. Such innovations and investments necessarily include acquisitions and related business transactions, which are inextricable from any analysis, strategy planning and deliberations made in connection with competition-related legal proceedings. These and other considerations all factor into the Company's competition law risk framework, which in turn feeds into how the Company's Board and management think about litigation strategy, and available options and approaches for proceeding and defending against the Company's currently ongoing competition claims and lawsuits. The Proposal, if implemented, would impermissibly allow shareholders to micromanage the Company's Board and management in carrying out their duties with respect to the ongoing legal proceedings and force the Company's Board and management to set aside their own best business judgments in favor of shareholder oversight of such matters (which shareholders, as discussed above, are not in the best position to provide).

Additionally, the Proposal specifically requests the disclosure of "risks related to anticompetitive practices, including [. . .] whether and how consideration of such risks is incorporated into [*B*]oard deliberations regarding strategy" (emphasis added). In order to make such disclosures, particularly the "how" as it relates to the consideration of competition risks regarding "strategy," the Company would need to disclose a wealth of facts and information about the Company's business, the specifics of the legal proceedings and the Company's defenses, etc. Almost always, such information and the other institutional knowledge that contribute to such deliberations are highly sensitive and confidential information, the untimely public disclosure of which could not only materially adversely impact the pending proceedings

involving the Company but also materially adversely impact the Company's broader business operations and performance, since the Company's business functions (including growth, development and investments in its subsidiaries) also relate to general compliance with the same competition laws at the center of the Company's ongoing legal proceedings. Even though the Proposal includes the customary carve out for confidential and proprietary information, the Supporting Statement makes clear that the Proposal's goal is to provide shareholders with "more information about the [B]oard's role" with respect to "Alphabet's management of risks related to anticompetitive practices." As a practical matter, most of the information relating to the Company's legal strategies and risks in connection with these legal proceedings are highly confidential and protected by attorney/client privilege. As such, the Proposal, if implemented, would interfere with management's and the Board's ability to adequately and fully respond to and defend against the ongoing investigations and legal proceedings, because the disclosure of everything the Proposal requests would implicate and adversely impact the Company's litigation strategy, available options and approaches for moving forward and defending against specific claims and the Company's general conduct of litigation. Alternatively, the report would be so sparse as to likely not be aligned with the spirit of the Proposal or shareholder expectations. The Company's Board and management have a duty to the Company to protect the Company, the Company's and the shareholders' best interests when responding to and defending against such legal proceedings and investigations, and disclosing such sensitive information about the Company's strategies, particularly as they are so intricately tied to the Company's ongoing legal proceedings, would be a material detriment to both the Company's and its shareholders' interests.

Moreover, the Proposal's request focuses on the Company's oversight of alleged "anticompetitive practices," which implies that the Company has committed wrongdoing in violation of some unnamed competition law. The report therefore seems not merely to be a disclosure of how the Company thinks about and carries its business in compliance with competition laws; the report seems to be seeking incorrect admissions, because the Company believes its business practices and operations are and remain in full compliance with applicable competition laws and that it has not engaged in "anticompetitive practices." Further, the Company believes that the ongoing legal proceedings against it that concern competition-related claims are without merit and is proceeding in its legal conduct and strategy with respect to such legal proceedings accordingly. As a result, any such disclosures made pursuant to this Proposal, which asks for insight into the Board's oversight of the Company's "anticompetitive practices," would materially harm the Company's litigation strategy and conduct in its ongoing legal proceedings. In the same vein as in *Baxter International*, *General Electric Company*, *Walmart* and many other examples cited above, where the Staff granted no-action relief under Rule 14a-8(i)(7) on the grounds that "the [p]roposal would affect the conduct of ongoing litigation relating to the subject matter of the [p]roposal to which the [c]ompany is a party" (*Walmart Inc.*) and the "implementation of the proposal might prejudice the [c]ompany in an on-going government investigation of the matter" (*Baxter International Inc.*), so too should the Staff grant no-action relief under Rule 14a-8(i)(7) here. The Proposal relates to the Company's ongoing legal proceedings and litigation matters, and the disclosure of the requested items in the Proposal would not only micromanage the Company's management and Board in carrying out their

ordinary business functions, it would also materially adversely impact the Company's strategy and conduct in the ongoing investigations and legal proceedings. As a result, the Proposal is improper and is excludable under Rule 14a-8(i)(7).

(4) *The Proposal does not implicate a significant policy issue that would otherwise render the basis for exclusion under Rule 14a-8(i)(7) unavailable for this Proposal.*

As explained in the 1998 Release, proposals that otherwise concern ordinary business matters may nonetheless be appropriate for a shareholder vote if the proposal raises a policy issue that is sufficiently significant to transcend day-to-day business matters. The Staff has explained in SLB 14I that the applicability of this exception “depends, in part, on the connection between the significant policy issue and the company’s business operations.” In particular, the connection rests on evaluating “the implications for a particular proposal on [a] company’s business [. . . and] whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote.” *Id.* The Staff further clarifies in Staff Legal Bulletin No. 14K (October 16, 2019) (“SLB 14K”) that “[t]he staff takes a company-specific approach in evaluating significance, rather than recognizing particular issues or categories of issues as universally “significant.” Accordingly, a policy issue that is significant [enough] to one company [to merit a shareholder vote] may not be significant to another.” Therefore, if the policy issue raised does not transcend ordinary business operations so as to be appropriate for a shareholder vote *for that specific company*, then that proposal would nonetheless be excludable under Rule 14a-8(i)(7). *See* SLB 14K. Pursuant to Staff Legal Bulletin No. 14J (October 23, 2018) (“SLB 14J”), the analysis as it applies to each company rests on a number of factors, such as (but not limited to):

- “Whether the company has already addressed the issue in some manner, including the differences – or the delta – between the proposal’s specific request and the actions the company has already taken, and an analysis of whether the delta presents a significant policy issue for the company;”
- “Whether anyone other than the proponent has requested the type of action or information sought by the proposal;” and
- “Whether the company’s shareholders have previously voted on the matter and the board’s views as to the related voting results.”

The Company acknowledges that the Staff recognizes “the [B]oard’s role in the oversight of a company’s management of risk is a significant policy matter regarding the governance of the corporation [and, as such,] a proposal that focuses on the [B]oard’s role in the oversight of a company’s management of risk *may* transcend the day-to-day business matters of a company.” Staff Legal Bulletin No. 14E (Oct. 27, 2009) (“SLB 14E”). However, the Staff has also recognized that “merely dressing the proposal as a board risk oversight proposal is not sufficient” to preclude exclusion on ordinary business grounds if the underlying subject of the requested board action relates to an ordinary business matter. *See Rite Aid Corp.* (Mar. 24, 2015) (allowing exclusion of a proposal requesting a nominating and governance committee charter amendment on providing oversight on public reporting of policies to determine whether the company should sell a product because the proposal related to the products and services offered for sale by the company, even though the proposal was drafted as a risk management

proposal). The Staff has consistently found that a proposal's request for an evaluation of risk is not determinative of whether that proposal can be excluded, if the subject matter underlying the proposal is in the ordinary business of the company:

[R]ather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk . . . [S]imilar to the way in which we analyze proposals asking for the preparation of a report, the formation of a committee or the inclusion of disclosure in a Commission-prescribed document—where we look to the underlying subject matter of the report, committee or disclosure to determine whether the proposal relates to ordinary business—we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company.

