



DIVISION OF
CORPORATION FINANCE

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

April 19, 2024

Ryan Robski
Shearman & Sterling LLP

Re: Paramount Global (the "Company")
Incoming letter dated January 30, 2024

Dear Ryan Robski:

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

The Proposal requests that the Company prepare a transparency report that explains the Company's use of artificial intelligence in its business operations and the board's role in overseeing its usage, and sets forth any ethical guidelines that the Company has adopted regarding its use of artificial intelligence.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters and does not seek to micromanage the Company.

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

Sincerely,

Rule 14a-8 Review Team

cc: Justina K. Rivera
City of New York Office of the Comptroller

SHEARMAN & STERLING LLP

599 Lexington Avenue
New York, NY 10022-6069
+1.212.848.4000

January 30, 2024

VIA ONLINE SHAREHOLDER PROPOSAL FORM

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

**Re: Paramount Global
Stockholder Proposal from the Comptroller of the City of New York
Securities Exchange Act of 1934 – Rule 14a-8**

Ladies and Gentlemen:

On behalf of Paramount Global, a Delaware corporation (the “Company”), we are filing this letter pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to notify the Securities and Exchange Commission (the “Commission”) of the Company’s intention to exclude the shareholder proposal described below (the “Proposal”) from the Company’s proxy statement and form of proxy (together, the “2024 Proxy Materials”) to be distributed to the Company’s stockholders in connection with its 2024 annual meeting of stockholders (the “2024 Annual Meeting”). The Company respectfully requests confirmation that the staff of the Division of Corporation Finance of the Commission (the “Staff”) will not recommend to the Commission that enforcement action be taken if the Company excludes the Proposal from the 2024 Proxy Materials.

Pursuant to Rule 14a-8(j), we have filed this letter and the related correspondence from the Proponent (defined below) with the Commission not less than 80 days before the Company intends to file the 2024 Proxy Materials with the Commission. A copy of this letter and its attachments are being concurrently sent to the Proponent, informing the Proponent of the Company’s intention to exclude the Proposal from the 2024 Proxy Materials.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) 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.

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THE PROPOSAL

On November 15, 2023, the Company received the Proposal dated November 14, 2023 from the Comptroller of the City of New York, Brad Lander, on behalf of the New York City Employees' Retirement System and the New York City Teachers' Retirement System (collectively, the "Proponent") for inclusion in the 2024 Proxy Materials. The resolution from the Proposal is set forth below:

"RESOLVED: Shareholders request that Paramount Global Inc. [sic] (the "Company") prepare and publicly disclose on the Company's website a transparency report that explains the Company's use of Artificial Intelligence ("AI") in its business operations and the Board's role in overseeing AI usage, and sets forth any ethical guidelines that the Company has adopted regarding its use of AI. This report shall be prepared at a reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations."

A copy of this Proposal and the supporting statement (the "Supporting Statement"), as well as related correspondence with the Proponent, is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION OF THE PROPOSAL

As discussed more fully below, the Company believes that it may properly exclude the Proposal from its 2024 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations.

ANALYSIS

A. Background on the Ordinary Business Standard Under Rule 14a-8(i)(7)

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if it "deals with a matter relating to the company's ordinary business operations." According to the Commission, the term "ordinary business" in this context "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations," and the determination as to whether a proposal deals with a matter relating to a company's ordinary business operations is made on a case-by-case basis. *See* Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"). An exception to this principle may be made where a proposal focuses on significant social policy issues that transcend the day-to-day business matters of the company. *See* 1998 Release. The Staff most recently discussed its interpretation of how it will consider whether a proposal "transcends the day-to-day business matters" of a company in Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("SLB 14L"), noting that it would "realign" its approach to determining whether a proposal relates to ordinary business with the standards the Commission initially articulated in 1976 and reaffirmed in the 1998 Release. *See* Exchange Act Release No. 12999 (Nov. 22, 1976) (the "1976 Release"). Under this realignment, the Staff will consider only "whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company."¹

¹ SLB 14L also explicitly rescinded prior Staff Legal Bulletin Nos. 14I, 14J and 14K, which set out a company-specific approach to the significant social policy issue analysis.

The 1998 Release also provides that “the policy underlying the ordinary business exclusion rests on two central considerations. The first relates to the subject matter of the proposal. 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.” 1998 Release. The second consideration “relates to the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *Id.*

When assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C, part D.2 (Jun. 28, 2005) (“In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.”).

A shareholder proposal being framed in the form of a request for a report (as opposed to a request for adoption of a particular policy or business practice) does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the proposed report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) (“[w]here the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).”); *see also Ford Motor Co.* (avail. Mar. 2, 2004) (concurring with the exclusion of a proposal requesting that the company publish a report about global warming/cooling, where the report was required to include details of indirect environmental consequences of its primary automobile manufacturing business).

(1) The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because the Company’s use of AI “in its Business Operations” Directly Relates to the Company’s Ordinary Business Operations.

The Proposal requests, in part, that the Company report on its use of AI in its business operations. The Staff has consistently concurred with the exclusion of shareholder proposals, such as this Proposal, that relate to a company’s business operations and request a review of certain aspects of those operations. For example, in *JPMorgan Chase & Co.* (Mar. 21, 2023, recon. denied Apr. 3, 2023), the Staff concurred in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on company business practices that prioritize non-pecuniary factors with respect to establishing, rejecting, or failing to continue client relationships. *See also Amazon.com, Inc.* (Mar. 16, 2018) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the risks arising from the public debate over the company’s growth and societal impact and how the company is managing or mitigating those risks); *CVS Corporation* (Feb. 1, 2000) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company prepare an annual strategic plan report describing its goals, strategies, policies, and programs as “relating to its ordinary business operations (i.e., business practices and policies)”); *Westinghouse Electric Corporation* (Jan. 27, 1993) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the “operations” over a six year period of a subsidiary that had incurred significant losses, including policies, guidelines, and actual practices in effect

at the subsidiary and addressing the conduct of its business, which the Staff noted dealt with the ordinary business matter of “business practices and operations”). Since the Proposal asks the Company to prepare a report that includes a discussion of how the Company uses AI “in its business operations” and references the ways in which AI may be leveraged in employment decisions and the creation of media content, it clearly relates to the Company’s ordinary business practices.

(2) The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Relates to the Company’s Choice of Technologies, Which Implicates the Company’s Ordinary Business Operations.

While the Proposal does not define AI, it cites a report of the White House Office of Science and Technology (the “AI Bill”), which refers to AI as “automated systems” and uses a broad definition of the term that includes “any system, software, or process that uses computation as whole or part of a system to determine outcomes, make or aid decisions, inform policy implementation, collect data or observations, or otherwise interact with individuals and/or communities.”² The Proposal requests a report on how the Company uses AI (presumably construed broadly as in the AI Bill) across the entirety of its business operations. Therefore, the Proposal is essentially requesting a report on the Company’s choice of technologies for use in its operations.

The Staff has consistently concurred that “[p]roposals that concern a company’s choice of technologies for use in its operations”, like the Proposal, are excludable under Rule 14a-8(i)(7) as they implicate ordinary business matters. *FirstEnergy Corp.* (Mar. 8, 2013). *See also AT&T Inc.* (Jan. 4, 2017) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the company’s progress toward providing Internet service and products for low-income customers); *PG&E Corp.* (Mar. 10, 2014) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal advocating that the company make analog electrical meters available instead of “smart” meters); *AT&T Inc.* (Feb. 13, 2012) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on financial and reputational risks posed by continuing to use technology that inefficiently consumed electricity); *CSX Corp.* (Jan. 24, 2011) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company develop a kit to convert its fleet to fuel cell power, noting that “[p]roposals that concern a company’s choice of technologies for use in its operations are generally excludable under rule 14a-8(i)(7)”).

These letters demonstrate that as new technologies have emerged and evolved over time, the Staff has repeatedly concurred that whether or how a company adopts such technological advances in its operations is a matter that goes to the core of the company’s business systems and operations, and one that is left to management’s discretion.

Therefore, the Company’s choices around the use of AI across its business operations cannot, “as a practical matter, be subject to direct shareholder oversight.” 1998 Release. This

² See “Definitions” at White House Office of Science and Technology Policy, “Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People” (Oct. 2022), available at <https://www.whitehouse.gov/ostp/ai-bill-of-rights>.

applies with particular force here since the Proposal casts a wide net, by referring to a broad category of technology and its use across the Company's entire business operations, without any materiality, risk profile or scope limitation. Were the Company to report on its use of AI across its entire business operations in the manner required by the Proposal, the report would need to consider the various ways in which AI technologies are used in routine operations, including those with respect to content development and production, media supply chain processing and analytics, contract management, end user productivity applications, financial management and planning, information security, and end user technology management throughout the enterprise. The Proposal does not exclude routine uses of AI that do not raise the concerns identified in the Supporting Statement related to job automation and potentially discriminatory hiring practices. Therefore, since the Proposal concerns the Company's choice of technologies, it is clearly related to the ordinary business operations of the Company.

(3) The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Relates to the Company's General Adherence to Ethical Business Practices, Which Relates Directly to the Company's Ordinary Business Operations.

The Proposal's request for disclosure of any ethical guidelines related to the Company's use of AI in its business operations also relates directly to the Company's ordinary business operations. The Staff has consistently concurred in exclusion of shareholder proposals, like the Proposal, seeking a review of and report on ethical standards applicable to a company's general business operations. For example, in *PayPal Holdings, Inc.* (Apr. 7, 2022), the Staff concurred in exclusion under Rule 14a-8(i)(7) of a proposal that requested that the company's board of directors compare the company's code of business conduct and ethics with the actual operations of the company, noting that "the [p]roposal relates to, and does not transcend, ordinary business matters." See also *The Walt Disney Co.* (Dec. 12, 2011) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to report on board compliance with Disney's Code of Business Conduct and Ethics for directors because "[p]roposals that concern general adherence to ethical business practices and policies are generally excludable under [R]ule 14a-8(i)(7)"); *Verizon Communications, Inc.* (Jan. 10, 2011) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board form a Corporate Responsibility Committee charged with monitoring the company's commitment to integrity, trustworthiness, and reliability and the extent to which it lived up to its Code of Business Conduct because "[p]roposals that concern general adherence to ethical business practices are generally excludable under [R]ule 14a-8(i)(7)"); *International Business Machines Corp.* (Jan. 7, 2010, recon. denied Feb. 22, 2010) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting officers restate and enforce certain standards of ethical behavior because it related to general adherence to ethical business practices). Since the Proposal asks the Company to prepare a report that includes a discussion of the ethical guidelines that the Company applies to its use of AI (in other words, this would require the Company to report on its general adherence to ethical standards), it clearly relates to the Company's ordinary business practices. This aspect of the Proposal therefore further supports the exclusion of the Proposal under Rule 14a-8(i)(7).

(4) *The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because the References to Workforce Management Considerations in the Supporting Statement Relate to the Company’s Ordinary Business Operations.*

The concerns raised in the Supporting Statement regarding “potential discrimination or bias in employment decisions”, “mass layoffs due to job automation” and “costly labor disruptions and lawsuits related to the improper use of AI” relate directly to the management of the Company’s workforce. The Commission and Staff have long held that a shareholder proposal may be excluded under Rule 14a-8(i)(7) if it relates generally to the management of a company’s workforce. The Commission identified in the 1998 Release that “management of the workforce” is “fundamental to management’s ability to run a company on a day-to-day basis.” Similarly, in *United Technologies Corp.* (Feb. 19, 1993), the Staff provided the following examples of topics that involve a company’s ordinary business and, therefore, make a proposal excludable under Rule 14a-8(i)(7): “... general compensation issues not focused on senior executives, *management of the workplace*, employee supervision, labor management relations, employee hiring and firing, conditions of the employment ...” (emphasis added).

Since *United Technologies Corp.*, the Staff has recognized a wide variety of shareholder proposals that pertain to the management of a company’s workforce as excludable under Rule 14a-8(i)(7). For example, in *Apple Inc.* (Jan. 3, 2023), the Staff concurred that proposals addressing return to office policies could be excluded as ordinary business. *See also Amazon.com, Inc.* (Apr. 7, 2022) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on risks and other considerations associated with staffing, because the proposal did not “transcend[] ordinary business matters”); *Yum! Brands, Inc.* (Mar. 6, 2019) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal relating to adopting a policy not to “engage in any Inequitable Employment Practice” because it related “generally to the [c]ompany’s policies concerning its employees and does not focus on an issue that transcends ordinary business matters”); *Starwood Hotels & Resorts Worldwide, Inc.* (Feb. 14, 2012) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting verification and documentation of U.S. citizenship for the company’s U.S. workforce and requiring training for foreign workers in the U.S. to be minimized because it “relates to procedures for hiring and training employees” and “[p]roposals concerning a company’s management of its workforce are generally excludable under [R]ule 14a-8(i)(7)”); *Intel Corp.* (March 18, 1999) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting adoption of an “Employee Bill of Rights,” including limited work-hour requirements, relaxed starting times, and a requirement that employees treat one another with dignity and respect, because it “relat[ed], in part, to Intel’s ordinary business operations (i.e., management of the workforce)”).

The workforce management considerations raised in the Supporting Statement, including those concerning discrimination against employees and the replacement of workers with automation, have been faced by companies long before recent AI developments and are not uniquely linked to a company’s use of AI. The Company already has robust policies and procedures in place to address these issues, regardless of whether they arise in the context of AI or other technologies. For example, the Company maintains the Global Business Conduct

Statement³ (the “BCS”), which highlights the Company’s Non-Discrimination and Anti-Harassment Policy and emphasizes the Company’s prohibition on employees using any Company “information system to engage in procuring or transmitting material that is in violation of harassment or discrimination laws” or other Company policies. The BCS requires that questions from employees about what is permissible be directed to the Company’s legal department and its Office of Global Compliance for assessment.

Decisions addressing the impact of a Company’s use of technologies such as AI on its workforce are multifaceted, complex, and based on a range of considerations that are integral to managing the day-to-day operations of the Company. Therefore, consistent with the above-cited precedent, the Company may exclude the Proposal under Rule 14a-8(i)(7) as related to the ordinary business of the Company, including as relating to the management of the Company’s workforce.

(5) The Proposal Does Not Focus on a Significant Social Policy Issue that Transcends the Company’s Ordinary Business Operations.

In the 1998 Release, the Commission reaffirmed the standards for when proposals are excludable under the “ordinary business” provision that the Commission had initially articulated in the 1976 Release. In the 1998 Release, the Commission also distinguished proposals pertaining to ordinary business matters that are excludable under Rule 14a-8(i)(7) from those that “focus on” significant social policy issues. The Commission stated, “proposals relating to [ordinary business] matters but focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” *See* 1998 Release.

In SLB 14L, the Staff stated that it would “realign its approach for determining whether a proposal relates to ‘ordinary business’ with the standard the Commission initially articulated in the 1976 Release, which provided an exception for certain proposals that raise significant social policy issues, and which the Commission subsequently reaffirmed in the 1998 Release.” In addition, the Staff stated that in administering Rule 14a-8(i)(7), the Staff “will instead focus on the social policy significance of the issue that is the subject of the shareholder proposal” and “consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company.” *Id.* The Staff further noted that under this realigned approach, “proposals squarely raising human capital management issues with a broad societal impact” may not be subject to exclusion. *Id.*

The Proposal relates to how the Company uses AI in its business operations, but the Proposal does not raise an issue with a “broad societal impact” as that phrase has been interpreted by the Staff. As a rapidly developing technology, we appreciate that certain uses and applications of AI may raise significant social policy issues with a broad societal impact. The Proposal, however, does not identify or describe a particular application or use of AI to be of

³ *See* https://www.paramount.com/sites/g/files/dxjhpe226/files/2024-01/Paramount_Global_Business_Conduct_Statement.pdf.

concern, but, rather, focuses on all uses of AI across the Company's business operations. In fact, the Proposal would cover applications and uses of AI in the Company's business operations that in no way raise social policy issues, such as the use of AI in contract management software. Further, shareholder proposals that touch upon topics that may raise significant social policy issues, but which do not focus the thrust of the proposal on such issues, are not transformed from an otherwise ordinary business proposal into one that transcends ordinary business and, as such, remain excludable under Rule 14a-8(i)(7). *See, e.g., Amazon.com, Inc.* (Apr. 8, 2022) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting an annual report on the distribution of stock-based incentives throughout the workforce despite the proposal referring to wealth inequality in the United States as a significant social policy issue).

The development and selection of the technology that the Company uses or may use in its business operations does not on its own present a significant policy issue. The Company, as with most companies in its industry, is focused on leveraging technology in its business to innovate the programming it can offer its viewers and grow the opportunities available to its creators. The manner in which the Company uses AI technology across its business operations does not present significant policy issues just because certain specific applications of AI are receiving significant media attention. Therefore, the Proposal does not raise a significant policy issue and may be excluded under Rule 14a-8(i)(7).

(6) The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because It Seeks to Micromanage the Company.

The Proposal may also be excluded in reliance on Rule 14a-8(i)(7) on the basis that it seeks to micromanage the Company with respect to the extent of disclosure it requests regarding the Company's use of AI. In SLB 14L, the Staff clarified that in evaluating companies' micromanagement arguments, it will "focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management." The Staff further noted that this approach is "consistent with the Commission's views on the ordinary business exclusion, which is designed to preserve management's discretion on ordinary business matters but not prevent shareholders from providing *high-level direction on large strategic corporate matters*" (emphasis added).

Whether and how to use AI in a company's operations requires an understanding of that company's complex and confidential business needs, including applicable legal and regulatory considerations, competitive conditions, budget constraints, quality parameters, and resource availability, among many others. For shareholders to be able to understand and assess the appropriateness of the Company's use of AI in its business operations, they would have to probe into exactly the type of day-to-day management functions that Rule 14a-8(i)(7) reserves for management's oversight. In SLB 14L, the Staff stated that with respect to Rule 14a-8(i)(7) micromanagement arguments, it "would expect the level of detail included in a shareholder proposal to be consistent with that needed to enable investors to assess an issuer's impacts, progress towards goals, risks or other strategic matters appropriate for shareholder input." Here, the report requested by the Proposal would necessarily involve a significant amount of complex detail, and cover a broad range of the Company's operations that are not qualified by materiality

or risk exposure to the Company. Additionally, the strategic matter that the report would cover, namely choices regarding a type of technology, has been traditionally viewed by the Staff as being inappropriate for shareholder assessment or direction.

Since the publication of SLB 14L, the Staff has concurred that proposals that probe too deeply into matters of a complex nature by seeking disclosure of intricate details around internal company policies and practices attempt to micromanage the company and therefore may be excluded in reliance on Rule 14a-8(i)(7). *See, e.g., Verizon Communications Inc.* (Mar. 17, 2022) (concurring in exclusion of a proposal requesting that the company publish annually the written and oral content of diversity, inclusion, equity or related employee-training materials offered to the Company’s employees on the basis that the proposal “micromanages the company by probing too deeply into matters of a complex nature by seeking disclosure of intricate details regarding the company’s employment and training practices”); *American Express Co.* (Mar. 11, 2022) (same); and *Deere & Co.* (Jan. 3, 2022) (same).

The Proposal here probes too deeply into the judgment of management by seeking information about all the ways in which the Company uses AI across its business operations. Whether to use or not use AI in different parts of a company’s business operations and the manner in which to communicate with investors on this subject are complex decisions guided by diverse factors, including but not limited to legal and regulatory requirements, business and competitive considerations, and budgetary considerations, among others. All of these considerations are complicated and outside of the ability of shareholders to assess without detailed working knowledge of the Company’s operations. Further, the above-mentioned decisions require that management have discretion to exercise its judgment without unwarranted shareholder oversight.

Additionally, the Supporting Statement specifically highlights the use of AI in creating artistic works, noting that “lawsuits related to the use of copyrighted works by AI engines” could prove costly to the Company. As with other companies in the entertainment industry, the creation of artistic works is a core part of the Company’s business. Expert judgments, including legal analysis, are part of management’s business and legal decision-making with respect to the creation of artistic works and the associated assessment of compliance with copyright and other intellectual property laws. The Proposal’s request for a report on the Company’s use of AI with respect to its creation of artistic works, which the Company already oversees through a robust internal legal process, seeks to involve the Company’s shareholders in decisions involving highly complex intellectual property laws.

Accordingly, in requesting that the Company report on the use of AI across all of the Company’s business operations, the Proposal is seeking a level of granularity in information that, under SLB 14L, is unnecessary for shareholders to have access to, and thus the Proposal may be excluded under Rule 14a-8(i)(7) on the basis that it seeks to micromanage the Company.

CONCLUSION

Based on the foregoing, the Company believes that the Proposal may be omitted from the 2024 Proxy Materials. Accordingly, we respectfully request that the Staff indicate that it will not

recommend enforcement action to the Commission if the Company excludes the Proposal from the 2024 Proxy Materials.

If you have any questions regarding this request, please contact the undersigned at (416) 360-2961 or ryan.robski@shearman.com or Lona Nallengara at (212) 848-8414 or lona.nallengara@shearman.com. Thank you for your consideration.

Very truly yours,

A handwritten signature in cursive script that reads "Ryan Robski".

Ryan Robski

cc: Yumi Narita, *Office of the Comptroller of the City of New York*
Christa A. D'Alimonte, *Paramount Global*
Heidi Naunton, *Paramount Global*
Jay Larry, *Paramount Global*
Lona Nallengara, *Shearman & Sterling LLP*

EXHIBIT A



Yumi Narita
EXECUTIVE DIRECTOR OF
CORPORATE GOVERNANCE

CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

MUNICIPAL BUILDING
ONE CENTRE STREET, 8TH FLOOR NORTH
NEW YORK, N.Y. 10007-2341

November 14, 2023

Christa A. D'Alimonte
Executive Vice President General Counsel and Secretary
Paramount Global
1515 Broadway
New York, NY 10036

Dear Ms. D'Alimonte:

I write to you on behalf of the Comptroller of the City of New York, Brad Lander. The Comptroller is the custodian and a trustee of the New York City Employees' Retirement System, the New York City Teachers' Retirement Systems, the New York City Police Pension Fund, and the New York City Fire Pension Fund (individually a "System," collectively the "New York Retirement Systems" or "NYCRS"). The Systems' boards of trustees have authorized the Comptroller to submit and otherwise act on the Systems' behalf with respect to the enclosed shareholder proposal, and to inform you of the NYCRS' intention to present the shareholder proposal for the consideration and vote of stockholders at the Company's next annual meeting.

Therefore, we offer the enclosed proposal for the consideration and vote of shareholders at the Company's next annual meeting. It is submitted to you in full compliance with Rule 14a-8 of the Securities Exchange Act of 1934, and I ask that it be included in the Company's proxy statement.

Each System is the beneficial owner of at least \$25,000 in market value of the Company's Class A securities entitled to vote on the shareholder proposal and have held such stock continuously for at least one year. Furthermore, each System intends to continue to hold at least \$25,000 worth of these securities through the date of the Company's next annual meeting. Proof of continuous ownership for the requisite time period will be sent by the NYCRS' custodian bank, State Street Bank and Trust Company, under separate cover.

We welcome the opportunity to discuss the shareholder proposal with you, and are available to meet with the Company via teleconference on December 12, 2023 at 1pm ET or December 13, 2023 at 3pm ET.

Please note that if the Company believes that the Systems or the enclosed shareholder proposal has failed to meet one or more of the eligibility or procedural requirements set forth in answers to Questions 1 through 4 of Rule 14a-8, the Company must notify us in writing of any alleged deficiency within 14 calendar days of receiving the proposal and provide us with an opportunity to respond to any alleged deficiency within 14 days of receiving the Company's written notification.

I can be contacted at the phone number or email address set forth above to address any further questions the Company may have about the enclosed proposal.

Sincerely,

A handwritten signature in cursive script, appearing to read "Yumi Narita".

Yumi Narita
Enclosure

RESOLVED: Shareholders request that Paramount Global Inc. (the "Company") prepare and publicly disclose on the Company's website a transparency report that explains the Company's use of Artificial Intelligence ("AI") in its business operations and the Board's role in overseeing AI usage, and sets forth any ethical guidelines that the Company has adopted regarding its use of AI. This report shall be prepared at a reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

Supporting Statement

The use of AI by large corporations raises significant social policy concerns. These concerns include, but are not limited to: potential discrimination or bias in employment decisions; mass layoffs due to job automation; facility closures; the disclosure and misuse of private data; and the creation of "deep fake" media content that may disseminate false information. These concerns pose risks to the general public, and to long-term investors of the Company, who are impacted by the Company's reputation as well as its financial position.

Transparency regarding the Company's use of AI, and any ethical guidelines governing that use, will strengthen the Company. Transparency would address the public's growing concerns and distrust about the indiscriminate use of AI, strengthening the Company's position and reputation as a responsible, trustworthy, and sustainable leader in its industry. With a transparency report, the Company could establish that it uses AI in a safe, responsible, and ethical manner that complements the work of its employees *and* values the public.

The White House Office of Science and Technology Policy has developed ethical guidelines to help guide the design, use, and deployment of AI. These five principles for an AI Bill of Rights are: 1) safe and effective systems, 2) algorithmic discrimination protections, 3) data privacy, 4) notice and explanation, and 5) human alternatives, consideration, and fallback. (White House Office of Science and Technology Policy, "Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People," October 2022, available at <https://www.whitehouse.gov/ostp/ai-bill-of-rights>).

If the Company does not already have ethical guidelines for the use of AI, the adoption of such guidelines may improve the Company's performance by avoiding costly labor disruptions and lawsuits related to the improper use of AI. The entertainment industry writer and performer strikes, sparked in part by AI concerns, have already proved costly for the Company. Lawsuits related to the use of copyrighted works by AI engines have also been featured prominently in the media in 2023. Failure to appropriately manage AI risks today may prove financially damaging for the Company in the long term.

We believe that issuing an AI transparency report is particularly important for Paramount Global, a leader in the entertainment industry, as it creates artistic works that constitute the foundation for sustaining long-term company value and for our shared culture.

For these reasons, the New York City Retirement Systems urge you to vote FOR this proposal.



Kimberly A MacDonald
Officer, Client Services
State Street Bank and Trust Company
One Heritage Drive, 3rd floor
Quincy, MA 02171
Telephone: [REDACTED]

Christa A. D'Alimonte
Executive Vice President, General Counsel
and Secretary Corporate Secretary

Paramount Global
1515 Broadway
New York, NY 10036

November 14, 2023

Re: New York City Retirement Systems

To whom it may concern,

Enclosed please find Ownership Letters attesting to the minimum share positions held by each of the NYC Retirement Systems for at least the past twelve months.

These letters are to support the Shareholder Proposal resolution sent to you directly by the NYC Office of the Comptroller.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly MacDonald
Officer



Kimberly A. MacDonald
Officer, Client Services

State Street Bank and Trust Company
1776 Heritage Drive
JAB 3rd Floor
Quincy, MA 02171
Telephone: [REDACTED]
[REDACTED]

November 14, 2023

Re: New York City Teachers' Retirement System

To whom it may concern,

Please be advised that State Street Bank and Trust Company, under DTC number 997, held in custody continuously, on behalf of the New York City Teachers' Retirement System, the below position from October 31, 2022 through today as noted below:

<u>Security:</u>	PARAMOUNT GLOBAL CLASS A
<u>Cusip:</u>	92556H107
<u>Shares:</u>	5,476

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly A. MacDonald
Officer



Kimberly A. MacDonald
Officer, Client Services

State Street Bank and Trust Company
1776 Heritage Drive
JAB 3rd Floor
Quincy, MA 02171
Telephone: [REDACTED]
[REDACTED]

November 14, 2023

Re: New York City Police Pension Fund

To whom it may concern,

Please be advised that State Street Bank and Trust Company, under DTC number 997, held in custody continuously, on behalf of the New York City Police Pension Fund, the below position from October 31, 2022 through today as noted below:

Security: PARAMOUNT GLOBAL CLASS A

Cusip: 92556H107

Shares: 632

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly A. MacDonald
Officer



Kimberly A. MacDonald
Officer, Client Services

State Street Bank and Trust Company
1776 Heritage Drive
JAB 3rd Floor
Quincy, MA 02171
Telephone: [REDACTED]
[REDACTED]

November 14, 2023

Re: New York City Employee's Retirement System

To whom it may concern,

Please be advised that State Street Bank and Trust Company, under DTC number 997, held in custody continuously, on behalf of the New York City Employee's Retirement System, the below position from October 31, 2022 through today as noted below:

<u>Security:</u>	PARAMOUNT GLOBAL CLASS A
<u>Cusip:</u>	92556H107
<u>Shares:</u>	14,703

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly A. MacDonald
Officer

From: Larry, Jay N [REDACTED]
Sent: Wednesday, November 29, 2023 2:39 PM
To: [REDACTED]
Cc: D'Alimonte, Christa; Groce, Caryn; Naunton, Heidi; Lona Nallengara
Subject: Paramount Global Response to NYC Comptroller Shareholder Proposal
Attachments: 11-29-2023 Paramount Global Deficiency Notice.pdf; Rule 14a-8.pdf; Staff Legal Bulletin No. 14F (CF).pdf; Staff Legal Bulletin No. 14G (CF).pdf

Good afternoon Ms. Narita,

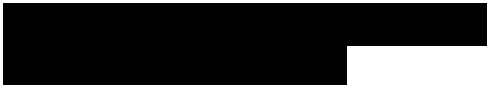
With regard to the shareholder proposal we received from you on November 15th on behalf of the Comptroller of the City of New York, Brad Lander, on behalf of the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, and the New York City Fire Pension Fund for inclusion in Paramount Global's 2024 proxy materials, please see the attached notice of certain deficiencies in the proposal. Copies of Rule 14a-8 and Staff Legal Bulletins No. 14F and 14G are also attached.

Please confirm your receipt of this email and the attachments referenced above.

Thank you,
Jay Larry



JAY LARRY
Corporate Counsel and Asst. Secretary



paramount.com



Jay Larry
Corporate Counsel and Assistant Secretary
Paramount Global

1515 Broadway
New York, NY 10036

November 29, 2023

Yumi Narita
Executive Director of Corporate Governance,
New York City Comptroller's Office
One Centre St., 8th Floor North
New York, New York 10007-2341
[REDACTED]

Dear Ms. Narita:

We received the stockholder proposal (the "Proposal") that you submitted on behalf of the Comptroller of the City of New York, Brad Lander (the "Comptroller"), to Paramount Global (the "Company") on November 15, 2023 (the "Submission Date") on behalf of the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, and the New York City Fire Pension Fund (each a "Proponent," and together, the "Proponents") for inclusion in the proxy statement for the Company's 2024 annual meeting of stockholders (the "2024 Annual Meeting").

The Proposal contains certain procedural deficiencies, which Securities and Exchange Commission ("SEC") regulations require us to bring to your attention. Unless these deficiencies can be remedied in the appropriate timeframe required under the applicable SEC rules, the Company will be entitled to exclude the Proposal from its proxy materials for the 2024 Annual Meeting.

Proposals Submitted by a Representative

Your correspondence did not include documentation demonstrating that the Comptroller had the legal authority to submit the Proposal on behalf of any of the Proponents as of the Submission Date. Rule 14a-8(b)(1)(iv) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires any shareholder who uses a representative to submit a shareholder proposal on its behalf to provide the company with written documentation that:

- identifies the company to which the proposal is directed;



- identifies the annual or special meeting for which the proposal is submitted;
- identifies the shareholder as the proponent and identifies the person acting on the shareholder's behalf as the shareholder's representative;
- includes the shareholder's statement authorizing the designated representative to submit the proposal and otherwise act on the shareholder's behalf;
- identifies the specific topic of the proposal to be submitted;
- includes the shareholder's statement supporting the proposal; and
- is signed and dated by the shareholder.

The documentation that you provided is insufficient because no evidence was provided of the Proponents' delegation of authority to the Comptroller. To remedy these defects, each Proponent should provide documentation that confirms that as of the Submission Date such Proponent had instructed or authorized the Comptroller to submit the Proposal to the Company on such Proponent's behalf. The documentation should include all of the elements listed above.

Proof of Ownership

Rule 14a-8(b)(1) of the Exchange Act requires that in order to be eligible to submit a proposal for inclusion in the Company's proxy statement for its 2024 Annual Meeting, each stockholder proponent must, among other things, have continuously held securities of the Company in an amount that satisfies at least one of the following:

- at least \$2,000 in market value of the Company's securities entitled to vote on the proposal for at least three years preceding and including the Submission Date;
- at least \$15,000 in market value of the Company's securities entitled to vote on the proposal for at least two years preceding and including the Submission Date; or
- at least \$25,000 in market value of the Company's securities entitled to vote on the proposal for at least one year preceding and including the Submission Date

(collectively, the "Ownership Requirements").



Each stockholder submitting a proposal must also continue to hold the requisite securities meeting at least one of the Ownership Requirements through the date of the 2024 Annual Meeting.

Rule 14a-8(b)(2)(ii) requires that a proponent of a proposal prove eligibility as a beneficial stockholder of the company that is the subject of the proposal by submitting either:

- a written statement from the “record” holder of the shares (usually a bank or broker) verifying that, at the time the proponent submitted the proposal, the proponent had continuously held the requisite shares (in this case, the Company’s Class A Common Stock) and amount of those shares to satisfy at least one of the Ownership Requirements and a written statement that the proponent intends to continue to hold such shares through the date of the shareholders' meeting for which the proposal is submitted; or
- if the proponent was required to file, and filed, a Schedule 13D, Schedule 13G, Form 3, Form 4, and/or Form 5, or amendments to those documents or updated forms, demonstrating that it met at least one of the Ownership Requirements, a copy of such schedules and/or forms, and any subsequent amendments reporting a change in the proponent’s ownership level, a written statement that the proponent continuously held the requisite shares (in this case, the Company’s Class A Common Stock) and amount of those shares to satisfy at least one of the Ownership Requirements and the proponent’s written statement that the proponent intends to hold such shares through the date of the shareholders' meeting for which the proposal is submitted.

The Company’s stock records indicate that the New York City Fire Pension Fund and the New York City Police Pension Fund are not currently the registered holders of any shares of the Company’s common stock. Further, you have not provided proof of ownership of the Company’s Class A common stock for the New York City Fire Pension Fund, and the written statement from the record holder of certain of the Company’s Class A Common Stock held on behalf of the New York City Police Pension Fund shows that it has not held at least \$25,000 in market value of the Company’s stock entitled to vote on the proposal for at least one year preceding and including the Submission Date, nor has it met any of the other Ownership Requirements based on such written statement.

Accordingly, by this letter, I am requesting that you provide to us acceptable documentation that the New York City Fire Pension Fund and the New York City Police Pension Fund have held the requisite amount of the Company’s Class A Common Stock to satisfy at least one of the Ownership Requirements in order for the two funds to be identified as proponents.

To help stockholders comply with the Ownership Requirements when submitting proof of ownership to companies, the SEC’s Division of Corporation Finance published Staff Legal Bulletin No. 14F (“SLB 14F”), dated October 18, 2011, and Staff Legal Bulletin No. 14G (“SLB



14G”), dated October 16, 2012, a copy of both of which are attached for your reference. SLB 14F and SLB 14G provide that for securities held through The Depository Trust Company (“DTC”), only DTC participants should be viewed as “record” holders of securities that are deposited at DTC. You can confirm whether the Proponents’ bank or broker is a DTC participant by checking DTC’s participant list, which is currently available on the Internet at: <https://www.dtcc.com/client-center/dtc-directories>.