SLB 14E (Oct. 27, 2009). *See also The Walt Disney Company* (Jan. 8, 2021) (allowing exclusion of a proposal that requested a third party report on risks related to Walt Disney's role in spreading hate speech on social media); *TJX Companies, Inc.* (Feb. 3, 2020) (allowing exclusion of a proposal that requested an annual board report on effectiveness of board policies in preventing prison labor); *McDonalds Corporation* (Mar. 22, 2019) (allowing exclusion of a proposal requiring a report on the risks associated with animal cruelty and other topics of animal welfare); *FedEx Corp.* (July 11, 2014) (allowing exclusion of a proposal requesting a discussion on the oversight of management's response and efforts to distance the company from a sports team name and franchise); *The Western Union* (Mar. 14, 2011) (allowing exclusion of a proposal requesting periodic reports from a committee on the company's monitoring and control of various material risk exposures); *Pfizer Inc.* (Feb. 16, 2011) (allowing exclusion of a proposal under Rule 14a-8(i)(7) because the proposal requested an annual assessment of the risks created by the company's actions to reduce or avoid U.S. federal, state and local taxes and provide a report to shareholders on such assessment). *See further Amazon.com, Inc.* (Mar. 21, 2011); *Wal-Mart Stores, Inc.* (Mar. 21, 2011); *Lazard Ltd.* (Feb. 16, 2011).

The Proposal does not transcend the Company's ordinary business operations such that it "would be appropriate for a shareholder vote." The Supporting Statement references "the U.S. Department of Justice ("DOJ") and 11 state attorneys general [bringing suit against] Google" and the fact that "anticompetitive practices of big tech companies, including Alphabet[']s subsidiary Google, are receiving increasing scrutiny from the public, regulators and enforcers." As discussed above, the Staff has consistently allowed the exclusion of proposals that affect the conduct of ongoing litigation because the proposal deals with a subject matter that is the same or similar to that of an ongoing legal proceeding, thereby necessarily making the determination that such matters did not transcend the day-to-day business operations sufficiently to "be appropriate for a shareholder vote" on such matters. Further, to the Company's knowledge, the Staff has not taken the view in any previous no-action letters that compliance with competition or other laws is a matter that "transcends day-to-day business matters" to the level of a "significant policy issue" for the purposes of Rule 14a-8(i)(7).

The Company's policies regarding legal compliance, and the Board's oversight of the risks related to compliance with competition laws, fall within the boundaries of the Company's day-to-day ordinary course business operations. Here, the Company respectfully requests the Staff to consider a distinction between a matter that is important and integral to a company's business but, which, by such nature, remains firmly in the realm of a company's day-to-day ordinary course business, and a matter that is so significant and un-quotidian as to "transcend ordinary business" and "be appropriate for a shareholder vote [and oversight]." As the Proponent acknowledges, the rapidly evolving technology industry has long been subject to legal (and specifically competition law) compliance scrutiny (going back to even before Alphabet's predecessor Google was a public company). As a result, most technology companies have longstanding risk management, oversight and compliance structures in place to handle these day-to-day matters — in other words, legal compliance and, specifically competition law compliance, while very important and integral to a technology company's business, is part and parcel of a technology company's day-to-day business operations.

Where there has been sufficient description and explanation of the factors and other facts and circumstances, the Staff has granted no-action relief on ordinary business grounds without the need for a board analysis of the particular shareholder proposal. *See, e.g., The Walt Disney Company* (Oct. 31, 2020); *Amazon Inc.* (Jan. 24, 2020); *Rite Aid Corp.* (Apr. 17, 2018). As explained above, some of the factors identified by SLB 14J in making a determination of whether a proposal "transcends ordinary business" include whether any other shareholder has raised this issue in a proposal before, and the analysis of the delta between the Proposal's specific request and the actions the Company has already taken. Alphabet has not previously received this Proposal or a similar proposal on the same topic, either by the Proponent or any other shareholder. The closest approximation is a proposal the Company received for the 2019 annual meeting, which requested the "hir[ing] of independent advisors to help review strategic alternatives/maximize shareholder value" and included in its supporting statement, among other unrelated items, a reference to some antitrust concerns, the fine levied by the European Union in 2017 and other legal compliance related matters. This proposal received 0.47% support from the shareholders voting at the 2019 annual meeting, which clearly shows the lack of significant concern that the Company's shareholders had on the items raised in that proposal's supporting statement.

In respect of the delta analysis, the Supporting Statement clarifies the intent of the Proposal to be that "[the Proponent] believe[s] that robust board oversight would improve Alphabet's management of risks related to anticompetitive practices." The nature of Alphabet's business, where innovation and the pursuit of cutting-edge, groundbreaking advancements in technology, products and services that revolutionize the way we live and work in society is the daily norm, means that the Board, as part of its oversight responsibilities, is constantly focusing on full compliance with all laws and regulations around the world, including competition laws. The Company already has robust oversight responsibilities and structures in place to evaluate and manage competition-related risks on a regular and ongoing basis, including a wide range of policy matters:

First, as set forth in the ACC's Charter, which is publicly available on Alphabet's investor relations website and is attached hereto as Exhibit B, the ACC is charged with overseeing risk exposures and risk management, including as it relates to competition matters. The ACC is composed of independent directors appointed by the Board, and regularly meets to

discuss competition-related matters and issues and related risks, and reviews such risk exposures and assessments with the full Board and with members of management, respectively. As part of the ACC's oversight of the Company's competition-related risks, the ACC regularly hears reports and presentations from both the Company's Chief Legal Officer and the Company's competition counsel experts to assist with its deliberations and decisions.

Second, in addition to the ACC's oversight, the full Board is also regularly apprised of competition-related matters. Presentations, led by the Company's Chief Legal Officer, provide an overview of the ever-evolving global regulatory landscape and deep dives into key competition-related issues and related risks.

Third, the Company, under the oversight of the ACC, has robust code of conduct and ethics policies, which apply to all Board members and employees of Alphabet, including senior management, and highlight the importance of compliance with competition laws. In relevant part, the Company's Code of Conduct, which is available on the Company's investor relations website and is attached hereto as Exhibit C, states:

2. Competition Laws

Be sure you follow all laws designed to promote free and fair competition and protect consumers. These laws generally prohibit 1) arrangements with competitors that restrain trade, 2) abuse of market power to unfairly disadvantage competitors, and 3) misleading or harming consumers. Some of these laws carry civil and criminal penalties for individuals and companies.