If the Proponents hold shares through a bank or broker that is not a DTC participant, you will need to obtain proof of ownership from the DTC participant through which the bank or broker holds the shares, or an affiliate of such DTC participant. You should be able to find the name of the DTC participant by asking the Proponents’ bank or broker. If the DTC participant that holds the Proponents’ shares knows the holdings of its bank or broker, but does not know the Proponents’ holdings, you may satisfy the proof of ownership requirements by submitting two proof of ownership statements — one from the Proponents’ bank or broker confirming its ownership and the other from the DTC participant confirming the bank’s or broker’s ownership. Please review SLB 14F carefully before submitting proof of ownership to ensure that it is compliant.

In order to meet the eligibility requirements for submitting a stockholder proposal, the SEC rules require that any response to this letter be postmarked or transmitted electronically to us no later than 14 calendar days from the date you receive this letter.

If you have any questions, please contact me using the email address noted above. For your reference, I enclose copies of Rule 14a-8, Staff Legal Bulletin No. 14F, and Staff Legal Bulletin No. 14G.

Sincerely,

A handwritten signature in cursive script that reads "Jay Larry".

Jay Larry

cc w/ att: Lona Nallengara, Shearman & Sterling LLP

From: Conovitz, Jennifer [REDACTED]
Sent: Wednesday, November 29, 2023 3:09 PM
To: Larry, Jay N; Corporate Governance Team
Cc: Narita, Yumi; D'Alimonte, Christa; Groce, Caryn; Naunton, Heidi; Lona Nallengara
Subject: RE: Paramount Global Response to NYC Comptroller Shareholder Proposal

External Email

Mr. Jay,

We confirm that we are in receipt of your email and attachments.

Sincerely,
Jennifer Conovitz



Jennifer S. Conovitz
Office of the New York City Comptroller Brad Lander
1 Centre Street, 8th Floor
New York, NY 10007
[REDACTED]

From: Bliss, Ronald Joshua [REDACTED]
Sent: Wednesday, December 6, 2023 5:02 PM
To: Larry, Jay N
Cc: Garland, Michael; Narita, Yumi; D'Alimonte, Christa; Groce, Caryn; Naunton, Heidi; Conovitz, Jennifer
Subject: NYC Comptroller Response to 11.29.23 Deficiency Letter
Attachments: Paramount Response Letter - 12.6.23 - E-signed.pdf

External Email

Mr. Larry:

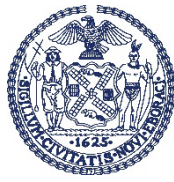
I am Deputy General Counsel in the New York City Comptroller's Office. Attached is my letter responding to Paramount's November 29, 2023 deficiency letter to the New York City Comptroller's Office regarding the shareholder proposal submitted on behalf of four New York City Retirement Systems.

As stated in my letter, we are requesting written confirmation from Paramount that, based on the information contained in the letter, it is abandoning its contention that the Comptroller has not established its authority to file the proposal on behalf of the proponents. We are also withdrawing the proposal on behalf of the New York City Police and New York City Fire Pension Funds, but continue to advance the proposal on behalf of the New York City Employees' Retirement System and the New York City Teachers' Retirement System.

Please feel free to contact me if you wish to discuss anything.

Regards,

Joshua Bliss
Deputy General Counsel
Office of the Comptroller of the City of New York
1 Centre Street, Suite 602
New York, New York 10007
[REDACTED]



R. JOSHUA BLISS
DEPUTY GENERAL COUNSEL

CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

OFFICE OF THE GENERAL COUNSEL

December 6, 2023

BY EMAIL

Jay Larry
Corporate Counsel and Assistant Secretary
Paramount Global
1515 Broadway
New York, New York 10036
[REDACTED]

Re: Shareholder Proposal Submitted by New York City Comptroller

Dear Mr. Larry:

I am Deputy General Counsel in the Office of the Comptroller of the City of New York (“Comptroller”). I write in response to your letter, dated November 29, 2023, to Yumi Narita, the Comptroller’s Executive Director of Corporate Governance (“Letter”). The Letter questions the Comptroller’s legal authority to submit a November 15, 2023 shareholder proposal (“Proposal”) on behalf of the New York City Employees’ Retirement System (“NYCERS”), the New York City Teachers’ Retirement System (“Teachers”), the New York City Police Pension Fund (“Police”), and the New York City Fire Pension Fund (“Fire”) (each a “Proponent,” and collectively, the “Proponents”). The Letter also requests documentation establishing that Police and Fire meet the ownership requirements of Rule 14a-8. I address both issues below.

With respect to the Comptroller’s legal authority to submit the Proposal on behalf of the Proponents, your Letter contends that the Comptroller did not submit documentation sufficient to satisfy the requirements of Rule 14a-8(b)(1)(iv) for a representative that is submitting a proposal on behalf of a shareholder proponent. The Letter requests that each Proponent submit documentation confirming that, as of November 15, 2023, each Proponent had instructed or authorized the Comptroller to submit the Proposal to Paramount on the Proponent’s behalf. Neither the Comptroller nor the Proponents need to submit any additional documentation to establish the Comptroller’s authority to file the Proposal on behalf of the Proponents. This is because Rule 14a-8(b)(1)(v), which is not referenced in your letter, carves out from the requirements of Rule 14a-8(b)(1)(iv) a “representative” – such as the Comptroller – that is acting on behalf of “shareholders that are entities” – such as the Proponents – “so long as the representative’s authority to act on the shareholder’s behalf is apparent and self-evident such that a reasonable person would understand that the agent has authority to submit the proposal and

otherwise act on the shareholder's behalf.” Rule 14a-8(b)(1)(v). The Comptroller falls squarely within the scope of this exemption.

On November 4, 2020, when the SEC announced that it had amended Rule 14a-8 to include Rule 14a-8(b)(1)(iv) and (v), it explained why it was adding an exemption (Rule 14a-8(b)(1)(v)) to the requirements of Rule 14a-8(b)(1)(iv), as well as the type of representatives and entities that could rely on this exemption:

“Furthermore, we are clarifying in response to commenters that, where a shareholder-proponent is an entity, and thus can act only through an agent, compliance with the amendment [Rule 14a-8(b)(1)(iv)] will not be necessary if the agent’s authority to act is apparent and self-evident such that a reasonable person would understand that the agent has authority to act. For example, *compliance generally would not be necessary* where a corporation’s CEO submits a proposal on behalf of the corporation, *where an elected or appointed official who is the custodian of state or local trust funds submits a proposal on behalf of one or more such funds*, where a partnership's general partner submits a proposal on behalf of the partnership, or where an adviser to an investment company submits a proposal on behalf of an investment company.”¹

The Comptroller is an elected New York City official² and the custodian, by law, for each of the Proponents.³ Thus, the Comptroller falls squarely within the exemption created by Rule 14a-8(b)(1)(v). And this is no accident. The very reason Rule 14a-8(b)(1)(v) was added was to address concerns with Rule 14a-8(b)(1)(iv) that had been raised by the Comptroller (and others) during the comment period.⁴ We also note that the Comptroller’s authority to act on behalf of the Proponents with respect to filing and defending shareholder proposals is publicly known. In fact, the Comptroller has a webpage that discusses the shareholder proposals it advances on behalf of the Proponents,⁵ and its annual report on shareholder initiatives describes in detail the process by which shareholder proposals are formulated and approved by the Proponents.⁶

¹ Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8, Release No. 34-89964 (Nov. 4, 2020) [85 FR 70240, 70251] (“Final Rule”) (emphasis added). The Final Rule is also available at <https://www.federalregister.gov/documents/2020/11/04/2020-21580/procedural-requirements-and-resubmission-thresholds-under-exchange-act-rule-14a-8#citation-118-p70251>.

² See New York City Charter § 91.

³ See New York City Administrative Code § 13-136 (establishing the Comptroller as the custodian of NYCERS); § 13-235 (establishing the Comptroller as the custodian of Police); § 13-338 (establishing the Comptroller as the custodian of Fire); and § 13-536 (establishing the Comptroller as the custodian of Teachers). Both the New York City Charter and the New York City Administrative Code are publicly available online at <https://codelibrary.amlegal.com/codes/newyorkcity/latest/overview>.

⁴ See Final Rule, fn 118.

⁵ See <https://comptroller.nyc.gov/reports/shareholder-initiatives-postseason-report/>

⁶ See <https://comptroller.nyc.gov/wp-content/uploads/documents/2022-Postseason-Report.pdf> at p. 3 (“Within the New York City Comptroller’s Office, the Bureau of Asset Management’s Corporate Governance and Responsible Investment team develops and implements the proxy voting and shareholder program for each of the five Systems,

In light of the foregoing, we respectfully request that you confirm in writing that Paramount has abandoned any objection to the Comptroller's authority to file the Proposal on behalf of the Proponents. If Paramount continues to contend that the Comptroller has not established its legal authority to file the Proposal, please let us know immediately.

With respect to the second issue raised in the Letter – whether Police and Fire meet the ownership requirements of Rule 14a-8 – we acknowledge that Fire and Police no longer meet the ownership requirements. Accordingly, we withdraw the Proposal with respect to Police and Fire only. We emphasize that this withdrawal applies only to Police and Fire and that the Comptroller continues to advance the Proposal on behalf of NYCERS and Teachers.

Sincerely,



R. Joshua Bliss, Esq.
Deputy General Counsel

Cc (via email):

Michael Garland [REDACTED]
Yumi Narita [REDACTED]
Christa D'Alimonte [REDACTED]
Caryn Groce [REDACTED]
Heidi Naunton [REDACTED]
Lona Nallengara (Lona.Nallengara@shearman.com)

including submitting shareholder proposals to and engaging with management and directors at portfolio companies. The Comptroller's Office presents the recommended shareholder proposal programs to the Proxy Committee of each System for review and approval. Each Proxy Committee acts on behalf of its respective Board of Trustees.”).

From: Larry, Jay N [REDACTED]
Sent: Thursday, December 7, 2023 12:18 PM
To: Bliss, Ronald Joshua
Cc: Garland, Michael; Narita, Yumi; D'Alimonte, Christa; Groce, Caryn; Naunton, Heidi; Conovitz, Jennifer; Lona Nallengara
Subject: RE: NYC Comptroller Response to 11.29.23 Deficiency Letter

Mr. Bliss,

In response to the letter we received from you on December 6th regarding the Comptroller's stockholder proposal, the Company accepts your withdrawal of the proposal with respect to the New York City Police and New York City Fire Pension Funds and acknowledges that the Comptroller may continue to advance the proposal on behalf of the New York City Employees' Retirement System and the New York City Teachers' Retirement System.

Thank you,
Jay Larry



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

JUSTINA K. RIVERA
GENERAL COUNSEL

OFFICE OF THE GENERAL COUNSEL

March 1, 2024

VIA ONLINE SHAREHOLDER PROPOSAL FORM

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

Re: Response to Paramount Global's January 30, 2024 No-Action Request

Dear Counsel:

I write on behalf of the New York City Employees' Retirement System and the New York City Teachers' Retirement System (the "Systems") to respond to the wasteful and meritless no-action request from Paramount Global ("Paramount" or the "Company"), dated January 30, 2024 (the "No-Action Request"). Paramount seeks confirmation from the staff of the Division of Corporation Finance ("Staff") that it will not recommend enforcement action if the Company excludes the System's proposal ("Paramount Proposal") from its 2024 proxy materials on the ground that it constitutes ordinary business under Rule 14a-8(i)(7). But at no point does Paramount address, or even acknowledge, the elephant in the room: the proposal it seeks to exclude is *word-for-word identical* to the proposal at issue in *The Walt Disney Co.* (Jan. 3, 2024) ("*Disney*"), which is itself substantively identical to the proposal at issue in *Apple Inc.* (Jan. 3, 2024) ("*Apple*").¹ In both *Disney* and *Apple*, the Staff determined that the proposals were not excludable under Rule 14a-8(i)(7), concluding that each "transcends ordinary business matters and does not seek to micromanage the Company." Nothing has changed, either factually or legally, in the past two months that would give the Staff reason to reverse course here. Paramount's No-Action Request – which, to put it mildly, borrows generously from Disney's no-action request – does not present any factual consideration or legal argument that has not already been presented to and rejected by the Staff. Accordingly, and consistent with the Staff's recent determinations in *Disney* and *Apple*, the Systems respectfully request that the Staff deny Paramount's No-Action Request.

Before proceeding, we briefly note how unnecessary and wasteful Paramount's No-Action Request is. It would perhaps be understandable to continue with the No-Action Request if Paramount had submitted it before the Staff released its determinations in *Disney* and *Apple*, but the No-Action Request was submitted nearly a month after those determinations were released –

¹ Attached as Exhibit A is a copy of the *Disney* no-action materials, and attached as Exhibit B is a copy of the *Apple* no-action materials. These no-action materials include the Staff's determination, the company's no-action request, and the proponent's response to the no-action request.

and Paramount acknowledged, when we requested a voluntary withdrawal in light of the *Disney* and *Apple* determinations, that it was fully aware of those determinations but would nevertheless not be withdrawing the No-Action Request. It would perhaps be understandable to continue with the No-Action Request if Disney or Apple had pending requests for reconsideration with the Staff, but neither company ever sought reconsideration. It would perhaps be understandable to continue with the No-Action Request if Paramount had identified reasons why the Staff's determinations in *Disney* and *Apple* were wrong or misguided, but far from taking issue with *Disney* and *Apple*, Paramount knowingly ignores them, making no mention of either determination in its request. It would perhaps be understandable to continue with the No-Action Request if Paramount had new legal arguments or factual information for the Staff to consider that were not advanced in either *Disney* or *Apple*, but Paramount instead simply regurgitates the same arguments (made in the same order and with citations to the same authorities) that were made in Disney's no-action request, making only minimal, non-substantive changes to some of Disney's wording. In short, there is no good reason for Paramount to waste the Staff's valuable time and resources by continuing with this no-action request when: (1) the Staff has twice determined – not even two months ago – that that a word-for-word identical proposal (*Disney*) and a substantively identical proposal (*Apple*) are not excludable under Rule 14a-8(i)(7), and (2) Paramount has not asserted new arguments or provided the Staff with any factual or legal basis to revisit the position it took in those two determinations.

THE PARAMOUNT PROPOSAL AND SUPPORTING STATEMENT

The Paramount Proposal² states:

RESOLVED: Shareholders request that Paramount Global Inc. (the "Company") prepare and publicly disclose on the Company's website a transparency report that explains the Company's use of Artificial Intelligence ("AI") in its business operations and the Board's role in overseeing AI usage, and sets forth any ethical guidelines that the Company has adopted regarding its use of AI. This report shall be prepared at reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

The supporting statement ("Paramount Supporting Statement") notes that the subject matter of the proposal – the use of AI by large corporations – raises a host of significant social policy concerns, including potential discrimination or bias in employment decisions, mass layoffs due to job automation, facility closures, the disclosure and misuse of private data, and the creation of "deep fake" media content that may be used to disseminate false information, all of which pose a risk to the public at large as well as to investors who are impacted by the Company's reputation and its financial condition.

The Paramount Supporting Statement next explains the importance of a transparency report: it would help address the public's concern and distrust about the indiscriminate use of AI and strengthen the Company's position and reputation as a responsible, trustworthy, and sustainable leader in its industry.

² A copy of the Paramount Proposal is attached as Exhibit A to Paramount's No-Action Request.

On the issue of ethical guidelines for AI usage, the Paramount Supporting Statement explains that the issue has become so significant that the White House's Office of Science and Technology has developed and released ethical guidelines, based on five principles, to help guide the design, use, and deployment of AI. The Paramount Supporting Statement also notes that the adoption of ethical guidelines for the use of AI (if the Company does not have them already) may improve the Company's performance by avoiding labor disruptions and lawsuits related to the improper use of AI.

THE PARAMOUNT PROPOSAL IS NOT EXCLUDABLE AS ORDINARY BUSINESS

In the context of the recent determinations in *Disney* and *Apple* – which, again, Paramount does not even bother to mention, much less distinguish – the Company's contention that it can exclude the Paramount Proposal as ordinary business under Rule 14a-8(i)(7) is without merit. As we explain below, the proposals at issue in *Disney* and *Apple* are word-for-word identical (in the case of *Disney*) or substantively identical (in the case of *Apple*) to the Paramount Proposal, and the Staff has already concluded, based on the arguments made in response to those no-action requests,³ that those proposals transcend ordinary business and do not seek to micromanage companies. Further, Paramount presents the *exact same arguments* that were made to, but rejected by, the Staff in *Disney*. Accordingly, Paramount has not offered any factual or legal reason for the Staff to change course and the Staff should conclude that the Paramount Proposal cannot be excluded under Rule 14a-8(i)(7).

Let us begin by comparing the three proposals. As noted above, the Paramount Proposal (with the exception of the company name) is word-for-word identical with the proposal challenged in *Disney* (the "Disney Proposal"). Again, the Paramount Proposal states:

RESOLVED: Shareholders request that Paramount Global Inc. (the "Company") prepare and publicly disclose on the Company's website a transparency report that explains the Company's use of Artificial Intelligence ("AI") in its business operations and the Board's role in overseeing AI usage, and sets forth any ethical guidelines that the Company has adopted regarding its use of AI. This report shall be prepared at reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

In comparison, the Disney Proposal states:

³ To avoid unnecessary repetition, we direct the Staff to the detailed arguments and factual considerations that the *Disney* proponents (including the New York City Employees' Retirement System, which is a co-filer here) presented in their response letter, which is included in Exhibit A. Those arguments persuasively explained why the Disney Proposal, which is word-for-word identical to the Paramount Proposal, transcends ordinary business concerns and does not seek to micromanage the company. Because Paramount does not advance any factual considerations or make any legal arguments that were not already made to and rejected by the Staff in *Disney*, the same arguments that the proponents made in *Disney* apply, *mutatis mutandis*, to Paramount's arguments, and we expressly adopt and incorporate those arguments here.

RESOLVED: Shareholders request that The Walt Disney Company (the “Company”) prepare and publicly disclose on the Company’s website a transparency report that explains the Company’s use of Artificial Intelligence (“AI”) in its business operations and the Board’s role in overseeing AI usage, and sets forth any ethical guidelines that the company has adopted regarding its use of AI. This report shall be prepared at reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

The Paramount and Disney Proposals are, with the exception of the company name, word-for-word identical. We also note that the supporting statement for the Disney Proposal, while not word-for-word identical to the Paramount Supporting Statement, presents the same substantive reasons that were given for supporting the Disney Proposal.

Moving to the proposal at issue in *Apple* (the “Apple Proposal”), it too is substantively identical to the Disney and Paramount Proposals. The Apple Proposal states:

RESOLVED: Shareholders request that Apple Inc. prepare a transparency report on the company’s use of Artificial Intelligence (“AI”) in its business operations and disclose any ethical guidelines that the company has adopted regarding the company’s use of AI technology. This report shall be made publicly available to the company’s shareholders on the company’s website, be prepared at reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

All three proposals request the creation and public disclosure of a transparency report on the companies’ use of AI. All three proposals request that the companies disclose any ethical guidelines that they have adopted regarding their use of AI. The only difference between the Apple Proposal and the Disney and Paramount Proposals is that the Disney and Paramount Proposals specifically request that the transparency report explain the boards’ oversight of AI usage, which makes them even less subject to an ordinary business challenge. We also note that the supporting statement from the Apple Proposal presents the same substantive reasons for supporting the proposal as those presented for supporting the Paramount and Disney Proposals. In sum, these are three identical proposals for all purposes relevant to the Staff’s ordinary business analysis. Accordingly, there is no relevant difference in the three proposals that would provide the Staff with any basis to permit the Company’s exclusion of the Paramount Proposal.

Moving on to Paramount’s substantive arguments, we note that they are identical to what was argued in Disney’s no-action request. Disney argued that the Disney Proposal could be excluded under Rule 14a-8(i)(7) because: (1) it relates to Disney’s business practices and operations; (2) it relates to Disney’s choice of technologies; (3) reporting on ethical guidelines is an ordinary business matter related to the company’s ethical business practices; (4) references to workforce management considerations in the supporting statement relate to Disney’s ordinary business; (5) it does not focus on a significant social policy issue that transcends ordinary business operations; and (6) it seeks to micromanage the company.

Parroting Disney, Paramount proceeds with exactly the same arguments in the exact same order, arguing that the Paramount Proposal can be excluded under Rule 14a-8(i)(7) because: (1) it directly relates to Paramount's ordinary business operations; (2) it relates to Paramount's choice of technologies; (3) it relates to Paramount's general adherence to ethical business practices, which is an ordinary business concern; (4) references to workforce management considerations in the supporting statement relate to Paramount's ordinary business operations; (5) it does not focus on a significant social policy issue that transcends Paramount's ordinary business operations; and (6) it seeks to micromanage the company. And it is not just that the argument headings and order of arguments are the same. Paramount's No-Action Request cites the same prior Staff determinations in the exact same order that they are cited in the Disney no-action request. Simply put, Paramount's No-Action Request is a carbon copy of Disney's no-action request, and more importantly, Paramount does not present *any* factual or legal argument that was not already made by Disney or Apple in their no-action requests. Accordingly, there is no reason for the Staff to analyze the Paramount Proposal any differently than it analyzed the Disney and Apple Proposals, and under that analysis, the Staff has already made clear that these proposals are not excludable under Rule 14a-8(i)(7), as they all transcend ordinary business matters and do not seek to micromanage the companies. Consistent with those two determinations, the Staff should conclude here that the Paramount Proposal cannot be excluded under Rule 14a-8(i)(7).

CONCLUSION

For the reasons set forth above, we respectfully request that Paramount's No-Action Request be denied.

If you have any questions or need additional information, please do not hesitate to contact me at the phone number or email address provided above.

Respectfully submitted,


Justina K. Rivera

Encl.

CC (via email):

Ryan Robski
Shearman & Sterling LLP

Lona Nallengara
Shearman & Sterling LLP

Christa A. D'Alimonte
Paramount Global

Div. of Corp. Fin., SEC
Re Paramount Global

March 1, 2024

Heidi Naunton
Paramount Global

Jay Larry
Paramount Global

EXHIBIT A



DIVISION OF
CORPORATION FINANCE

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

January 3, 2024

Lillian Brown
Wilmer Cutler Pickering Hale and Dorr LLP

Re: The Walt Disney Company (the "Company")
Incoming letter dated November 22, 2023

Dear Lillian Brown:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by AFL-CIO Equity Index Funds and co-filers for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the Company prepare a transparency report that explains the Company's use of artificial intelligence in its business operations and the board's role in overseeing its usage, and sets forth any ethical guidelines that the Company has adopted regarding its use of artificial intelligence.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters and does not seek to micromanage the Company.

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

Sincerely,

Rule 14a-8 Review Team

cc: Maureen O'Brien
Segal Marco Advisors

November 22, 2023

Lillian Brown

Via Online Shareholder Proposal Form

+1 202 663 6743 (t)
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lillian.brown@wilmerhale.com

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

**Re: The Walt Disney Company
Exclusion of Shareholder Proposal by AFL-CIO Equity Index Funds**

Ladies and Gentlemen:

We are writing on behalf of our client, The Walt Disney Company (the “Company”), to inform you of the Company’s intention to exclude from its proxy statement and proxy to be filed and distributed in connection with its 2024 annual meeting of shareholders (the “Proxy Materials”), the enclosed shareholder proposal and supporting statement (collectively, the “Proposal”) submitted by Segal Marco Advisors on behalf of AFL-CIO Equity Index Funds, together with co-filers the New York City Employees’ Retirement System, the New York City Fire Pension Fund, the New York City Police Pension Fund and the New York City Board of Education Retirement System (collectively, the “Proponent”), requesting that the Company prepare and disclose on the Company website a report regarding the Company’s use of artificial intelligence (“AI”).

The Company respectfully requests that the staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) advise the Company that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on the basis that the Proposal relates to the Company’s ordinary business operations.

Pursuant to Exchange Act Rule 14a-8(j) and Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), the Company is submitting electronically to the Commission this letter, and the Proposal, as well as related correspondence with the Proponent (attached as Exhibit A to this letter), and is concurrently sending a copy to the Proponent.

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Background

On October 11, 2023, the Company received the Proposal from the Proponent. The Proposal states in relevant part as follows:

RESOLVED: Shareholders request that The Walt Disney Company (the “Company”) prepare and publicly disclose on the Company’s website a transparency report that explains the Company’s use of Artificial Intelligence (“AI”) in its business operations and the Board’s role in overseeing AI usage, and sets forth any ethical guidelines that the company [sic] has adopted regarding its use of AI. This report shall be prepared at a reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

Basis for Exclusion

The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because the subject matter of the Proposal directly concerns the Company’s ordinary business operations.

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if the proposal “deals with a matter relating to the company’s ordinary business operations.” The underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.” See *Amendments to Rules on Shareholder Proposals*, Release No. 34-40018 (May 21, 1998) (the “1998 Release”). An exception to this principle may be made where a proposal focuses on significant social policy issues that transcend the day-to-day business matters of the company. See 1998 Release. The Staff most recently discussed its interpretation of how it will consider whether a proposal “transcends the day-to-day business matters” of a company in Staff Legal Bulletin No. 14L (November 3, 2021) (“SLB 14L”), noting that it is “realign[ing]” its approach to determining whether a proposal relates to ordinary business with the standards the Commission initially articulated in 1976 and reaffirmed in the 1998 Release. Under this realignment, the Staff will “no longer tak[e] a company-specific approach to evaluating the significance of a policy issue under Rule 14a-8(i)(7)” but rather will consider only “whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company.”¹

As set out in the 1998 Release, there are two “central considerations” underlying the ordinary business exclusion. One consideration is that “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical

¹ SLB 14L also explicitly rescinded prior Staff Legal Bulletin Nos. 14I, 14J and 14K, which set out a company-specific approach to the significant social policy issue analysis.

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matter, be subject to direct shareholder oversight.” The other consideration is that a proposal should not “seek[] to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” We believe the Proposal implicates both of these considerations.

The Company leverages innovative technological strategies and maintains an understanding of emerging technology trends to continuously improve the guest experience and build strong connections with audiences. This includes the development and use of AI and machine learning as fundamental technologies that are integral to a wide variety of applications within the business. The Proposal speaks broadly to the use of AI in the Company’s business operations. As a result, the report requested in the Proposal could encompass potentially every aspect of the Company’s business, including whether and how it chooses to use AI/machine learning (if at all) in the course of routine business operations such as content development and distribution, supply chain management, and financial management and planning, as well as in managing the Company’s use of applications and algorithms throughout its daily processes.

The Proposal may be excluded under Rule 14a-8(i)(7) on the basis that the Proposal relates to the ordinary business activities of the Company. The Staff has consistently concurred in exclusion of proposals addressing a company’s business practices and operations, choice of technologies, conduct of ethical business practices, and management of the workforce on this basis. Moreover, framing a shareholder proposal in the form of a request for a report does not change the underlying nature of the proposal. Instead, a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the proposed report is within the ordinary business of the company. *See Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders*, Release No. 34-20091 (August 16, 1983) (“[T]he staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable”). Additionally, because of the extensive scope of information on which the Proposal would have the Company report, the Proposal is excludable under Rule 14a-8(i)(7) because it seeks to micromanage the Company.

The Proposal may be excluded because it relates to the Company’s business practices and operations.

The Proposal requests that the Company report on the Company’s use of AI in its business operations. The Staff has consistently concurred with the exclusion of shareholder proposals, like the Proposal, that relate generally to a company’s business operations but seek a more targeted review of certain aspects of those operations. For example, in *JPMorgan Chase & Co.* (March 21, 2023, *recon. denied* April 3, 2023), the Staff concurred in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on company business practices that prioritize non-pecuniary

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factors when it comes to establishing, rejecting, or failing to continue client relationships. *See also Amazon.com, Inc.* (March 16, 2018) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the risks arising from the public debate over the company's growth and societal impact and how the company is managing or mitigating those risks); *CVS Corporation* (February 1, 2000) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company prepare an annual strategic plan report describing its goals, strategies, policies, and programs as "relating to its ordinary business operations (i.e., business practices and policies)"); and *Westinghouse Electric Corporation* (January 27, 1993) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the "operations" over a six year period of a subsidiary that had incurred significant losses, including policies, guidelines, and actual practices in effect at the subsidiary and addressing the conduct of its business, which the Staff noted dealt with the ordinary business matter of "business practices and operations").

The Proposal may be excluded because it relates to the Company's choice of technologies.

Fundamentally, the Proposal focuses on whether and how the Company implements AI across its business operations. It therefore fits clearly into a long line of excludable proposals seeking to address companies' choice of technologies. While the Proposal does not define AI, it cites to a report of the White House Office of Science and Technology (the "[AI Bill](#)"), which refers to AI as "automated systems" and adopts a broad definition of the term to include "any system, software, or process that uses computation as whole or part of a system to determine outcomes, make or aid decisions, inform policy implementation, collect data or observations, or otherwise interact with individuals and/or communities."² Through this lens, the use of automated systems more generally is not new.³ And in fact, the Proposal does not request a report related to any

² See "Definitions" at White House Office of Science and Technology Policy, "Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People" (October 2022), *available at* <https://www.whitehouse.gov/ostp/ai-bill-of-rights>.

³ See, e.g., Adi Ignatius, "The HBR Interview: Technology, Tradition, and the Mouse" (July-August 2011) (describing an interview with Bob Iger, CEO of Disney, in which Mr. Iger stated "I really believed the company should look at technology as a friend. It had been part of the company originally: Walt Disney was a big believer in technology."), *available at* <https://hbr.org/2011/07/the-hbr-interview-technology-tradition-and-the->; Bill Lyndon, "The Magic of Automation" (September 12, 2012), *available at* <https://www.automation.com/en-us/articles/2012-2/the-magic-of-automation>; Bernard Marr, "Disney Uses Big Data, IoT And Machine Learning to Boost Customer Experience" (August 24, 2017), *available at* <https://www.forbes.com/sites/bernardmarr/2017/08/24/disney-uses-big-data-iot-and-machine-learning-to-boost-customer-experience/?sh=7a76c90f3387>; Lucasfilm Ltd., "A Brief History of Lucasfilm Innovations and Achievements", *available at* <https://www.lucasfilm.com/who-we-are/our-story/>. See also, Peter Stone, et al., "Artificial Intelligence and Life in 2030," One Hundred Year Study on Artificial Intelligence: Report of the 2015-2016 Study Panel, Stanford University, Stanford, CA (Sept. 2016), *available at* https://ai100.stanford.edu/sites/g/files/sbiybj18871/files/media/file/ai100report10032016fml_singles.pdf.

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specific novel technology, but rather a report on how the Company uses AI (conceivably broadly defined) across the entirety of its business operations.

The Staff has consistently concurred that “[p]roposals that concern a company’s choice of technologies for use in its operations” are excludable under rule 14a-8(i)(7) as related to ordinary business matters. *FirstEnergy Corp.* (March 8, 2013). *See also AT&T Inc.* (January 4, 2017) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the company’s progress toward providing Internet service and products for low-income customers); *PG&E Corp.* (March 10, 2014) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal advocating that the company make analog electrical meters available instead of “smart” meters); *AT&T Inc.* (February 13, 2012) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on financial and reputational risks posed by continuing to use technology that inefficiently consumed electricity); and *CSX Corp.* (January 24, 2011) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company develop a kit to convert its fleet to fuel cell power, noting that “[p]roposals that concern a company’s choice of technologies for use in its operations are generally excludable under rule 14a-8(i)(7)”). Consistent with these letters, as new technologies have emerged and evolved over time, the Staff has repeatedly concurred that whether or how a company embeds such technological advances in its operations is a matter going directly to the core of the company’s business systems and operations that must be left to management to direct. Therefore, a report on whether and how the Company uses AI in its business operations is yet another proposal seeking to address the ordinary business matter of whether and how to utilize new technologies in a long line of excludable proposals addressing companies’ choice of technologies in managing their business operations.

Stated differently, the Company’s choices around the use of AI across its business operations cannot, “as a practical matter, be subject to direct shareholder oversight.” 1998 Release. This is particularly significant here where the Proposal refers to a broad category of technology and its application across the Company’s entire business operations. For instance, were the Company to report on its use of AI (as broadly construed in certain respects in the Proposal) across its business operations, the report conceivably would need to consider routine operations, including those with respect to content development and distribution, supply chain management, contract management, financial management and planning, and management of aspects of the Company’s use of applications and algorithms throughout its daily processes, among others.⁴ Whether and how to use AI in a company’s operations requires an understanding of that company’s particular complex and confidential business needs, including applicable legal and regulatory considerations, competitive conditions, budget constraints, quality parameters, resource availability, and appropriateness of a given technology to the complexity of tasks, among many others. These considerations involve the type of day-to-day management functions that fall

⁴ This list is provided as an example only and should not be read to indicate that the Company is using AI in any particular aspect of its business operations.

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squarely within the purview and expertise of the Company's management and do not lend themselves to shareholder evaluation. As a result, the requests within the Proposal concerning the Company's choice of technologies are inherently and undeniably related to the ordinary business operations of the Company.

The Proposal may be excluded because reporting on ethical guidelines is an ordinary business matter as it relates to the Company's general adherence to ethical business practices.

The Proposal's request for disclosure of any ethical guidelines related to the Company's use of AI in its business operations also relates directly to the Company's ordinary business operations. The Staff consistently has concurred in exclusion of shareholder proposals seeking a review and report on ethical standards applicable to a company's general business operations. For example, in *PayPal Holdings, Inc.* (April 7, 2022), the Staff concurred in exclusion under Rule 14a-8(i)(7) of a proposal that requested that the company's board of directors compare the company's code of business conduct and ethics with the actual operations of the company, noting that "the [p]roposal relates to, and does not transcend, ordinary business matters." *See also The Walt Disney Co.* (December 12, 2011) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to report on board compliance with Disney's Code of Business Conduct and Ethics for directors because "[p]roposals that concern general adherence to ethical business practices and policies are generally excludable under [R]ule 14a-8(i)(7)"); *Verizon Communications, Inc.* (January 10, 2011) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board form a Corporate Responsibility Committee charged with monitoring the company's commitment to integrity, trustworthiness, and reliability and the extent to which it lived up to its Code of Business Conduct because "[p]roposals that concern general adherence to ethical business practices are generally excludable under [R]ule 14a-8(i)(7)"); and *International Business Machines Corp.* (January 7, 2010, *recon. denied* February 22, 2010) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting officers restate and enforce certain standards of ethical behavior because it related to general adherence to ethical business practices). Here, since the Proposal asks the Company to report on ethical guidelines (in other words, its general adherence to ethical standards), which relate to the Company's ordinary business practices, this aspect of the Proposal further supports exclusion under Rule 14a-8(i)(7).

The Proposal may be excluded because references to workforce management considerations in the supporting statement relate to the Company's ordinary business.