As set forth in the Charter, the ACC is responsible for reviewing and approving any changes, as necessary to the Code of Conduct each year. Further, the ACC is responsible for reviewing the implementation and effectiveness of the Code of Conduct and the Company's overall compliance program each year with management and the Company's compliance and securities counsel.

Finally, in an effort to keep its stakeholders apprised of the ongoing risks, Alphabet provides comprehensive disclosure to its investors about the increased regulatory scrutiny that the Company faces, in competition law matters and otherwise, and the related risks to the Company that such scrutiny brings. *See, e.g.*, Alphabet's Annual Report on Form 10-K, which will be filed with the SEC on or about February 2, 2021. Additionally, the Company's Chief Legal Officer periodically posts updates and commentary about the Company's new and ongoing litigation matters, including competition litigation matters, on Google's Public Policy blog.

Furthermore, looking specifically at the Proposal's requests — “whether the full [B]oard or [B]oard committee has oversight responsibility” (which is already publicly available information in the ACC's Charter), “whether and how consideration of [competition] risks is incorporated into [B]oard deliberations regarding strategy,” and “the [B]oard's role in Alphabet's public policy activities related to [competition] risks” — none of these are items that constitute “significant policy issues.” In fact, these are all broad-based generalized inquiries into the day-to-day duties and responsibilities of management and the Board and not specific to any one particular issue. In fact, the Supporting Statement clearly shows that the Proponent wants an inside view into the minutiae of management's and the Board's functions and operations, on both

competition and other unrelated matters. The Proponent in the Supporting Statement expresses concern about the “anticompetitive practices of big tech companies,” but also discusses a survey that “found that 58% of Americans are not ‘confident they are getting objective and unbiased search results when using an online platform to shop or search,’” which is a focus on customer satisfaction and feedback on the quality and substantive helpfulness of a company’s products and services. Further, the Supporting Statement also includes a concern that “85% [of survey participants] are very or somewhat concerned about the amount of data online platforms store about them,” which, again, is not so much related to competition as to data privacy and retention matters, which are also part of the Company’s ordinary operating procedures. Even the concerns touching on competition matters just provide a picture of the various different matters that the Company (and any other large technology company — of which the Supporting Statement names a few, including Amazon, Apple and Facebook) deals with in its ordinary business functions, such as the Company’s CEO testifying at a House Judiciary Committee’s Antitrust Subcommittee hearing, the aforementioned ongoing legal proceedings brought by the DOJ and various state attorneys general, and European Commission fines in past years that are currently under appeal. In light of “new regulations” from the European Union and elsewhere, and the “backlash against anticompetitive practices,” the Proponent’s core concern is that they “believe that robust [B]oard oversight would improve Alphabet’s management of risks related to anticompetitive practices,” which is clearly just a request for a report on how the company thinks about, deliberates and makes decisions with respect to ongoing legal compliance matters, and nothing that transcends into the realm of a “significant policy issue.” Therefore, the Proposal may be excluded under Rule 14a-8(i)(7) because it relates to ordinary business and does not “transcend ordinary business” to the level that “would be appropriate for a shareholder vote [and oversight]” as contemplated in SLB 14I.

B. Under Rule 14a-8(i)(3), the Proposal may be omitted because it is impermissibly vague, indefinite and susceptible to various interpretations so as to be inherently misleading in violation of the proxy rules.

Pursuant to Rule 14a-8(i)(3), the Company may exclude a shareholder proposal from its proxy materials “if the proposal or supporting statement is contrary to any of the Commission’s proxy rules, including § 240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials.” The Staff has interpreted Rule 14a-8(i)(3) to include shareholder proposals that are vague and indefinite, and the Staff has consistently concurred with companies excluding shareholder proposals on the basis that “neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires.” *SEC Staff Legal Bulletin No. 14B* (Sept. 15, 2004). A proposal is sufficiently vague and indefinite to justify exclusion where a company and its shareholders might interpret the proposal differently, such that “any action ultimately taken by the company upon implementation of the proposal could be significantly different from the actions envisioned by the shareholders voting on the proposal.” *Fuqua Industries, Inc.* (Mar. 12, 1991). Such proposals may be determined to be vague or indefinite because the scope of the work to be done is unclear, making it impossible for a company to determine how to adequately comply with the proposal. For example, a

proposal that requested a company's board of directors amend the company's governing documents "... to set standards of corporate governance" was excluded because the phrase "standards of corporate governance" was too broad in scope for the company to know with certainty how to proceed. *Alaska Air Group, Inc.* (Apr. 11, 2007). Additionally, proposals that do not provide sufficient context or explanation, and "lack[] sufficient description about the changes, actions or ideas for the company and its shareholders to consider" may also be excluded as being too vague and indefinite. *Apple Inc.* (Dec. 6, 2019) (allowing exclusion of a proposal because the request that the company "improve guiding principles of executive compensation" lacked adequate explanation as to what constitutes "guiding principles of executive compensation"); *see also eBay Inc.* (Apr. 10, 2019) (permitting the company to exclude the proposal because there was not sufficient description as to what "reform" its executive compensation committee meant).

The Staff has allowed proposals to be excluded if a proposal fails to define key terms or otherwise fails to provide guidance on the implementation of the proposal. *See, e.g., Baxter International, Inc.* (Jan. 10, 2013) (allowing exclusion of a proposal requesting no acceleration in vesting of any future equity pay to senior executives in the event of a change of control because the proposal did not adequately define and explain, among other things, "change of control," such that "neither stockholders nor the company would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires"); *International Paper Co.* (Feb. 3, 2011) (allowing exclusion of a proposal to adopt a policy requiring senior executives to retain a significant percentage of stock acquired through equity compensation programs because it did not sufficiently define "executive pay rights"); *General Electric Company* (Jan. 21, 2011) (permitting the company to exclude a proposal to modify the company's incentive compensation program to provide more long-term incentives because the proposal was impermissibly vague in explaining how the program would work in practice, including the financial metrics that would be used in implementing the proposal); *Verizon Communications Inc.* (Feb. 21, 2008) (allowing exclusion of a proposal where the proposal failed to define critical terms "Industry Peer Group" and "relevant time period"); *Prudential Financial Inc.* (Feb. 16, 2007) (allowing exclusion of a proposal where the proposal was vague on the meaning of critical terms "management controlled programs" and "senior management incentive compensation programs" and where it was unclear how the company would implement the proposal); and *Wendy's International Inc.* (Feb. 24, 2006) (allowing exclusion of a proposal because the term "accelerating development" was found to be impermissibly vague).