The concerns raised in the Proposal's supporting statement regarding management of the Company's workforce relate directly to the Company's ordinary business operations. The Commission and Staff have long held that a shareholder proposal may be excluded under Rule

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14a-8(i)(7) if it relates generally to the company’s management of its workforce, as is the case here. The Commission specifically recognized in the 1998 Release that “management of the workforce” is “fundamental to management’s ability to run a company on a day-to-day basis.” Similarly, in *United Technologies Corp.* (February 19, 1993), the Staff provided the following examples of topics that involve a company’s ordinary business and thus make a proposal excludable under Rule 14a-8(i)(7): “employee health benefits, general compensation issues not focused on senior executives, *management of the workplace*, employee supervision, labor-management relations, employee hiring and firing, conditions of the employment and employee training and motivation” (emphasis added).

Since *United Technologies Corp.*, the Staff has recognized a wide variety of proposals as pertaining to the management of a company’s workforce and thus, as excludable under Rule 14a-8(i)(7). For example, in *Apple Inc.* (January 3, 2023), the Staff concurred that proposals addressing return to office policies could be excluded as ordinary business. *See also Amazon.com, Inc.* (April 7, 2022) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on risks and other considerations associated with staffing, because the proposal did not “transcend[] ordinary business matters”); *Yum! Brands, Inc.* (March 6, 2019) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal relating to adopting a policy not to “engage in any Inequitable Employment Practice” because it related “generally to the [c]ompany’s policies concerning its employees and does not focus on an issue that transcends ordinary business matters”); and *Starwood Hotels & Resorts Worldwide, Inc.* (February 14, 2012) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting verification and documentation of U.S. citizenship for the company’s U.S. workforce and requiring training for foreign workers in the U.S. to be minimized because it “relates to procedures for hiring and training employees” and “[p]roposals concerning a company’s management of its workforce are generally excludable under [R]ule 14a-8(i)(7)”; and *Intel Corp.* (March 18, 1999) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting adoption of an “Employee Bill of Rights,” including limited work-hour requirements, relaxed starting times, and a requirement that employees treat one another with dignity and respect, because it “relat[ed], in part, to Intel’s ordinary business operations (i.e., management of the workforce)”).

Workforce management considerations, like those at issue in the above-cited precedent, are not unique to AI. Long before recent AI developments, companies and workers have navigated workforce management issues, such as those concerning discrimination or bias against employees or decisions to automate jobs or replace workers. As such, the Company already has robust policies and procedures in place to address these issues, regardless of whether they arise in the context of AI or another technology. For example, the Company has adopted Standards of Business Conduct that set forth the core principles of integrity, trust, teamwork, honesty, playing

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by the rules and respect, which guide the Company's business practices.⁵ In addition, the Company maintains a Human Rights Policy that aims to foster safe, inclusive and respectful workplaces wherever Company products and their components and raw materials are made.⁶ Similarly, the Company strives to conduct its business in accordance with the highest standards of business ethics and comply with applicable laws, rules, and regulations, including with respect to copyright laws in the creation of artistic works. The Standards of Business Conduct highlight the Company's commitment to lawful business practices with respect to honoring the trade secrets, trademarks, patents and copyrights of others, and mandates that any questions about what is permissible be directed to the Company's legal department for assessment, establishing a clear internal business procedure for compliance with applicable copyright law by the Company's workforce in the production of artistic works.⁷

The Proposal itself tacitly acknowledges that companies are increasingly integrating AI technology into various aspects of workforce management. As reflected in the above-cited precedent, the Proposal's references to various workforce management concerns do not cause the Proposal to transcend ordinary business matters; instead, these concerns address the Company's general management of its workforce. Decisions involving the use of various technologies, applications, and services in workforce management and the procedures for ensuring compliance with applicable law (any of which may incorporate AI technology) are multifaceted, complex, and based on a range of considerations that are integral to managing the day-to-day operations of the Company. As such, and consistent with the above-cited precedent, the Company may exclude the Proposal under Rule 14a-8(i)(7) as related to the ordinary business of the Company, including as relating to the management of the Company's workforce.

The Proposal does not focus on a significant social policy issue that transcends the Company's ordinary business operations.

The Commission has distinguished proposals pertaining to ordinary business matters from those involving "significant social policy issues." 1998 Release. When assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005). While "proposals...focusing on sufficiently significant social policy issues...generally would not be considered to be excludable," the Staff has indicated that proposals relating to both ordinary business matters and significant social policy issues may be excludable in their entirety in reliance on Rule 14a-8(i)(7) if the significant social policy issues do not cause the proposal to "transcend the day-to-day business matters." *See* 1998 Release. Staff no-action responses have followed this approach over the years, establishing clear precedent that proposals that refer to topics that might raise

⁵ *See* <https://impact.disney.com/app/uploads/Current/TWDC-Standards-of-Business-Conduct.pdf>.

⁶ *See* <https://impact.disney.com/app/uploads/Current/TWDCHumanRightsPolicy-FINAL.pdf>.

⁷ *See* <https://impact.disney.com/app/uploads/Current/TWDC-Standards-of-Business-Conduct.pdf>.

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significant social policy issues, but which do not focus on or have only tangential implications for such issues, are not transformed from an otherwise ordinary business proposal into one that transcends ordinary business. Such proposals remain excludable under Rule 14a-8(i)(7).

The Proposal relates to whether and how the Company uses AI in its business operations and therefore does not raise an issue with a “broad societal impact.” We recognize that certain aspects of AI or the application of certain novel types of AI in specific contexts may raise significant social policy issues with a broad societal impact, but that is not the case with respect to the Proposal’s broad focus on the Company’s use of AI across its business operations. Proposals with passing references touching upon topics that might raise significant social policy issues—but which do not focus on or have only tangential implications for such issues—are not transformed from an otherwise ordinary business proposal into one that transcends ordinary business and, as such, remain excludable under Rule 14a-8(i)(7). *See, e.g., Amazon.com, Inc.* (April 8, 2022) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting an annual report on the distribution of stock-based incentives throughout the workforce despite the proposal referring to wealth inequality in the United States as a significant social policy issue).

The use of AI technology in ordinary business operations reflects further progress in the historical development of workplace technological trends that include the automation of manufacturing, innovations in the production of artistic works, augmentation of theme park experiences, including automated transportation within our parks, and the introduction of technologies to automate access to rides. Indeed, one of the most fundamental aspects of any company’s ordinary business operations is the adaptation of new techniques and technologies to optimize operations, including potentially workforce management, increase productivity, and seek innovation across its operations. The use of AI technology, broadly defined, across the Company’s business operations does not present any significant policy issues distinct from these historical patterns. Such ordinary business matters are the crux of the Proposal’s focus. Thus, the Proposal does not raise a significant policy issue and may be excluded under Rule 14a-8(i)(7).

The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it seeks to micromanage the Company.

The Proposal may also be excluded in reliance on Rule 14a-8(i)(7) on the basis that it seeks to micromanage the Company with regard to the extent of disclosure of the Company’s use of AI. In SLB 14L, the Staff clarified that in evaluating companies’ micromanagement arguments, it will “focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.” The Staff further noted that this approach is “consistent with the Commission’s views on the ordinary business exclusion, which is designed to preserve management’s discretion on ordinary business matters but not prevent

November 22, 2023

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shareholders from providing *high-level direction on large strategic corporate matters*” (emphasis added).

Since publication of SLB 14L, the Staff has concurred that proposals that probe too deeply into matters of a complex nature by seeking disclosure of intricate details around internal company policies and practices micromanage the company and therefore may be excluded in reliance on Rule 14a-8(i)(7). *See, e.g., Verizon Communications Inc.* (March 17, 2022) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company publish annually the written and oral content of diversity, inclusion, equity or related employee-training materials offered to the company’s employees on the basis that the proposal “micromanages the [c]ompany by probing too deeply into matters of a complex nature by seeking disclosure of intricate details regarding the [c]ompany’s employment and training practices”); *American Express Company* (March 11, 2022) (concurring in exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company publish annually the written and oral content of employee-training materials offered to the company’s employees on the basis that the proposal “micromanages the [c]ompany by probing too deeply into matters of a complex nature by seeking disclosure of intricate details regarding the [c]ompany’s employment and training practices”); and *Deere & Co.* (January 3, 2022) (same). The Proposal here attempts to probe too deeply into the judgment of management by seeking information on all the ways in which the Company uses AI across its business operations. Decisions to use or not to use a particular technology or application in aspects of a company’s business operations and on how to communicate with investors regarding the conduct of a company’s business operations are a multi-faceted endeavor guided by numerous factors, including but not limited to legal and regulatory requirements, business and competitive considerations, and budgetary considerations, among others. All of these considerations are complicated and outside the ability of shareholders to assess in the absence of detailed working knowledge of the Company’s operations, and require that management have discretion to exercise its judgment in making determinations appropriate for the Company.

Further, the Proposal’s supporting statement specifically highlights, among other applications, the use of AI in creating artistic works, noting that “lawsuits related to the improper use of AI” could prove costly to the Company. As with other companies in the entertainment industry, the creation of artistic works is a fundamental aspect of the Company’s business. Expert judgments, including legal analysis, are directly involved in management’s business and legal determinations with respect to the creation of artistic works to assess compliance with copyright and other intellectual property laws. As described above, and in accordance with the Company’s Standards of Business Conduct, the Company undertakes such assessment in part through engagement of its legal department on an ongoing basis. At its core, the Proposal’s request for a report on the Company’s use of AI with respect to its creation of artistic works, for which the

November 22, 2023

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Company already engages a robust internal legal process, seeks to involve the Company's shareholders in decisions against a backdrop of highly complex intellectual property laws.

Accordingly, in requesting that the Company report on the use of AI across all of the Company's business operations, the Proposal is seeking precisely the level of granularity that the Staff highlighted in SLB 14L, and thus the Proposal may be excluded under Rule 14a-8(i)(7) on the basis that it seeks to micromanage the Company.

Conclusion

For the foregoing reasons, and consistent with the Staff's prior no-action letters, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7), on the basis that the Proposal relates to the Company's ordinary business operations.

If the Staff has any questions with respect to the foregoing, or if for any reason the Staff does not agree that the Company may exclude the Proposal from its Proxy Materials, please do not hesitate to contact me at lillian.brown@wilmerhale.com or (202) 663-6743. In addition, should the Proponent choose to submit any response or other correspondence to the Commission, we request that the Proponent concurrently submit that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned.

Best regards,



Lillian Brown

Enclosures

cc: Jolene Negre, Associate General Counsel and Secretary
The Walt Disney Company

Maureen O'Brien, SVP of Corporate Governance, Engagement and Proxy Voting
Segal Marco Advisors

AFL-CIO Equity Index Funds

November 22, 2023

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New York City Employees' Retirement System
New York City Fire Pension Fund
New York City Police Pension Fund
New York City Board of Education Retirement System

EXHIBIT A

October 11, 2023

Via UPS Air and E-Mail

Jolene E. Negre
Secretary
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521
[REDACTED]

Re: Shareholder proposal for 2024 Annual Shareholder Meeting

Dear Ms. Negre:

Segal Marco Advisors is filing a shareholder proposal on behalf of the AFL-CIO Equity Index Funds (the "Proponent"), a shareholder of The Walt Disney Company (the "Company"), for action at the next annual meeting of the Company. The Proponent submits the enclosed shareholder proposal for inclusion in the Company's 2024 proxy statement, for consideration by shareholders, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

The Proponent has continuously beneficially owned, for at least one year as of the date hereof, at least \$25,000 worth of the Company's common stock. The Proponent intends to continue to hold the requisite amount of securities through the date of the 2024 shareholders' meeting. A letter from the Proponent's trustee and custodian bank verifying the Proponent's share ownership is enclosed. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

Segal Marco Advisors and the Proponent is available to meet with the Company virtually on **October 23 or October 27 between 11am and 1pm PDT**. We are also available to discuss this issue at a mutually agreeable day and time. We appreciate the opportunity to engage and seek to resolve the Proponent's concerns. I can be contacted [REDACTED] to schedule a meeting and to address any questions. Please address any future correspondence regarding the proposal to me at this address.

Sincerely,



Maureen O'Brien
SVP of Corporate Governance, Engagement and Proxy Voting

RESOLVED: Shareholders request that The Walt Disney Company (the “Company”) prepare and publicly disclose on the Company’s website a transparency report that explains the Company’s use of Artificial Intelligence (“AI”) in its business operations and the Board’s role in overseeing AI usage, and sets forth any ethical guidelines that the company has adopted regarding its use of AI. This report shall be prepared at a reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

Supporting Statement

The use of AI by large corporations raises significant social policy concerns. These concerns include potential discrimination or bias in employment decisions, mass layoffs due to job automation, facility closures, the misuse and disclosure of private data, and the creation of “deep fake” media content that may result disseminate false information. These concerns pose a risk to the public and the Company’s reputation and financial position.

Transparency regarding the Company’s use of AI, and any ethical guidelines governing that use, will strengthen the Company. Transparency would address the public’s growing concerns and distrust about the indiscriminate use of AI, strengthening the Company’s position and reputation as a responsible, trustworthy, and sustainable leader in its industry. With a transparency report, the Company could establish that it uses AI in a safe, responsible, and ethical manner that complements the work of its employees and values the public.

The White House Office of Science and Technology Policy has developed ethical guidelines to help guide the design, use, and deployment of AI. These five principles for an AI Bill of Rights are 1) safe and effective systems, 2) algorithmic discrimination protections, 3) data privacy, 4) notice and explanation, and 5) human alternatives, consideration, and fallback. (White House Office of Science and Technology Policy, “Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People,” October 2022, available at <https://www.whitehouse.gov/ostp/ai-bill-of-rights>).

If the Company does not already have ethical guidelines for the use of AI, the adoption of ethical guidelines for the use of AI may improve the Company’s performance by avoiding costly labor disruptions and lawsuits related to the improper use of AI. The entertainment industry writer and performer strikes, sparked in part by AI concerns, and lawsuits related to the use of copyrighted works by AI engines have been prominent new stories throughout 2023 and may prove costly for companies that make use of AI.

We believe that issuing an AI transparency report is particularly important for companies such as ours in the entertainment industry that create artistic works that are the basis for our shared culture. In our view, AI systems should not be trained on copyrighted works, or the voices, likenesses and performances of professional performers, without transparency, consent and compensation to creators and rights holders. AI should also not be used to create literary material, to replace or supplant the creative work of professional writers.

For these reasons, we urge you to vote FOR this proposal.

October 11, 2023

Jolene E. Negre
Secretary
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Re: Shareholder proposal submitted by the AFL-CIO Equity Index Funds

Dear Ms. Negre:

I write concerning a shareholder proposal (the “Proposal”) submitted to The Walt Disney Company (the “Company”) by the AFL-CIO Equity Index Funds as the proponent of the Proposal. The Bank of New York Mellon acts as trustee and discretionary investment manager for the AFL-CIO Equity Index Funds, and has appointed Segal Marco Advisors as its agent to act on behalf of the AFL-CIO Equity Index Funds for all matters related to the submission of the Proposal in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

The Bank of New York Mellon, as trustee and discretionary investment manager for the AFL-CIO Equity Index Funds, hereby confirms that the AFL-CIO Equity Index Funds supports the Proposal that Segal Marco Advisors is submitting on behalf of the AFL-CIO Equity Index Funds for the Company’s 2024 annual meeting of shareholders. The Proposal urges the Company to prepare a transparency report on the Company’s use of Artificial Intelligence (“AI”) in its business operations and disclose any ethical guidelines that the company has adopted regarding the company’s use of AI technology.

As of the date of this letter, the AFL-CIO Equity Index Funds beneficially own **597,692** of the Company’s common stock. The AFL-CIO Equity Index Funds have beneficially owned continuously for at least one year, shares of the Company’s common stock worth at least \$25,000 and intend to continue to hold the requisite amount of shares through the date of the 2024 shareholders’ meeting. The Bank of New York Mellon has acted as record holder of the shares and is a DTC participant.

While we request that you send all future correspondence regarding the Proposal to Segal Marco Advisors, the address of the AFL-CIO Equity Index Funds is c/o The Bank of New York Mellon, 240 Greenwich Street, New York, NY 10286. If you require any additional information, please do not hesitate to contact me at sarah.reed@bnymellon.com or 617.382.1292.

Very truly yours,



Sarah Reed
Senior Vice President





CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER


MUNICIPAL BUILDING
ONE CENTRE STREET, 8TH FLOOR NORTH
NEW YORK, N.Y. 10007-2341

Michael Garland
ASSISTANT COMPTROLLER
CORPORATE GOVERNANCE AND
RESPONSIBLE INVESTMENT



October 13, 2023

Jolene E. Negre
Secretary
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Via email: 

Dear Ms. Negre:

I write to you on behalf of the Comptroller of the City of New York, Brad Lander. The Comptroller is the custodian and a trustee of the New York City Employees' Retirement System, the New York City Police Pension Fund, and the New York City Fire Pension Fund (individually a "System," collectively the "Systems"). The Systems' boards of trustees have authorized the Comptroller to submit and otherwise act on the Systems' behalf with respect to the enclosed shareholder proposal, and to inform you of the Systems' intention to present the shareholder proposal, for the consideration and vote of stockholders at the Company's next annual meeting.

Therefore, we offer the enclosed proposal for the consideration and vote of shareholders at the Company's next annual meeting. It is submitted to you in full compliance with Rule 14a-8 of the Securities Exchange Act of 1934, and I ask that it be included in the Company's proxy statement.

The Systems are co-filing this proposal with AFL-CIO Equity Index Funds, on whose behalf Segal Marco Advisors previously submitted it. Please recognize the Systems as co-filer of this proposal. If you require more information or have any further questions on this matter, please contact the parties.