The Proposal requires the Board to "report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full [B]oard or [B]oard committee has oversight responsibility, whether and how consideration of such risks is incorporated into [B]oard deliberations regarding strategy, and the [B]oard's role in Alphabet's public policy activities related to such risks." Anticompetitive practice is subject to vast differences in interpretation depending on the audience. To someone with legal training, "anticompetitive" is a reference to practices governed by antitrust laws. "Anticompetitive" is a term of art in the legal field to refer to regulatory controls on various restrictive business

practices. Although antitrust and competition laws are well established, anticompetitive practices, including what practices are anticompetitive and what practices are not anticompetitive, are continually debated by various legal professionals and scholars. Indeed, “anticompetitive practices” could mean business practices that constitute wrongdoing in violation of competition laws and regulations, in which case the report would be asking the Company to disclose information based on a premise that the Company believes is false and inapplicable to the Company’s business operations and practices. Alternatively, it could mean practices that relate to competition laws, which may include practices that evidence compliance with such laws. To further complicate matters, anticompetitive practices is a term used not only by the legal community, but also by people with no legal training. Terms like anticompetitive practices and antitrust necessarily mean different things to people with legal training and people without. The Company is comprised of shareholders, some of whom have legal training, and some of whom do not. Further, the Board also includes members with varying degrees of legal training and related experience. This necessarily means that individual shareholders and Board members will all have varying ideas of what “anticompetitive practices” means and thus will have varying expectations from this Proposal.

Similarly, reasonable minds can disagree about what “oversight responsibility” means, including whether oversight is advisory in nature only, or people who oversee a project are expected to make decisions concerning that project. This difference in views will lead to different expectations about the Proposal and its implementation, and “any action ultimately taken by the company upon implementation of the proposal could be significantly different from the actions envisioned by the shareholders voting on the proposal.” *Fuqua Industries, Inc.* (Mar. 12, 1991). Further, the oversight disclosures that the Proposal requests relate to oversight of anticompetitive “risks.” Risk tolerance is something that is individual to each person and drives certain behaviors, and in fact there is an entire industry dedicated to finding out more about different levels of risk tolerance and how those levels affect human behavior. As a result, what one shareholder might reasonably consider a risk would not necessarily be considered a risk by another shareholder. In addition, what constitutes risk in the view of the Company’s collective shareholders may not be the same as the types and level of risk that the Company’s Board and management contemplate as tolerable, given that the Board and management have to assess both “business” related risks and “legal” related risks, both of which have different thresholds, materiality analyses and sets of considerations. Without a more precise definition of “risk,” there is no guarantee that the shareholders or Board members would be aligned in their understanding of the Proposal and thus any action taken by the Company in response to the Proposal could be seen as not appropriate or responsive to the Proposal.

Additionally, the Proposal requests as part of the report disclosure on “[B]oard deliberations regarding *strategy*” (emphasis added) as they relate to anticompetitive risks. As discussed in Section A above, it is unclear what kinds of “strategy” the Proponents or any other shareholders may have in mind when voting on this Proposal, especially as many topics considered by the Board may have competitive implications. Strategy could relate to the Company’s overall business strategy, the Company’s strategy relating to a specific

merger/acquisition, the Company's strategy regarding new and upcoming changes in competition laws and regulations (which the Supporting Statement notes), the Company's strategy in how the Company thinks about consumer needs and concerns about search products and services (which the Supporting Statement also notes), the Company's strategy as it relates to one or more specific legal proceedings — or, alternatively, the Company's litigation strategy generally (another item the Supporting Statement notes), or any combination of these topics or other topics that may relate to “strategy” and have some relationship to competition considerations. The Company has no way to ensure that its implementation of the Proposal's requested report would be aligned with the expectations of the shareholders who decide to vote for the Proposal.

Finally, the same ambiguity and confusion results from the phrase in the Proposal, “the [B]oard's role in Alphabet's *public policy activities* related to such [anticompetitive] risks” (emphasis added). Merriam Webster defines “public policy” as “government policies that affect the whole population.”¹ The Oxford English Dictionary defines “public policy” as “(a) policy, esp. of government, that relates to or affects the public as a whole; social policy; [and] (b) [in Law,] the principle that prospective injury to the public good is a basis for refusing to enforce a contract which would otherwise be valid.”² Both definitions vary slightly, but they are similar in that they encompass a very broad range of topics. That the Proposal narrows the scope to “public policy activities related to such [anticompetitive] risks” does not help to adequately clarify what sorts of activities the Proponent (or any other shareholder voting for this Proposal) may have in mind. As discussed above, there is also ambiguity and vagueness in the term “anticompetitive risks” in that this qualifier does not meaningfully explain what the Company needs to disclose in its report in order to fully satisfy the requests of the Proposal upon implementing it. The Company is one of the world's leading technology and innovation companies, and its businesses under its various subsidiaries range from search, AI, entertainment and digital media, digital assistants and devices, e-commerce, cloud, smart transportation, healthcare advancements, urban innovations, Internet, energy, and technology hardware and software, among others. Even limited to just businesses under Alphabet's main subsidiary, Google, the number of items that could be covered under the umbrella term “public policy activities related to such [anticompetitive] risks” are almost limitless, and it would be impossible for the Company to know which ones should be included in or excluded from the report. As discussed above and in previous sections, the Proposal and Supporting Statement touch on a broad spectrum of subject matters, including competition law compliance, changing regulatory landscapes, consumer satisfaction and concerns, data privacy issues, competition-law related legal proceedings and litigation matters. Not only are there a large number of activities under each of these subject matters that could reasonably be interpreted to be a “public policy activity” (and in any event, too many to all be included in a report that “should be prepared at reasonable expense” pursuant to the Proposal), it is also unclear which combination of these subject matters,

¹ “Public policy.” Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/public%20policy>. Accessed Jan. 31, 2021.

² “Public policy.” Oxford English Dictionary, OED Third Edition, September 2007, <https://www.oed.com/view/Entry/154052?redirectedFrom=public+policy#eid27763237>. Accessed Jan. 31, 2021.

if not all (as some arguably do not even relate to anticompetitive risks) should be considered and included in the report. Additionally, there is no metric or guidance for determining what would be in line with shareholder expectations in preparing such a report (indeed, shareholders voting on this proposal may have differing views from each other) and there is no built-in recourse or resolution should the resulting report not be aligned with shareholder expectations.

Because the Proposal does not adequately define “anticompetitive practices,” “oversight responsibility,” “risk,” “strategy” or “public policy activities,” neither the voting shareholders nor the Company would be able to determine with reasonable certainty what disclosures (substance, level of breadth and depth, and on what focus) the Proposal requires in the report it requests. Further, because the Proposal does not provide metrics that the Company should use to measure success, any action taken by the Company, should the Proposal be adopted, could very well differ significantly from the actions envisioned by the shareholders voting on such Proposal. Thus, the Proposal is impermissibly vague and indefinite and should be excluded under Rule 14a-8(i)(3).

C. The Proponent should not be given the opportunity to cure these defects by revising the Proposal, because any revisions required to cure these defects would not be minor, insubstantial changes.

In addition to the reasons discussed in Sections A and B above in regards to why the Proposal should be excluded, the Proponent should not be given an opportunity to revise the Proposal, as any revisions needed to resolve these bases for exclusion would be substantial and material changes. The Company recognizes that the Staff has a “long-standing practice of issuing no-action responses that permit stockholders to make revisions that are minor in nature and do not alter the substance of the proposal.” *Staff Legal Bulletin No. 14* (CF) (July 13, 2001) (“SLB No. 14”). However, this guidance in SLB No. 14 is meant for proposals that “generally comply with the substantive requirements of the rule, but contain some relatively minor defects that are easily corrected.” That is not the case here. As discussed in this letter, the defects described in each basis for exclusion in Sections A and B above are neither minor in nature nor easily corrected with minor revisions.

In reference to Section A above, to cure the aforementioned defect, the Proponent would be required to change the subject matter of the Proposal to something that is not in the ordinary course of business of the Company. Changing the subject matter is not a minor, insubstantial change; the subject matter is the heart of the Proposal, so any change, whether further broadening it or narrowing it to something specific, or changing it wholesale to another topic, would be akin to submitting a new proposal entirely. Even the narrowing of the Proposal scope to something specific enough that would not be part of the Company’s ordinary business would constitute a specific change of the Proposal, in that an essentially different subject matter of the report would need to be presented and the Company would need to consider and evaluate the preparation of an entirely different report from the one contemplated in this Proposal.

To cure the defects mentioned in Section B above, the Proponent would be forced to define and clarify many of the terms used in the Proposal, which in the aggregate form the entirety of the substance of the report that the Proposal requests. Any changes made to the

Proposal to further explain and specify or define the terms raised in Section B above would not only need to cure the defects in Section B, but also not trigger and other defects set forth in Rule 14a-8(i), including the Company's ordinary business (as discussed in Section A). As such, any revisions made to cure these defects (that wouldn't then trigger other defects) would not be the kind of insubstantial, minor changes that is contemplated by SLB No. 14.

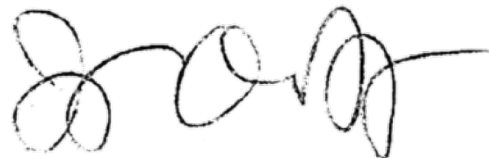
Any revision to the Proposal that would effectively correct any of the defects discussed herein would not constitute a "relatively minor" revision as contemplated by SLB No. 14. Therefore, corrective revisions are impermissible under the terms of SLB No. 14 and the Proposal should not be given the opportunity to be so revised.

* * * * *

Conclusion

By copy of this letter, the Proponents are being notified that for the reasons set forth herein, the Company intends to omit the Proposal and Supporting Statement from its Proxy Statement. We respectfully request that the Staff confirm that it will not recommend any enforcement action if the Company omits the Proposal and Supporting Statement from its Proxy Statement. If we can be of assistance in this matter, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Karpf". The signature is fluid and cursive, with a long horizontal line extending to the right.

Jeffrey D. Karpf

Cc: Tejal K. Patel, CtW Investment Group

Enclosures:

Exhibit A – Proposal and Supporting Statement

Exhibit B – Audit and Compliance Committee Charter

Exhibit C – Alphabet's Code of Conduct

Proposal and Supporting Statement



December 10, 2020

Kent Walker
Corporate Secretary
Alphabet, Inc.
1600 Amphitheatre Parkway
Mountain View, California 94043
corporatesecretary@abc.xyz

Dear Mr. Walker:

On behalf of the CtW Investment Group ("CtW"), I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in Alphabet, Inc.'s ("Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the U.S. Securities and Exchange Commission's proxy regulations.

CtW is the beneficial owner of approximately 4 shares of the Company's common stock, which have been held continuously for more than a year prior to this date of submission. The Proposal requests that the Board to report to shareholders on how it oversees risks related to anticompetitive practices.

CtW intends to hold the shares through the date of the Company's next annual meeting of shareholders. The record holder of the stock will provide the appropriate verification of the fund's beneficial ownership by separate letter. Either the undersigned or a designated representative will present the Proposal for consideration at the annual meeting of shareholders.

If you have any questions or wish to discuss the Proposal, please contact Tejal K. Patel, at (202) 394-8945 or tejal.patel@ctwinvestmentgroup.com. Copies of correspondence or a request for a "no-action" letter should be sent to Ms. Patel via the email address listed above.

Sincerely,

A handwritten signature in blue ink that reads 'Dieter Waizenegger'.

Dieter Waizenegger
Executive Director, CtW Investment Group

RESOLVED that shareholders of Alphabet Inc. (“Alphabet”) ask the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board’s role in Alphabet’s public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information.

SUPPORTING STATEMENT

The anticompetitive practices of big tech companies, including Alphabet subsidiary Google, are receiving increasing scrutiny from the public, regulators and enforcers. Criticism of Google has focused on its use of its monopoly over internet search and its access to user data to eliminate competitors not only in search but also in adjacent areas such as online shopping.¹ A September 2020 survey found that 58% of Americans are not “confident they are getting objective and unbiased search results when using an online platform to shop or search;” 85% are very or somewhat concerned about the amount of data online platforms store about them.²

The House Judiciary Committee’s Antitrust Subcommittee began investigating competition in digital markets in 2019, focusing on Amazon, Apple, Facebook, and Google. The Subcommittee reviewed over a million documents and held seven hearings, including one at which Alphabet CEO Sundar Pichai testified. The Subcommittee’s staff report was scathing: It found that companies’ control over key distribution channels allows them to eliminate competition and “pick winners and losers throughout our economy,” inhibiting innovation and reducing consumer choices. The report found that Google leveraged its search monopoly to “boost Google’s own inferior vertical offerings” and concluded that “Google increasingly functions as an ecosystem of interlocking monopolies.”³

In October 2020, the U.S. Department of Justice (“DOJ”) and 11 state attorneys general sued Google, alleging that the company maintained monopolies in “general search services, search advertising, and general search text advertising” through anticompetitive exclusionary agreements with device makers, carriers and browser developers to make Google the default search engine and prohibit dealing with Google’s competitors. Attorneys general that did not

¹ E.g., <https://www.usatoday.com/story/opinion/2020/02/14/googles-anti-competitive-practices-decimates-online-shopping-antitrust-column/4718626002/>; <https://www.mediapost.com/publications/article/343893/ad-tech-company-sues-google-for-anti-competitive-b.html>; https://www.washingtonpost.com/opinions/you-should-be-outraged-at-googles-anti-competitive-behavior/2017/07/07/e117b704-5de1-11e7-9b7d-14576dc0f39d_story.html

² https://advocacy.consumerreports.org/press_release/consumer-reports-survey-finds-that-most-americans-support-government-regulation-of-online-platforms/

³

<file:///Users/bethyoung/Documents/CtW/Antitrust/Legislative%20materials/Antitrust%20Subcommittee%20report%20competition%20in%20digital%20markets.pdf>, at 6-7, 14-15.

join the DOJ's suit are also investigating Google.⁴ In 2019, the European Union fined Google \$1.7 billion for "abusive practices in online advertising."⁵

Backlash against anticompetitive practices can increase pressure for new regulation. Sixty percent of Americans favor more regulation of online platforms.⁶ The European Union is considering adopting new regulations and/or a "new competition tool" to deal with structural competition problems not effectively addressed through current rules.⁷ The Antitrust Subcommittee report recommended a slew of changes aimed at ending the monopolies enjoyed by Google and other platforms.⁸

Given the widespread debate and rapidly changing environment, we believe that robust board oversight would improve Alphabet's management of risks related to anticompetitive practices and that shareholders would benefit from more information about the board's role.