Each System is the beneficial owner of at least \$25,000 in market value of the Company's securities entitled to vote on the shareholder proposal and have held such stock continuously for at least one year. Furthermore, each System intends to continue to hold at least \$25,000 worth of these securities through the date of the Company's next annual meeting. Proof of continuous ownership for the requisite time period will be sent by the Systems' custodian bank, State Street Bank and Trust Company, under separate cover.

We welcome the opportunity to discuss the shareholder proposal with you, and are available to meet with the Company, jointly with AFL-CIO Equity Index Funds, via teleconference on October 23 or October 27 between 11am and 1pm PDT.

Please note that if the Company believes that the Systems or the enclosed shareholder proposal has failed to meet one or more of the eligibility or procedural requirements set forth in answers to Questions 1 through 4 of Rule 14a-8, the Company must notify us in writing of any alleged deficiency within 14 calendar days of receiving the proposal and provide us with an opportunity to respond to any alleged deficiency within 14 days of receiving the Company's written notification.

I can be contacted at the phone number or email address set forth above to schedule a meeting with the Company or to address any questions the Company may have about the enclosed proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Garland", with a stylized flourish at the end.

Michael Garland
Enclosure

RESOLVED: Shareholders request that The Walt Disney Company (the “Company”) prepare and publicly disclose on the Company’s website a transparency report that explains the Company’s use of Artificial Intelligence (“AI”) in its business operations and the Board’s role in overseeing AI usage, and sets forth any ethical guidelines that the company has adopted regarding its use of AI. This report shall be prepared at a reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

Supporting Statement

The use of AI by large corporations raises significant social policy concerns. These concerns include potential discrimination or bias in employment decisions, mass layoffs due to job automation, facility closures, the misuse and disclosure of private data, and the creation of “deep fake” media content that may result disseminate false information. These concerns pose a risk to the public and the Company’s reputation and financial position.

Transparency regarding the Company’s use of AI, and any ethical guidelines governing that use, will strengthen the Company. Transparency would address the public’s growing concerns and distrust about the indiscriminate use of AI, strengthening the Company’s position and reputation as a responsible, trustworthy, and sustainable leader in its industry. With a transparency report, the Company could establish that it uses AI in a safe, responsible, and ethical manner that complements the work of its employees and values the public.

The White House Office of Science and Technology Policy has developed ethical guidelines to help guide the design, use, and deployment of AI. These five principles for an AI Bill of Rights are 1) safe and effective systems, 2) algorithmic discrimination protections, 3) data privacy, 4) notice and explanation, and 5) human alternatives, consideration, and fallback. (White House Office of Science and Technology Policy, “Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People,” October 2022, available at <https://www.whitehouse.gov/ostp/ai-bill-of-rights>).

If the Company does not already have ethical guidelines for the use of AI, the adoption of ethical guidelines for the use of AI may improve the Company’s performance by avoiding costly labor disruptions and lawsuits related to the improper use of AI. The entertainment industry writer and performer strikes, sparked in part by AI concerns, and lawsuits related to the use of copyrighted works by AI engines have been prominent new stories throughout 2023 and may prove costly for companies that make use of AI.

We believe that issuing an AI transparency report is particularly important for companies such as ours in the entertainment industry that create artistic works that are the basis for our shared culture. In our view, AI systems should not be trained on copyrighted works, or the voices, likenesses and performances of professional performers, without transparency, consent and compensation to creators and rights holders. AI should also not be used to create literary material, to replace or supplant the creative work of professional writers.

For these reasons, we urge you to vote FOR this proposal.



Kimberly A MacDonald
Officer, Client Services
State Street Bank and Trust Company
One Heritage Drive, 3rd floor
Quincy, MA 02171
Telephone: 617 985 3709
KAMacDonald2@statestreet.com

Jolene E. Negre
Associate General Counsel and
Secretary

The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

October 13, 2023

Re: New York City Retirement Systems

To whom it may concern,

Enclosed please find Ownership Letters attesting to the minimum share positions held by each of the NYC Retirement Systems for at least the past twelve months.

These letters are to support the Shareholder Proposal resolution sent to you directly by the NYC Office of the Comptroller.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly MacDonald
Officer



Kimberly A. MacDonald
Officer, Client Services

State Street Bank and Trust
1776 Heritage Drive
JAB 3rd Floor
Quincy, MA 02171
Telephone: 617-985-3709
Kmacdonald2@StateStreet

October 13, 2023

Re: New York City Employee's Retirement System

To whom it may concern,

Please be advised that State Street Bank and Trust Company, under DTC number 997, held in custody continuously, on behalf of the New York City Employee's Retirement System, the below position from September 30, 2022 through today as noted below:

Security: WALT DISNEY CO/THE

Cusip:



Shares: 756,812

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly A. MacDonald
Officer



Kimberly A. MacDonald
Officer, Client Services

State Street Bank and Tru
1776 Heritage Drive
JAB 3rd Floor
Quincy, MA 02171
Telephone: 617-985-3709
Kamcdonald2@StateStr

October 13, 2023

Re: New York City Board of Education Retirement System

To whom it may concern,

Please be advised that State Street Bank and Trust Company, under DTC number 997, held in custody continuously, on behalf of the New York City Board of Education Retirement System, the below position from September 30, 2022 through today as noted below:

<u>Security:</u>	WALT DISNEY CO/THE
<u>Cusip:</u>	[REDACTED]
<u>Shares:</u>	12,609

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly A. MacDonald
Officer



Kimberly A. MacDonald
Officer, Client Services

State Street Bank and Trust Company
1776 Heritage Drive
JAB 3rd Floor
Quincy, MA 02171
Telephone: 617 985-3709
Kamacdonald2@StateStreet.com

October 13, 2023

Re: New York City Fire Pension Fund

To whom it may concern,

Please be advised that State Street Bank and Trust Company, under DTC number 997, held in custody continuously, on behalf of the New York City Fire Pension Fund, the below position from September 30, 2022 through today as noted below:

Security: WALT DISNEY CO/THE

Cusip:



Shares: 209,115

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kimberly MacDonald".

Kimberly A. MacDonald
Officer



Kimberly A. MacDonald
Officer, Client Services


State Street Bank and Trust Company
1776 Heritage Drive
JAB 3rd Floor
Quincy, MA 02171
Telephone: 617-985-3709
Kamacdonald2@StateStreet.com

October 13, 2023

Re: New York City Police Pension Fund

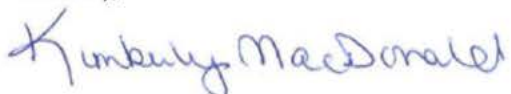
To whom it may concern,

Please be advised that State Street Bank and Trust Company, under DTC number 997, held in custody continuously, on behalf of the New York City Police Pension Fund, the below position from September 30, 2022 through today as noted below:

<u>Security:</u>	WALT DISNEY CO/THE
<u>Cusip:</u>	
<u>Shares:</u>	472,638

Please don't hesitate to contact me if you have any questions.

Sincerely,



Kimberly A. MacDonald
Officer



550 W. Washington Blvd., Suite 900 Chicago, 60661
T 312.575.9000 F 312.575.9840 www.segalmarco.com

Via E-Mail to shareholderproposals@sec.gov

December 18, 2023

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

Re: The Walt Disney Company's Request to Exclude a Shareholder Proposal
Submitted by the AFL-CIO Equity Index Funds

Dear Sir or Madam:

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, the AFL-CIO Equity Index Funds (the "Proponent") submitted a shareholder proposal (the "Proposal") with co-filers the New York City Employees' Retirement System, the New York City Fire Pension Fund, and the New York City Police Pension Fund (the "Co-Filers") to The Walt Disney Company (the "Company") for a vote at the Company's 2024 annual meeting of shareholders.¹ In a letter to the staff of the Division of Corporation Finance (the "Division Staff") dated November 22, 2023 (the "No Action Request"), the Company's representative from Wilmer Cutler Pickering Hale and Dorr LLP stated that the Company intends to omit the Proposal from its proxy materials to be distributed to shareholders.

The resolved clause of the Proposal states:

RESOLVED: Shareholders request that The Walt Disney Company (the "Company") prepare and publicly disclose on the Company's website a transparency report that explains the Company's use of Artificial Intelligence ("AI") in its business operations and the Board's role in overseeing AI usage, and sets forth any ethical guidelines that the company has adopted regarding its use of AI. This report shall be prepared at a reasonable cost and omit information that is proprietary, privileged, or violative of contractual obligations.

¹ The Comptroller of the City of New York, which co-filed the Proposal on behalf of the Co-Filers, has reviewed and joins with the AFL-CIO in its response to the Company's No Action Request.

The No Action Request asks the Division Staff to concur that it will not recommend enforcement action if the Company excludes the Proposal in reliance on Rule 14a-8(i)(7), on the basis that the Proposal purportedly deals with matters related to the Company's ordinary business operations and seeks to micromanage the Company. For the reasons set forth below, the Proposal may not be excluded under Rule 14a-8(i)(7) because the Proposal addresses a social policy issue that transcends the Company's day-to-day business matters and does not otherwise micromanage the Company.

The No Action Request argues that the Proposal may be excluded under Rule 14a-8(i)(7) because it involves matters related to the Company's ordinary business operations, specifically workforce management, technology choice, and adherence to ethical business practices. As explained below, this argument does not have merit because the Proposal addresses a significant social policy issue. Specifically, the Proposal addresses the ethical use of Artificial Intelligence ("AI"), a significant social policy issue that has generated significant controversy and substantial attention from the public, lawmakers, the media and business leaders. AI is a significant social policy issue because it has the potential to affect many aspects of human life, such as health, education, employment, security, privacy, and justice.

As the Division Staff stated in Exchange Act Release No. 34-40018 (May 21, 1998), the Division Staff's definition of significant social policy issues adjusts over time to reflect changing societal views. Issues once considered "ordinary business" can become significant social policy issues, and recognized as such, in a matter of months.² In recent years, the social impact of AI technology has attained a level of notoriety to be recognized as a significant social policy issue. Indeed, AI has been subject to extraordinary media attention in 2023 and has now become part of the English lexicon. For example, the word "AI" was selected as the Collins Dictionary's 2023 word of the year, and the Cambridge Dictionary selected the word "hallucinate" for 2023 with the addition of an alternative definition referring to when AI produces false information.³

Ethical concerns regarding the responsible use of AI also reached a crescendo in recent years. According to the AI, Algorithmic, and Automation Incidents and Controversies Repository (an open source database of AI related controversies) there have been over 1,200 incidents and controversies regarding the use of AI since 2009 including 224 separate incidents in 2023 alone.⁴ Various governmental, business, and nonprofit entities have published ethical guidelines for AI including the United Nations Educational, Scientific and Cultural Organization,⁵ the

² See Staff Legal Bulletin 14A (July 12, 2022) ("We believe that the public debate regarding shareholder approval of equity compensation plans has become significant in recent months. Consequently, in view of the widespread public debate regarding shareholder approval of equity compensation plans and consistent with our historical analysis of the "ordinary business" exclusion, we are modifying our treatment of proposals relating to this topic.").

³ Kiersten Hickman, "These Are the 2023 Words of the Year, According to Dictionaries," Reader's Digest, November 15, 2023, <https://www.rd.com/article/word-of-the-year/>.

⁴ AIAAIC Repository, accessed on November 17, 2023, <https://www.aiaaic.org/aiaaic-repository>.

⁵ UNESCO, "Recommendation on the Ethics of Artificial Intelligence," 2022, <https://unesdoc.unesco.org/ark:/48223/pf0000381137>.

Organisation for Economic Co-operation and Development,⁶ the U.S. Department of Defense,⁷ the European Commission,⁸ the Business Roundtable,⁹ and the White House.¹⁰

Recent international regulatory developments emphasize the widespread significant social policy concerns associated with the ethical implementation of AI. On December 8, 2023, European Union officials signed a tentative political agreement for the Artificial Intelligence Act, the first EU regulatory framework for AI.¹¹ This act sets regulatory obligations for firms and users based on the level of risk associated with certain AI systems.¹² The Company has previously implemented AI systems mentioned in the European Union provisional agreement, including AI-powered facial recognition systems¹³ and generative AI systems.¹⁴

Similar legislative efforts are underway in the United States at the federal and state level. In 2023, the U.S. Congress held multiple hearings on AI and the need for legislation to protect against AI harms.¹⁵ Senate Majority Leader Charles Schumer and members of a bipartisan AI working group has announced their intent to pass AI regulation prior to the 2024 elections.¹⁶ On September 8, 2023, U.S. Senators Richard Blumenthal and Josh Hawley released a bipartisan legislative framework to guide future regulations of AI systems.¹⁷ At the state level, New York State Senator Lea Webb introduced Senate Bill S7422A in May 2023.¹⁸ If passed, this bill would bar a film production from claiming the Empire State Film Production

⁶ Organisation for Economic Co-operation and Development, “Recommendation of the Council on OECD Legal Instruments Artificial Intelligence,” 2019, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0449>.

⁷ U.S. Department of Defense, “DOD Adopts Ethical Principles for Artificial Intelligence,” February 24, 2020, <https://www.defense.gov/News/Releases/Release/Article/2091996/dod-adopts-ethical-principles-for-artificial-intelligence/>.

⁸ European Commission, “Ethics Guidelines for Trustworthy AI - High-Level Expert Group on Artificial Intelligence,” 2019, <https://digital-strategy.ec.europa.eu/en/library/ethics-guidelines-trustworthy-ai>.

⁹ Business Roundtable, “Business Roundtable Roadmap for Responsible Artificial Intelligence,” January 2022, https://s3.amazonaws.com/brt.org/Business_Roundtable_Artificial_Intelligence_Roadmap_Jan2022_1.pdf.

¹⁰ White House Office of Science and Technology Policy, “Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People,” October 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Blueprint-for-an-AI-Bill-of-Rights.pdf>.

¹¹ Kelvin Chan, “Europe Reaches a Deal on The World’s First Comprehensive AI Rules,” Associated Press, December 8, 2023, <https://apnews.com/article/ai-act-europe-regulation-59466a4d8fd3597b04542ef25831322c>

¹² Foo Yun Chee, Martin Coulter and Supantha Mukherjee, “Europe Agrees Landmark AI Regulation Deal,” Reuters, December 11, 2023, <https://www.reuters.com/technology/stalled-eu-ai-act-talks-set-resume-2023-12-08/>

¹³ Landon McReynolds, “Walt Disney World Begins Testing Facial Recognition Technology,” WKMG Click Orlando, March 23, 2021, <https://www.clickorlando.com/theme-parks/2021/03/23/walt-disney-world-begins-testing-facial-recognition-technology>.

¹⁴ Dawn Chmielewski and Krystal Hu, “Disney Creates Task Force To Explore AI and Cut Costs – Sources,” Reuters, August 10, 2023, <https://www.reuters.com/technology/disney-creates-task-force-explore-ai-cut-costs-sources-2023-08-08>.

¹⁵ David Shepardson, “Congress to Hold New AI Hearings as it Works to Craft Safeguards,” Reuters, September 8, 2023, <https://www.reuters.com/technology/us-senate-panel-hold-ai-hearing-with-microsoft-nvidia-2023-09-08/>.

¹⁶ “Senators Expect AI Committee Work to Ramp Up in 2024,” Washington Post, December 7, 2023, <https://www.washingtonpost.com/politics/2023/12/07/senators-expect-ai-committee-work-ramp-up-2024/>.

¹⁷ Richard Blumenthal and Josh Hawley, “Blumenthal & Hawley Announce Bipartisan Framework on Artificial Intelligence Legislation,” September 8, 2023, <https://www.blumenthal.senate.gov/newsroom/press/release/blumenthal-and-hawley-announce-bipartisan-framework-on-artificial-intelligence-legislation>.

¹⁸ NY State Senate Bill 2023-S7422A, <https://www.nysenate.gov/legislation/bills/2023/S7422/amendment/A>.

Credit if the production's use of AI results in the displacement of employees. The Company has hired Albany-based lobbyists to monitor the progress of this New York state legislation.¹⁹

In recognition of AI's significant social policy concerns, leading technology companies have taken steps to disclose their ethical guidelines for the use of AI. For example, Microsoft has published a Responsible AI Standard to ensure that AI systems are developed responsibly and in ways that warrant people's trust.²⁰ Adobe,²¹ Amazon,²² Dell,²³ Facebook/Meta²⁴, Google/Alphabet,²⁵ Hewlett Packard,²⁶ and IBM²⁷ have published similar ethical guidelines. A total of fifteen AI technology companies – but not the Company – have endorsed the White House's Voluntary AI Commitments to promote the safe, secure, and transparent development and use of AI technology.²⁸ The Company has failed to adequately discuss the ethical concerns with its use of AI despite the importance of AI to a "wide variety of applications within the business."²⁹

In recent years, the Division Staff have recognized that shareholder proposals addressing concerns with the use of AI transcend ordinary business matters and therefore may not be excluded under Rule 14a-8(i)(7). For example, in *Amazon.com, Inc.* (March 28, 2019, *reconsideration denied* on April 3, 2019), the Division Staff declined to concur with the exclusion of two shareholder proposals on the company's AI facial recognition technology. Similarly, Division Staff declined to concur with the exclusion of a shareholder proposal in

¹⁹ Zach Williams, "Disney and NBC Eyeing New York's AI Tax Break Ban Proposal," Bloomberg Law, July 31, 2023, <https://news.bloomberglaw.com/in-house-counsel/disney-and-nbc-watch-new-yorks-ai-tax-break-ban-proposal>.

²⁰ Microsoft, "Microsoft Responsible AI Standard, v2," June 2022, <https://www.microsoft.com/en-us/ai/principles-and-approach/>.