⁴ <https://www.cnbc.com/2020/10/20/doj-antitrust-lawsuit-against-google.html>

⁵ <https://mashable.com/article/google-eu-antitrust-fine-ads/>

⁶ https://advocacy.consumerreports.org/press_release/consumer-reports-survey-finds-that-most-americans-support-government-regulation-of-online-platforms/

⁷ <https://docs.house.gov/meetings/JU/JU05/20200729/110883/HHRG-116-JU05-20200729-SD007.pdf>

⁸

<file:///Users/bethyoung/Documents/CtW/Antitrust/Legislative%20materials/Antitrust%20Subcommittee%20report%20competition%20in%20digital%20markets.pdf>, at 20-21.

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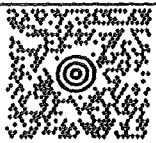
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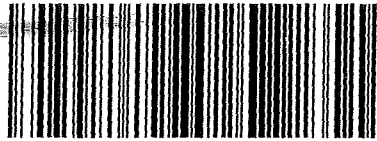
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Audit and Compliance Committee Charter

Audit and Compliance Committee

Ann Mather, Chair

Roger W. Ferguson, Jr.

Alan R. Mulally

Audit and Compliance Committee Charter

Purpose

The purpose of the Audit and Compliance Committee of the Board of Directors of Alphabet Inc. (“Alphabet”) is to:

- Oversee Alphabet’s accounting and financial reporting processes, including Alphabet’s disclosure controls and procedures and system of internal controls and audits of Alphabet’s consolidated financial statements.
- Oversee Alphabet’s relationship with its independent auditors, including appointing or changing Alphabet’s auditors and ensuring their independence.
- Provide oversight regarding significant financial matters, including Alphabet’s tax planning, treasury policies, currency exposures, dividends and share issuance and repurchases.
- Review and discuss with management Alphabet’s major risk exposures, including financial, operational, data privacy and security, competition, legal, regulatory, compliance, civil and human rights, sustainability, and reputational risks, and the steps Alphabet takes to prevent, detect, monitor, and actively manage such exposures.

In carrying out Audit and Compliance Committee functions, the Audit and Compliance Committee must maintain free and open communication with Alphabet’s independent auditors and Alphabet’s management.

Appointment and Membership Requirements

The Audit and Compliance Committee shall be made up of at least the minimum number of independent members of the Board of Directors as required under the rules of the NASDAQ Stock Market (NASDAQ). Audit and Compliance Committee members are appointed by the Board of Directors. The Board of Directors decides the Audit and Compliance Committee’s exact number and can at any time remove or replace a Committee member. The Board of Directors will also make all determinations regarding satisfaction of the membership requirements described below.

The Audit and Compliance Committee will comply with all applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission (SEC) and the NASDAQ and any other requirements of applicable law, including those related to independence and committee composition.

At least one member of the Audit and Compliance Committee must have past employment experience in finance or accounting, or comparable experience or background, which results in an understanding of GAAP and financial statements, an ability to apply GAAP principles in assessing accounting policies and accounting for estimates, accruals and reserves, experience in preparing, auditing and evaluating financial statements with a level of complexity comparable to Alphabet's financial statements, an understanding of audit committee functions and an understanding of internal control over financial reporting. Having been a CEO, CFO or other senior officer with financial oversight responsibilities for a public company, for instance, would qualify.

Each member of the Audit and Compliance Committee must be able to read and understand fundamental financial statements, including Alphabet's balance sheet, income statement and cash flow statement.

Responsibilities

The Audit and Compliance Committee's main responsibility is to oversee Alphabet's financial reporting process (including Alphabet's disclosure controls and procedures and system of internal controls). The Audit and Compliance Committee believes that Alphabet's policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The following list includes the Audit and Compliance Committee's main recurring processes in carrying out its responsibilities. This list is intended as a guide, with the understanding that the Audit and Compliance Committee can supplement it as appropriate, consistent with the requirements of the SEC and the NASDAQ.

1. Hiring and Selection of Auditors. The Audit and Compliance Committee will directly appoint, retain and compensate Alphabet's independent auditors. These independent auditors will report directly to, and be responsible to, the Audit and Compliance Committee.
2. Approval of Audit and Non-Audit Services. The Audit and Compliance Committee is responsible for overseeing services provided by the independent auditors, including establishing a policy to decide what services will be performed and the approval requirements for these services.

3. Auditor Independence. The Audit and Compliance Committee is responsible for making sure it reviews at least annually the qualifications, performance and independence of the auditors. In addition, the Audit and Compliance Committee shall review a formal written statement explaining all relationships between the outside auditors and Alphabet consistent with the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit and Compliance Committee concerning independence. The Audit and Compliance Committee will maintain an active dialogue with the independent auditors, covering any disclosed relationships or services that may impact their objectivity and independence. The Audit and Compliance Committee will review all proposed hires by Alphabet or any of its subsidiaries or controlled affiliates of management level or higher individuals formerly employed by the independent auditors who provided services to Alphabet or any of its subsidiaries or controlled affiliates. The Audit and Compliance Committee will take, or recommend to the Board of Directors that it take, appropriate actions to oversee the independence of Alphabet's outside auditors.
4. Oversight of Auditors; Audit Plan. The Audit and Compliance Committee will be responsible for Alphabet's relationship with its independent auditors. The Audit and Compliance Committee will discuss with the independent auditors the overall scope and plans for their audits and other financial reviews, as well as any other matters that are required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board. The Audit and Compliance Committee will oversee the rotation of the audit partners of Alphabet's independent auditors as required by the Sarbanes-Oxley Act and the rules of the SEC. The Audit and Compliance Committee will be responsible for reviewing and resolving any disagreements between Alphabet's management and the independent auditors regarding financial controls or financial reporting.
5. Risk Assessment. The Audit and Compliance Committee has responsibility for oversight of risks and exposures associated with (1) financial matters, particularly strategy, financial reporting, tax, accounting, disclosure, internal control over financial reporting, investment guidelines and credit and liquidity matters; (2) data privacy and security, competition, legal, regulatory, compliance, civil and human rights, sustainability, and reputational risks; and (3) our operations and infrastructure, particularly reliability, business continuity, and capacity. In order to facilitate this review, the Audit and Compliance Committee will meet in executive session with key management personnel and representatives of outside advisors as required.
6. Internal Controls. The Audit and Compliance Committee will discuss with management and the independent auditors the design, implementation, adequacy and effectiveness of Alphabet's internal controls. The Audit and Compliance Committee

will also meet separately with the independent auditors, with and without management present, to discuss the results of their examinations. The Audit and Compliance Committee will provide oversight over the system of internal controls, relying upon management's and the independent auditors' representations and assessments of, and recommendations regarding, these controls. The Audit and Compliance Committee will review any required disclosures regarding Alphabet's internal controls.

7. Internal Audit Processes. The Audit and Compliance Committee will review the appointment of an internal auditing executive and the Chair of the Audit and Compliance Committee will meet separately with such executive at least once every quarter. The Audit and Compliance Committee will review any significant issues raised in reports to management by the internal audit team. The Audit and Compliance Committee will also provide oversight of the internal audit department objectives, its mission, responsibilities, independence, performance and annual plan.
8. Quarterly and Annual Financial Statements. The Audit and Compliance Committee will review and discuss the annual audited financial statements and quarterly financial statements with management. The Audit and Compliance Committee will be responsible for making a recommendation to the Board of Directors as to whether Alphabet's annual audited financial statements should be included in Alphabet's Annual Report on Form 10-K.
9. Proxy Report. The Audit and Compliance Committee will prepare any report required to be prepared by it for inclusion in any proxy statement of Alphabet under SEC rules and regulations.
10. Earnings Announcements. The Audit and Compliance Committee will review and discuss with management Alphabet's quarterly earnings announcements and other public announcements regarding Alphabet's results of operations.
11. Critical Accounting Policies. The Audit and Compliance Committee will obtain, review and discuss reports from the independent auditors about:
 - all critical accounting policies and practices which Alphabet will use, and the qualities of those policies and practices;
 - all alternative treatments of financial information within generally accepted accounting principles that the auditors have discussed with management officials of Alphabet, ramifications of the use of these alternative disclosures and treatments, the treatment preferred by the independent auditors and the reasons for favoring that treatment; and

- other material written communications between the independent auditors and Alphabet management, such as any management letter or schedule of unadjusted differences.

The Audit and Compliance Committee will also discuss with the independent auditors and then disclose those matters whose disclosure is required by applicable auditing standards, including any critical audit matters, difficulties the independent auditors encountered in the course of the audit work, any restrictions on the scope of the independent auditors' activities or on their access to requested information, and any significant disagreements with management.

12. CEO and CFO Certifications. The Audit and Compliance Committee will review the CEO and CFO disclosure and certifications under Sections 302 and 906 of the Sarbanes-Oxley Act.
13. Related Party Transactions. The Audit and Compliance Committee will review and approve all related party transactions.
14. Anonymous Complaint Handling Process. The Audit and Compliance Committee will have responsibility for establishment and oversight of processes and procedures for (a) the receipt, retention and treatment of complaints about accounting, internal accounting controls or audit matters, and (b) confidential and anonymous submissions by employees concerning questionable accounting, auditing and internal control matters. All such relevant complaints and submissions must be reported to the Audit and Compliance Committee.
15. Ability to Investigate; Retention of Advisors. The Audit and Compliance Committee has the power to investigate any matter brought to its attention, with full access to all Alphabet books, records, facilities and employees. The Audit and Compliance Committee has the sole authority to select, retain and terminate consultants, legal counsel or other advisors to advise the Audit and Compliance Committee, at the expense of Alphabet, and to approve the terms of any such engagement and the fees of any such consultants, legal counsel or advisors. In selecting a consultant or other advisor, the Audit and Compliance Committee will take into account factors it considers appropriate or as may be required by applicable law or listing standards.
16. Review of Alphabet Policies. The Audit and Compliance Committee will be responsible for reviewing and approving all changes to Alphabet's Policy Against Insider Trading, Related Party Transaction Policy, Investment in Marketable Securities and Accounting for Marketable Securities Policy, Foreign Exchange and Accounting for Foreign Currency Hedges Policy, Code of Conduct, and Global Commitment and Signature Authority Policy. The Audit and Compliance Committee will review the implementation and effectiveness of these policies and Alphabet's

overall compliance program at least annually with management and Alphabet's compliance and securities counsel. The Chief Legal Officer has express authority to communicate personally at any time with the Chair of the Audit and Compliance Committee about compliance matters.

The Audit and Compliance Committee will also periodically review and discuss with management, Alphabet's overall hedging strategy and the use of swaps and other derivative instruments by Alphabet or any of its subsidiaries for hedging risks pursuant to Alphabet's Investment Policy, other hedging policies, or otherwise. The Audit and Compliance Committee will have the authority to review and approve, at least annually, decisions by Alphabet or any of its subsidiaries to enter into swaps, including those that may not be subject to clearing and exchange trading and execution requirements in reliance on the "end-user exception" under the Commodity Exchange Act, or other rules and regulations promulgated from time to time.

17. Review of Charter. The Audit and Compliance Committee will review and reassess the adequacy of this charter at least once a year and make recommendations to the Board regarding any proposed changes.

It is not the Audit and Compliance Committee's responsibility to prepare and certify Alphabet's financial statements, to guarantee the independent auditors' report, or to guarantee other disclosures by Alphabet. These are the fundamental responsibilities of management and the independent auditors. The Audit and Compliance Committee members are not full-time Alphabet employees and do not perform the functions of auditors and accountants.

Restrictions on Independent Auditors Services

Alphabet's independent auditors cannot perform any of the following services:

- bookkeeping or other services related to Alphabet's accounting records or financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management or human resources functions;

- broker or dealer, investment adviser or investment banking services;
- legal services and expert services unrelated to the audit; and
- any other service that the Public Company Accounting Oversight Board of Directors determines, by regulation, would impair the independence of Alphabet’s auditors.

Meetings and Minutes

The Audit and Compliance Committee will meet at least four times each year, and will keep minutes of each meeting. The Audit and Compliance Committee decides when and where it will meet, and must deliver a copy of this schedule in advance to the Board of Directors.

Unless the Board of Directors or this Charter provides otherwise, the Audit and Compliance Committee can make, alter or repeal rules for the conduct of its business. In the absence of these rules, the Audit and Compliance Committee will conduct its business in the same way the Board of Directors conducts its business.

Delegation of Authority; Chair of Audit and Compliance Committee

The Audit and Compliance Committee can delegate to one or more members of the Audit and Compliance Committee the authority to pre-approve audit and permissible non-audit services, as long as any pre-approval of services is presented to the full Audit and Compliance Committee at its next scheduled meeting.

The Audit and Compliance Committee can delegate to one or more members of the Audit and Compliance Committee the authority to pre-approve related party transactions, as long as any pre-approval of a transaction is presented to the full Audit and Compliance Committee at its next scheduled meeting.

The Audit and Compliance Committee cannot delegate its responsibilities to non-committee members.

Unless the chair of the Audit and Compliance Committee is elected by the full Board of Directors, the members of the Audit and Compliance Committee shall designate a chair by the majority vote of the full Committee membership. The Audit and Compliance Committee may change the chair at any time.