²¹ Adobe, "Adobe Unveils New AI Ethics Principles as Part of Commitment to Responsible Digital Citizenship," February 17, 2021, <https://blog.adobe.com/en/publish/2021/02/17/adobe-unveils-new-ai-ethics-principles-commitment-responsible-digital-citizenship>.

²² Amazon, "Our Commitment to the Responsible Use of AI," July 21, 2023, <https://www.aboutamazon.com/news/company-news/amazon-responsible-ai>.

²³ Dell, "Dell Technologies Principles for Ethical Artificial Intelligence," 2022, <https://www.delltechnologies.com/asset/en-us/solutions/business-solutions/briefs-summaries/principles-for-ethical-ai.pdf>.

²⁴ Meta, "Facebook's Five Pillars of Responsible AI," June 22, 2021, <https://ai.meta.com/blog/facebooks-five-pillars-of-responsible-ai/>.

²⁵ Google, "2022 AI Principles Progress Update," 2022, <https://ai.google/static/documents/ai-principles-2022-progress-update.pdf>.

²⁶ Hewlett Packard Enterprise, "Innovation in the Ethics of AI at HPE," April 27, 2021, <https://www.hpe.com/us/en/newsroom/blog-post/2021/04/innovation-in-the-ethics-of-ai-at-hpe.html>.

²⁷ IBM, "IBM's Principles for Trust and Transparency," 2018, https://www.ibm.com/policy/wp-content/uploads/2018/06/IBM_Principles_SHORT.V4.3.pdf.

²⁸ The White House, "Biden-Harris Administration Secures Voluntary Commitments from Leading Artificial Intelligence Companies to Manage the Risks Posed by AI," July 21, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/21/fact-sheet-biden-harris-administration-secures-voluntary-commitments-from-leading-artificial-intelligence-companies-to-manage-the-risks-posed-by-ai/>; The White House, "Biden-Harris Administration Secures Voluntary Commitments from Eight Additional Artificial Intelligence Companies to Manage the Risks Posed by AI," September 12, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/09/12/fact-sheet-biden-harris-administration-secures-voluntary-commitments-from-eight-additional-artificial-intelligence-companies-to-manage-the-risks-posed-by-ai/>.

²⁹ No Action Request at p. 3.

Alphabet Inc. (April 15, 2022) on the discriminatory effects of the company’s algorithmic systems and in *Alphabet Inc.* (April 12, 2022) regarding the use of the company’s AI technology for military and policing applications.

In addition to the fact the Division Staff have previously recognized AI as a significant social policy issue, the Proposal’s supporting statement specifically identifies various ethical concerns with the use of AI that have a nexus to a variety of longstanding significant social policy issues. These include that the use of AI in human resources decisions may raise concerns about discrimination or bias against employees, the use of AI to automate jobs may result in mass layoffs and the closing of entire facilities, the use of AI in ways that violate the privacy of customers and members of the public, and the use AI technology may be used to generate “deep fake” media content that may result in the dissemination of false information in political elections.

The Division Staff have long recognized that shareholder proposals on employment discrimination are significant social policy issues since Exchange Act Release No. 34-40018 (May 21, 1998) reversed *Cracker Barrel Old Country Stores, Inc.* (October 13, 1992). For example, in *CBRE Group, Inc.* (March 6, 2019) the Division Staff did not concur with the exclusion of a shareholder proposal that requested a report on the effects of the company’s mandatory arbitration policies on claims of sexual harassment. In this case, the use of AI technology in human resource decisions can reflect and amplify human biases and prejudices, which can lead to unlawful discrimination against protected employee groups.³⁰

The Division Staff have also recognized that concerns about mass layoffs can be a significant social policy issue. For example, in *E.I. du Pont de Nemours and Company* (March 6, 2000), the Division Staff did not concur with the exclusion of a shareholder proposal on plant closures. Similarly, in *Sprint Corporation* (February 5, 2004), the Division Staff did not concur that a proposal on offshoring jobs overseas could be excluded. Goldman Sachs recently estimated that 300 million jobs globally could be subject to automation by AI.³¹ The Organisation for Economic Co-operation and Development has estimated that 27 percent of the workforce in developed countries is at risk of AI automation.³² The consulting firm McKinsey estimates that 30 percent of the hours worked in the U.S. economy could be automated by AI.³³ While we do not know whether these forecasts will prove accurate, we do know that the potential impact of AI on the domestic and global workforce is projected to be seismic.

³⁰ Anya E.R. Prince and Daniel Schwarcz, “Proxy Discrimination in the Age of Artificial Intelligence and Big Data,” 105 Iowa L. Rev. 1257, March 15, 2020, <https://ilr.law.uiowa.edu/print/volume-105-issue-3/proxy-discrimination-in-the-age-of-artificial-intelligence-and-big-data>.

³¹ Joseph Briggs and Devesh Kodnani, “The Potentially Large Effects of Artificial Intelligence on Economic Growth,” Goldman Sachs, March 26, 2023, <https://www.gspublishing.com/content/research/en/reports/2023/03/27/d64e052b-0f6e-45d7-967b-d7be35fabd16.html>.

³² “27% of Jobs at High Risk From AI Revolution, Says OECD,” Reuters, July 11, 2023, <https://www.reuters.com/technology/27-jobs-high-risk-ai-revolution-says-oecd-2023-07-11/>.

³³ Kweilin Ellingrud et. al., “Generative AI and the Future of Work in America,” McKinsey Global Institute, July 26, 2023, <https://www.mckinsey.com/mgi/our-research/generative-ai-and-the-future-of-work-in-america>.

Privacy concerns have also been recognized by the Division Staff as a significant social policy issue. In *Alphabet Inc.* (April 15, 2022), the Division Staff did not concur that a proposal requesting an annual report on managing risks associated with user data collection, privacy, and security could be excluded under Rule 14a-8(i)(7). AI risk includes privacy risks, as AI is expected to accelerate the analysis of personal information in ways that can intrude on privacy interests.³⁴ Companies are expanding the responsibilities of their privacy teams to address these risks.³⁵ And for those companies such as the Company whose products and services are marketed to and consumed by children, the use of AI to analyze personal data raises particular privacy concerns.

The Division Staff have also recognized that the dissemination of false media information can be a significant social policy issue that transcends ordinary business. For example, in *Alphabet Inc.* (April 12, 2022) the Division Staff declined to concur with the exclusion of a proposal seeking a human rights report on the company's content management policies to address misinformation and disinformation across its platforms. According to Freedom House, AI has been used in at least 16 countries to generate disinformation and sow doubt, smear opponents, or influence public debate.³⁶ Here in the United States, AI-generated "deep fake" media content has been used in the Republican presidential primary election campaign.³⁷

The Company's claim that the Proposal relates to its choice of technology is a red herring. The Proposal does not request that the Company refrain from using AI technology or require that the Company use specific types of AI technology in its business operations. Rather, the plain language of the Proposal's resolved clause simply requests that the Company prepare and disclose a transparency report that explains the Company's use of AI in its business operations, the Board's role in overseeing AI usage, and sets forth any ethical guidelines that the Company has adopted regarding its use of AI. And by not providing a specific definition of AI, the Proposal gives maximum flexibility to the Company to determine what technologies should be subject to disclosure in the requested AI transparency report.

Nor does the Proposal relate to the Company's adherence to its existing ethical guidelines. The No Action Request argues that the Company's Standards of Business Conduct³⁸ and Human Rights Policy³⁹ implicitly set guidelines for the ethical implementation of AI. However, these policies guide business practices undertaken by natural persons employed by or acting on behalf

³⁴ Cameron F. Kerry, "Protecting Privacy in an AI-driven World," Brookings Institution, February 10, 2020, <https://www.brookings.edu/articles/protecting-privacy-in-an-ai-driven-world/>;

³⁵ Catherine Stupp, "AI Risks Force Corporate Privacy Officers to Expand Oversight," Wall Street Journal, November 16, 2023, <https://www.wsj.com/articles/ai-risks-force-corporate-privacy-officers-to-expand-oversight-1ee23fa>.

³⁶ Allie Funk, Adrian Shahbaz, and Kian Vesteinsson, "The Repressive Power of Artificial Intelligence," Freedom House, 2023, <https://freedomhouse.org/sites/default/files/2023-10/Freedom-on-the-net-2023-Digital-Booklet.pdf>.

³⁷ Shannon Bond, "DeSantis Campaign Shares Apparent AI-generated Fake Images of Trump and Fauci," NPR, June 8, 2023, <https://www.npr.org/2023/06/08/1181097435/desantis-campaign-shares-apparent-ai-generated-fake-images-of-trump-and-fauci>; Alex Isenstadt, "DeSantis PAC Uses AI-Generated Trump Voice in Ad Attacking Ex-president," Politico, July 17, 2023, <https://www.politico.com/news/2023/07/17/desantis-pac-ai-generated-trump-in-ad-00106695>.

³⁸ The Walt Disney Company, "Standards of Business Conduct," 2017, <https://impact.disney.com/app/uploads/Current/TWDC-Standards-of-Business-Conduct.pdf>.

³⁹ The Walt Disney Company, "Human Rights Policy," 2022, <https://impact.disney.com/app/uploads/Current/TWDCHumanRightsPolicy-FINAL.pdf>.

of the Company. Because AI is not a natural person, as written the Standards of Business Conduct and the Human Rights Policy do not specifically apply to AI technology. The No Action Request tacitly acknowledges this fact as it does not argue that the Proposal may be excluded as substantially implemented under Rule 14a-8(i)(10). Moreover, AI decision-making is not necessarily subject to human oversight depending on how it is implemented and its decisions may not even be intelligible to humans.⁴⁰

Finally, the plain language of the Proposal does not micromanage the Company by seeking to impose specific methods for implementing complex policies. The Proposal's resolved clause simply requests that the Company publish a transparency report on its use of AI, the Board of Director's role in overseeing AI, and any ethical AI guidelines that the Company may have adopted. The Proposal does not seek to define the term AI or the scope of the requested report in order to give the Company full discretion to determine what information should be made publicly available. Nor does the Proposal request that the Company adopt any specific AI ethical guidelines or Board processes, but rather simply requests disclosure of the Board's existing oversight of AI and any ethical guidelines that the Company may have adopted for its use.

In conclusion, the Division Staff should not concur with the Company's No Action Request that the Proposal may be excluded. The Proposal may not be excluded under Rule 14a-8(i)(7) because the Proposal addresses significant social policy issues that transcend the Company's day-to-day business matters and does not otherwise seek to micromanage the Company. If you have any questions, please contact me at 312-612-8446 or mobrien@segalmarco.com.

Sincerely,



Maureen O'Brien
SVP of Corporate Governance, Engagement and Proxy Voting

cc: Lilian Brown, Wilmer Hale
lillian.brown@wilmerhale.com

⁴⁰ See United Nations Educational, Scientific and Cultural Organization, "Artificial Intelligence: Examples of Ethical Dilemmas," April 21, 2023, <https://www.unesco.org/en/artificial-intelligence/recommendation-ethics/cases>.

EXHIBIT B



DIVISION OF
CORPORATION FINANCE

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

January 3, 2024

Ronald O. Mueller
Gibson, Dunn & Crutcher LLP

Re: Apple Inc. (the "Company")
Incoming letter dated October 23, 2023

Dear Ronald O. Mueller:

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

The Proposal requests that the Company prepare a transparency report on the Company's use of artificial intelligence in its business operations and disclose any ethical guidelines that the Company has adopted regarding its use of artificial intelligence technology.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters and does not seek to micromanage the Company.

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

Sincerely,

Rule 14a-8 Review Team

cc: Maureen O'Brien
Segal Marco Advisors

October 23, 2023

VIA E-MAIL

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

Re: *Apple Inc.*
Shareholder Proposal of the AFL-CIO Equity Index Funds
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Apple Inc. (the “Company”), intends to omit from its proxy statement and form of proxy for its 2024 Annual Meeting of Shareholders (collectively, the “2024 Proxy Materials”) a shareholder proposal (the “Proposal”) and statement in support thereof (the “Supporting Statement”) received from the AFL-CIO Equity Index Funds (the “Proponent”).

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

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2024 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

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THE PROPOSAL

The Proposal states:

RESOLVED: Shareholders request that Apple Inc. prepare a transparency report on the company's use of Artificial Intelligence ("AI") in its business operations and disclose any ethical guidelines that the company has adopted regarding the company's use of AI technology. This report shall be made publicly available to the company's shareholders on the company's website, be prepared at a reasonable cost, and omit any information that is proprietary, privileged, or violative of contractual obligations.

A copy of the Proposal and the Supporting Statement, as well as related correspondence with the Proponent, is attached hereto as Exhibit A.

BASIS FOR EXCLUSION

For the reasons discussed below, the Proposal properly may be excluded from the 2024 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations and the Proposal seeks to micromanage the Company.

ANALYSIS

I. The Proposal May Be Excluded Pursuant To Rule 14a-8(i)(7) Because It Involves Matters Related To The Company's Ordinary Business Operations.

For the Company, artificial intelligence ("AI") and machine learning are fundamental technologies that are integral to virtually every one of its products. For example, Siri®, which has been available for more than a decade, Personal Voice and Live Voicemail included in iOS 17, and life saving features like Fall Detection, Crash Detection, and ECG, would simply not be possible without the use of AI. The Company is committed to responsibly advancing its products that use these technologies, and its teams around the world push forward with their work to infuse Apple's deeply held values into everything it makes.

The Proposal addresses broadly and generally the use of AI in the Company's business operations. As a result, the report requested in the Proposal could encompass potentially every aspect of the Company's business operations, including whether and how it chooses to use AI/machine learning (if at all) in the course of routine business operations such as product development and research, supply chain management, and financial management and planning, as well as in managing efficient energy use throughout the Company's physical plants and buildings, monitoring cyber and physical security at the Company's facilities,

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coordinating employee benefit and human resource management programs, and conducting a wide range of other ordinary business operations. The Proposal's excludability under Rule 14a-8(i)(7) is supported by a long and well-established body of precedent permitting companies to exclude proposals that relate to ordinary business activities, including those addressing a company's business practices and operations, choice of technologies, conduct of ethical business practices, and management of the workforce. Additionally, because of the extensive information that the Proposal would have the Company report on, the Proposal is excludable under Rule 14a-8(i)(7) because it seeks to micromanage the Company.

A. Background On The Ordinary Business Standard.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's ordinary business operations. According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" "refers to matters that are not necessarily 'ordinary' in the common meaning of the word," but instead the term "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy. *Id.* The first of those considerations is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id.* The Commission stated that examples of tasks that implicate the ordinary business standard include "the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers." *Id.*

The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.*, citing Exchange Act Release No. 12999 (Nov. 22, 1976) (the "1976 Release").

When assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005) ("In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.").

A shareholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the

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dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the proposed report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) (“[w]here the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).”); *see also Ford Motor Co.* (avail. Mar. 2, 2004) (concurring with the exclusion of a proposal requesting that the company publish a report about global warming/cooling, where the report was required to include details of indirect environmental consequences of its primary automobile manufacturing business).

B. The Proposal Is Excludable Because It Relates To The Company’s Business Practices And Operations.

The Proposal requests that the Company report on the Company’s use of AI in its business operations and that such disclosure include any ethical guidelines that the Company has adopted regarding its use of AI. The Staff has long concurred that proposals asking generally for a review and report on how a company conducts its business operations are excludable pursuant to Rule 14a-8(i)(7). For example, in *Westinghouse Electric Corp.* (avail. Jan. 27, 1993), a proposal requested that the company’s board issue a report on the “operations” over a six year period of a subsidiary that had incurred significant losses, including policies, guidelines, and actual practices in effect at the subsidiary and addressing the conduct of its business. The Staff concurred with the exclusion of the proposal because it dealt with the ordinary business matter of “business practices and operations.” While it is rare for a proposal to address a company’s business operations as generally and broadly as the Proposal does, the Staff has continued to concur in exclusion of those that do. In *Amazon.com, Inc.* (avail. Mar. 16, 2018), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal submitted by the Proponent requesting a report on the risks arising from the public debate over the company’s growth and societal impact and how the company is managing or mitigating those risks. In *CVS Corp.* (avail. Feb. 1, 2000), a shareholder proposal requested that the company prepare an annual strategic plan report describing its goals, strategies, policies, and programs. The Staff agreed that the proposal could be excluded, stating, “there appears to be some basis for your view that CVS may exclude the proposal under rule 14a-8(i)(7) as relating to its ordinary business operations (*i.e.*, business practices and policies).” The Staff also has concurred with the exclusion of shareholder proposals that relate generally to a company’s business operations but seek a more targeted review of those operations. For example, in *JPMorgan Chase & Co.* (avail. Mar. 23, 2023, *recon. denied* Apr. 3, 2023), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on company business practices that prioritize non-pecuniary factors when it comes to establishing, rejecting, or failing to continue client relationships.

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C. *The Proposal Is Excludable Because It Relates To The Company's Choice Of Technologies.*

The Proposal at its core relates to whether and how the Company uses AI technology across its business operations. The Proposal does not define AI, but it does cite to a report of the White House Office of Science and Technology (the “AI Bill”). The AI Bill refers to AI as “automated systems” and intentionally adopts a broad definition of the term to include “any system, software, or process that uses computation as whole or part of a system to determine outcomes, make or aid decisions, inform policy implementation, collect data or observations, or otherwise interact with individuals and/or communities.”¹ While there are new developments occurring in the application of AI, the use of automated systems to improve processes and business operations within companies generally is not new.² And in fact, the Proposal does not request a report related to any specific novel technology, but rather a report on how the Company uses AI across its business operations, referencing well-established applications of software such as automation of systems. Therefore, a report on whether and how the Company uses AI in its business operations is the latest variation in a long line of excludable proposals addressing companies’ choice of technologies in managing their business operations.