Last revised October 21, 2020

Alphabet's Code of Conduct

Code of Conduct

Preface

Employees of Alphabet and its subsidiaries and controlled affiliates (“Alphabet”) should do the right thing – follow the law, act honorably, and treat co-workers with courtesy, support, and respect.

We expect all of our employees and Board members to know and follow this Code of Conduct. Failure to do so can result in disciplinary action, including termination of employment. Any waivers of this Code for directors or executive officers must be approved by our Board.

Never retaliate against anyone who reports or participates in an investigation of a possible violation of the Code.

If you are employed by a subsidiary or controlled affiliate of Alphabet, please comply with your employer’s code of conduct. If your employer doesn’t have its own code of conduct, if you have a question or concern about this Code or believe that someone may be violating it, or if you want to remain anonymous, you can make a report of a suspected violation or concern through our Helpline. And if you believe a violation of law has occurred, you can always raise that through the Ethics & Compliance helpline or with a government agency.

While the Code is specifically written for Alphabet employees and Board members, we expect Alphabet contractors, consultants, and other members of the extended workforce who may be temporarily assigned to perform work or services for Alphabet to follow the Code in connection with their work for us. Failure of a member of the Alphabet extended workforce to follow the Code can result in termination of their relationship with Alphabet.

I. Avoid Conflicts of Interest

When you are in a business situation in which competing loyalties could cause you to pursue a personal benefit for you, your friends, or your family at the expense of Alphabet or our users, you may be faced with a conflict of interest. All of us should

avoid conflicts of interest and circumstances that reasonably present the appearance of a conflict.

When considering a course of action, ask yourself whether the action you're considering could create an incentive for you, or appear to others to create an incentive for you, to benefit yourself, your friends or family, or an associated business at the expense of Alphabet. If the answer is "yes", the action you're considering is likely to create a conflict of interest situation, and you should avoid it.

II. Ensure Financial Integrity and Responsibility

Ensure that money is appropriately spent, our financial records are complete and accurate, and our internal controls are honored.

If your job involves the financial recording of our transactions, make sure that you're familiar with all relevant policies, including those relating to revenue recognition.

Never interfere with the auditing of financial records. Similarly, never falsify any company record or account.

If you suspect or observe any irregularities relating to financial integrity or fiscal responsibility, no matter how small, immediately report them.

III. Obey the Law

Comply with all applicable legal requirements and understand the major laws and regulations that apply to your work. A few specific laws are easy to violate unintentionally and so are worth pointing out here. If you have any questions about these laws or other laws governing our work, please consult the Helpline or our legal counsel.

1. Trade Controls

Various trade laws control where we can send or receive our products and services. These laws are complex and apply to:

- importing and exporting goods to or from the United States and other countries
- exporting services or providing services to non-U.S. persons
- exporting technical data, especially data originating in the U.S.

If you are involved in sending or making available products, services, software, equipment, or technical data from one country to another, work with your manager to ensure that the transaction stays within the bounds of applicable laws.

2. Competition Laws

Be sure you follow all laws designed to promote free and fair competition and protect consumers. These laws generally prohibit 1) arrangements with competitors that restrain trade, 2) abuse of market power to unfairly disadvantage competitors, and 3) misleading or harming consumers. Some of these laws carry civil and criminal penalties for individuals and companies.

3. Insider Trading Laws

Do not use non-public information to buy or sell stock, or to pass it along to others so that they may do so. That could constitute the crime of insider trading.

Familiarize yourself with Alphabet's Insider Trading Policy. It describes policies that address the risks of insider trading, such as:

- a prohibition on hedging Alphabet stock
- periodic blackout windows when you may not trade Alphabet stock

4. Anti-Bribery Laws

Various laws that prohibit bribery in different settings. Our rule is simple – don't bribe anybody, at any time, for any reason.

Non-government relationships. Be careful when you give gifts and pay for meals, entertainment or other business courtesies on behalf of Alphabet. Avoid the possibility that the gift, entertainment or other business courtesy could be perceived as a bribe. Provide such business courtesies infrequently and, when you do, to keep their value moderate.

Dealings with government officials. Various laws prohibit seeking to influence official action by offering or giving anything of value to government officials, candidates for public office, employees of government-owned or controlled companies, public international organizations, or political parties. Avoid not only traditional gifts, but also things like meals, entertainment, travel, political or charitable contributions, and job offers for government officials' relatives. With pre-approval, it may be permissible to make infrequent and moderate expenditures for gifts and business entertainment for government officials that are directly tied to promoting our products or services (e.g., a modest meal at a day-long demonstration of our products).

IV. Promote a workplace that is supportive and respectful for all employees and members of the extended workforce

Alphabet has an unwavering commitment to prohibiting and effectively responding to harassment, discrimination, misconduct, abusive conduct, and retaliation. To that end, Alphabet adheres to these Guiding Principles:

- A. **Commitment:** Alphabet sets a tone at the top of commitment to a respectful, safe, and inclusive working environment for all employees and members of the extended workforce.
- B. **Care:** Alphabet creates an environment with an emphasis on respect for each individual at all levels of the organization, including specifically by offering assistance and showing empathy to employees and members of the extended workforce throughout and after the complaint process.
- C. **Transparency:** Alphabet is open and transparent as an organization regarding the frequency with which complaints arise regarding harassment, discrimination, misconduct, abusive conduct, and retaliation, and the Company's approach to investigating and responding to those allegations.
- D. **Fairness & Consistency:** Alphabet ensures that individuals are treated respectfully, fairly, and compassionately in all aspects of Alphabet interactions and applies policies, procedures, and outcomes consistently regardless of who is involved.
- E. **Accountability:** Alphabet holds all individuals responsible for their actions, and ensures that where appropriate, those individuals hold others accountable too.

Each Bet has specific policies that implement Alphabet's commitment and these Guiding Principles. Be sure to read and comply with those policies. And if you're ever concerned that Alphabet, a Bet, or a fellow employee or member of the extended workforce is falling short, don't stay silent, you can make a report through your Bet's reporting channels and the Alphabet helpline.

V. Conclusion

We rely on one another's good judgment to uphold a high standard of integrity for ourselves and our company. Each of us should be guided by both the letter and the spirit of this Code.

Adopted October 2, 2015; amended Sept 21, 2017 (updated with clarifying language regarding conflicts); amended September 25, 2020 (updated with language regarding our Workplace Guiding Principles and applicability of this Code to members of our extended workforce)

See Google Code of Conduct [here](#).

Report concerns

To notify Alphabet's Audit Committee of any concerns regarding Alphabet's accounting, internal controls, auditing, conflict minerals matters or workplace concerns, you may mail your concern to:

Alphabet Inc.

Attn: Accounting Concerns or Workplace Concerns

1600 Amphitheatre Parkway

Mountain View, CA 94043

You may report your concerns anonymously; however the Audit Committee encourages you to provide your name and contact information so that we may contact you directly if necessary.

[Back to top](#)