The Staff has repeatedly concurred that “[p]roposals that concern a company’s choice of technologies for use in its operations are generally excludable under rule 14a-8(i)(7)” as related to ordinary business matters. *FirstEnergy Corp.* (avail. Mar. 8, 2013). *See also AT&T Inc.* (avail. Jan. 4, 2017) (concurring with exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the company’s progress toward providing Internet service and products for low-income customers); *PG&E Corp.* (avail. Mar. 10, 2014) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal advocating that the company make analog electrical meters available instead of “smart” meters); *AT&T Inc.* (avail. Feb. 13, 2012) (concurring with exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on financial and reputational risks posed by continuing to use technology that inefficiently

¹ See “Definitions” at White House Office of Science and Technology Policy, “Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People” (Oct. 2022), available at: <https://www.whitehouse.gov/ostp/ai-bill-of-rights>.

² See, e.g., “Apple Computer names Larry Tesler vice president of advanced technology,” *Business Newswire* (Oct. 28, 1986); “Texas Instruments Signs VAR Agreement with Apple,” *PR Newswire* (Mar. 3, 1988). (“John Sculley, president and chief executive officer of Apple Computer, said, ‘TI’s Lisp co-processor extends the Macintosh II into new applications areas that are complementary to our other Macintosh marketing thrusts. This is an important catalyst that should generate greater use of AI technologies in solving difficult business problems.’”). *See also*, Peter Stone, et al., “Artificial Intelligence and Life in 2030,” *One Hundred Year Study on Artificial Intelligence: Report of the 2015-2016 Study Panel*, Stanford University, Stanford, CA (Sept. 2016), available at: https://ai100.stanford.edu/sites/g/files/sbiybj18871/files/media/file/ai100report10032016fnl_singles.pdf.

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consumed electricity); *CSX Corp.* (avail. Jan. 24, 2011) (concurring with the exclusion of a proposal requesting that the company develop a kit to convert its fleet to fuel cell power, noting that “[p]roposals that concern a company’s choice of technologies for use in its operations are generally excludable under rule 14a-8(i)(7)”). As these precedents demonstrate, as new technologies have developed over time, whether it be the Internet, smart meters, or fuel cell power, the Staff has repeatedly concurred that whether or how to use such technology in a company’s operations is a core matter involving the company’s business and operations that management must have the flexibility to direct.

Choices on the use of technology throughout a company’s business operations cannot, in the words of the 1998 Release, “as a practical matter, be subject to direct shareholder oversight.” This is particularly the case when, as here, a proposal refers to a broad category of technology and its application across a company’s business operations. For example, as noted above, if the Company were to report on its use of AI across its business operations, it would need to address routine business operations, such as product development and research, supply chain management, contract management, financial management and planning, and monitoring and management of aspects of the Company’s physical plants and buildings.³ Whether and how to use AI in a company’s operations requires an understanding of that company’s complex and confidential business needs, including competitive considerations, budget considerations, quality considerations, available resources, and appropriateness of a given technology to the complexity of tasks, among many others. For shareholders to be able to understand and assess whether the Company is (or the extent to which it is not) using AI in its business operations, they would have to probe into exactly the type of day-to-day management functions that Rule 14a-8(i)(7) is intended to avoid. Thus, because the subject matter of the requested report addresses the Company’s choice of technologies, the Proposal is excludable under Rule 14a-8(i)(7).

D. Reporting on Ethical Guidelines Is An Ordinary Business Matter As It Relates To The Company’s General Adherence To Ethical Business Practices.

The Proposal also requests disclosure of any ethical guidelines related to the Company’s use of AI in its business operations. This element does not remove the Proposal from the realm of ordinary business matters, as the Staff consistently has concurred with the exclusion of shareholder proposals seeking a review and report on ethical standards applicable to a company’s general business operations. For example, in *PayPal Holdings, Inc.* (Apr. 7, 2022), the Staff concurred in the exclusion under Rule 14a-8(i)(7) of a proposal that requested that the company’s board of directors compare the company’s code of business conduct and ethics with the actual operations of the company, noting that “the [p]roposal

³ This list is provided as an example only and should not be read to indicate that the Company is using AI in any particular aspect of its business operations.

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relates to, and does not transcend, ordinary business matters.” Similarly, *Verizon Communications, Inc.* (avail. Jan. 10, 2011) involved a proposal requesting that the board form a Corporate Responsibility Committee charged with monitoring the company’s commitment to integrity, trustworthiness, and reliability and the extent to which it lived up to its Code of Business Conduct. The Staff concurred that the proposal could be excluded because “[p]roposals that concern general adherence to ethical business practices are generally excludable under [R]ule 14a-8(i)(7).” Similarly, in *The Walt Disney Co.* (avail. Dec. 12, 2011), the proposal asked the board to report on board compliance with Disney’s Code of Business Conduct and Ethics for directors. In its response concurring with Disney’s exclusion of the proposal, the Staff stated, “[p]roposals that concern general adherence to ethical business practices and policies are generally excludable under [R]ule 14a-8(i)(7).” See also *International Business Machines Corp.* (avail. Jan. 7, 2010, *recon. denied* Feb. 22, 2010) (proposal directing officers to restate and enforce certain standards of ethical behavior was excludable because it related to general adherence to ethical business practices). Here, since the Proposal asks the Company to report on ethical guidelines (in other words, its general adherence to ethical standards), which relate to the Company’s ordinary business practices, this aspect of the Proposal further supports exclusion under Rule 14a-8(i)(7).

E. References To Workforce Management Considerations In The Supporting Statements Relate To The Company’s Ordinary Business.

While the Proposal relates generally to the Company’s use of AI in its business operations, the Proposal’s Supporting Statement references a few concerns about potential applications of AI in human resources management. None of the workforce management concerns raised in the Supporting Statement are unique or endemic to the application of AI. Discrimination or bias against employees or a decision to automate jobs or replace workers are long-standing business issues that companies and workers have confronted and worked to address for decades, and may occur with or without the application of AI technologies. And indeed, the Company does already have robust policies and procedures in place to address these issues, regardless of whether they arise in the context of technology that incorporates AI or another technology that does not. For example, the Company has a Business Conduct Policy that sets forth the core principles of honesty, respect, confidentiality, and compliance that guide the Company’s business practices.⁴ In addition, in 2020, the Company’s Board of Directors adopted its human rights policy, Our Commitment to Human Rights, that governs how the Company treats everyone, including its customers, employees, business partners, and people at every level of its supply chain.⁵ The references in the Supporting Statement therefore

⁴ See apple.com/compliance/pdfs/Business-Conduct-Policy.pdf.

⁵ See investor.apple.com/Apple-Human-Rights-Policy.

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further demonstrate that the Proposal does not implicate issues that transcend the Company's ordinary business.

The Commission and Staff have long held that a shareholder proposal may be excluded under Rule 14a-8(i)(7) if, as with the references in the Supporting Statement, it relates generally to the company's management of its workforce. As noted above, the Commission specifically recognized in the 1998 Release that "management of the workforce" is "fundamental to management's ability to run a company on a day-to-day basis." Similarly, in *United Technologies Corp.* (avail. Feb. 19, 1993), the Staff provided the following examples of topics that involve a company's ordinary business and thus make a proposal excludable under Rule 14a-8(i)(7): "employee health benefits, general compensation issues not focused on senior executives, management of the workplace, employee supervision, labor-management relations, employee hiring and firing, conditions of the employment and employee training and motivation."

Consistent with the 1998 Release and *United Technologies*, the Staff has recognized that a wide variety of proposals pertaining to the management of a company's workforce are excludable under Rule 14a-8(i)(7). For example, in *Apple Inc. (Rahardja and Mohr)* (avail. Jan. 3, 2023), the Staff concurred that proposals addressing return to office policies could be excluded as ordinary business. In *Intel Corp.* (avail. Mar. 18, 1999), the Staff concurred with the exclusion of a proposal seeking adoption of an "Employee Bill of Rights," which would have established various "protections" for the company's employees, including limited work-hour requirements, relaxed starting times, and a requirement that employees treat one another with dignity and respect. The Staff noted that the foregoing was excludable as "relating, in part, to Intel's ordinary business operations (i.e., management of the workforce)." See also *Amazon.com, Inc. (UAW Retiree Medical Benefits Trust)* (avail. Apr. 7, 2022) (concurring with the exclusion of a proposal requesting a report on risks and other considerations associated with staffing, because the proposal did not "transcend[] ordinary business matters."); *Yum! Brands, Inc.* (avail. Mar. 6, 2019) (concurring with the exclusion of a proposal relating to adopting a policy not to "engage in any Inequitable Employment Practice" because it related "generally to the [c]ompany's policies concerning its employees and does not focus on an issue that transcends ordinary business matters"); *Apple, Inc. (Zhao)* (avail. Nov. 16, 2015) (concurring with the exclusion of a proposal asking the company's compensation committee to adopt new compensation principles responsive to the U.S.'s "general economy, such as unemployment, working hour and wage inequality," as relating to "compensation that may be paid to employees generally"); and *Starwood Hotels & Resorts Worldwide, Inc.* (avail. Feb. 14, 2012) (concurring with the exclusion of a proposal requesting verification and documentation of U.S. citizenship for the company's U.S. workforce and requiring training for foreign workers in the U.S. to be minimized because it "relates to procedures for hiring and training employees" and "[p]roposals

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concerning a company's management of its workforce are generally excludable under [R]ule 14a-8(i)(7)").

The Supporting Statement itself tacitly acknowledges that companies are increasingly integrating AI technology into various aspects of workforce management. As reflected in the foregoing precedents, the Supporting Statement's references to various workforce management concerns do not cause the Proposal to transcend ordinary business matters and instead address the Company's general management of its workforce. Decisions involving the use of various technologies, applications, and services in workforce management (any of which may incorporate AI technology) are multifaceted, complex, and based on a range of considerations that are integral to managing the day-to-day operations of the Company. Accordingly, the Proposal is excludable under Rule 14a-8(i)(7) as relating to the management of the Company's workforce.

F. The Proposal Does Not Focus On A Significant Social Policy Issue That Transcends The Company's Ordinary Business Operations.

In the 1998 Release, the Commission reaffirmed the standards for when proposals are excludable under the "ordinary business" provision that the Commission had initially articulated in the 1976 Release. In the 1998 Release, the Commission also distinguished proposals pertaining to ordinary business matters that are excludable under Rule 14a-8(i)(7) from those that "focus on" significant social policy issues. The Commission stated, "proposals relating to [ordinary business] matters but focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." 1998 Release.

In Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("SLB 14L"), the Staff stated that it "will realign its approach for determining whether a proposal relates to 'ordinary business' with the standard the Commission initially articulated in [the 1976 Release], which provided an exception for certain proposals that raise significant social policy issues, and which the Commission subsequently reaffirmed in the 1998 Release." In addition, the Staff stated that in administering Rule 14a-8(i)(7), the Staff "will instead focus on the social policy significance of the issue that is the subject of the shareholder proposal" and "consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company." *Id.* The Staff further noted that under this realigned approach, "proposals squarely raising human capital management issues with a broad societal impact" may not be subject to exclusion. *Id.*

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The Proposal relates to whether and how the Company uses AI in its business operations and therefore does not raise an issue with a “broad societal impact.” As noted above, none of the examples or concerns raised in the Proposal’s Supporting Statement are unique or endemic to the application of AI or to the Company’s business. The Supporting Statement itself does not demonstrate how some of the concerns it mentions would even arise in the context of the Company’s management of its business operations.

We recognize that certain aspects of AI or the application of certain novel types of AI in specific contexts can raise significant social policy issues with a broad societal impact, but that is not the case with respect to the Proposal’s broad request for disclosure of the Company’s use of AI across its business operations. Proposals with passing references touching upon topics that might raise significant social policy issues—but which do not focus on or have only tangential implications for such issues—are not transformed from an otherwise ordinary business proposal into one that transcends ordinary business, and as such, remain excludable under Rule 14a-8(i)(7). For example, in *Dominion Resources, Inc.* (avail. Feb. 3, 2011), a proposal requested that the company promote “stewardship of the environment” by initiating a program to provide financing to home and small business owners for installation of rooftop solar or renewable wind power generation. Even though the proposal touched upon environmental matters, the Staff concluded that the subject matter of the proposal actually related to “the products and services offered for sale by the company” and therefore determined that the proposal could be excluded under Rule 14a-8(i)(7).

The use of AI technology in ordinary business operations reflects further progress in the historical development of workplace technological trends that include the automation of manufacturing and the introduction of personal computers to automate certain office tasks. Indeed, one of the most fundamental aspects of any company’s ordinary business operations is the adaptation of new techniques and technologies to optimize operations, including potentially workforce management, increase productivity, and seek innovation across its operations. The use of AI technology, broadly defined, across the Company’s business operations does not present any significant policy issues distinct from these historical patterns. Such ordinary business matters are the crux of the Proposal’s focus. Thus, the Proposal does not raise a significant policy issue and may be excluded under Rule 14a-8(i)(7).

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

The 1998 Release states that micromanagement “may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific . . . methods for implementing complex policies.” In SLB 14L, the Staff clarified that not all “proposals seeking detail or seeking to promote timeframes” constitute micromanagement, and that going forward the Staff “will focus on the level of granularity

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sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.” To that end, the Staff stated that this “approach is consistent with the Commission’s views on the ordinary business exclusion, *which is designed to preserve management’s discretion on ordinary business matters* but not prevent shareholders from providing *high-level direction* on large strategic corporate matters.” SLB 14L (emphasis added).

In SLB 14L, the Staff also stated that in order to assess whether a proposal probes matters “too complex” for shareholders, as a group, to make an informed judgment, it may consider “the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic.” The Staff stated that it would also consider “references to well-established national or international frameworks when assessing proposals related to disclosure” as indicative of topics that shareholders are well-equipped to evaluate. *Id.*

In assessing whether a proposal seeks to micromanage a company’s ordinary business operations, the Staff evaluates not just the wording of the proposal but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company’s activities and management discretion. *See Deere & Co.* (avail. Jan. 3, 2022) and *The Coca-Cola Co.* (avail. Feb. 16, 2022), each of which involved a broadly phrased request but required detailed and intrusive actions to implement. Moreover, “granularity” is only one factor evaluated by the Staff. As stated in SLB 14L, the Staff focuses “on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.”

The Staff consistently has concurred in the exclusion of shareholder proposals that seek extensive detail on a company’s operations as seeking to micromanage the company. *See Verizon Communications, Inc.* (avail. Mar. 17, 2022), *American Express Co.* (avail. Mar. 11, 2022), and *Deere & Co.* (avail. Jan. 3, 2022) (each requesting that the company publish all employee training materials). The Proposal here attempts to probe too deeply into the judgment of management by seeking information on all the ways in which the Company uses AI in its business operations. Decisions to use or not to use a particular technology or application across a company’s business operations and on how to communicate with investors regarding the conduct of a company’s business operations are a multi-faceted endeavor guided by numerous factors, including but not limited to legal and regulatory requirements, business and competitive considerations, and budgetary considerations, among others. All of these considerations are complicated and outside the ability of shareholders to assess in the absence of detailed working knowledge of the Company’s operations, and require management to have discretion to exercise its judgment in making determinations appropriate for the Company. In requesting that the Company report on the use of AI across all of the Company’s business operations, the Proposal is seeking precisely the level of

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granularity that the Staff highlighted in SLB 14L, and thus the Proposal may be excluded under Rule 14a-8(i)(7).

CONCLUSION

Based upon the foregoing analysis, the Company intends to exclude the Proposal from its 2024 Proxy Materials, and we respectfully request that the Staff concur that the Proposal may be excluded under Rule 14a-8.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8671.

Sincerely,



Ronald O. Mueller

Enclosure

cc: Maureen O'Brien, Segal Marco Advisors
Sarah Reed, Bank of New York Mellon
Sam Whittington, Apple Inc.

EXHIBIT A

September 12, 2023

Via UPS Air and E-Mail

Katherine Adams
Corporate Secretary
Apple Inc.
One Apple Park Way, MS: 927-4GC
Cupertino, CA 95014 USA
shareholderproposal@apple.com

Re: Shareholder proposal for 2024 Annual Shareholder Meeting

Dear Ms. Adams:

Segal Marco Advisors is filing a shareholder proposal on behalf of the AFL-CIO Equity Index Funds (the "Proponent"), a shareholder of Apple Inc. (the "Company"), for action at the next annual meeting of the Company. The Proponent submits the enclosed shareholder proposal for inclusion in the Company's 2024 proxy statement, for consideration by shareholders, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

The Proponent has continuously beneficially owned, for at least one year as of the date hereof, at least \$25,000 worth of the Company's common stock. The Proponent intends to continue to hold the requisite amount of securities through the date of the 2023 shareholders' meeting. A letter from the Proponent's trustee and custodian bank verifying the Proponent's share ownership is enclosed. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

Segal Marco Advisors is available to meet with the Company via teleconference on September 22nd or 25th between 10am and 12pm PDT. We are also available to discuss this issue at a mutually agreeable day and time. We appreciate the opportunity to engage and seek to resolve the Proponent's concerns. I can be contacted at [REDACTED] to schedule a meeting and to address any questions. Please address any future correspondence regarding the proposal to me at this address.

Sincerely,



Maureen O'Brien
SVP of Corporate Governance, Engagement and Proxy Voting

RESOLVED: Shareholders request that Apple Inc. prepare a transparency report on the company's use of Artificial Intelligence ("AI") in its business operations and disclose any ethical guidelines that the company has adopted regarding the company's use of AI technology. This report shall be made publicly available to the company's shareholders on the company's website, be prepared at a reasonable cost, and omit any information that is proprietary, privileged, or violative of contractual obligations.

Supporting Statement

If adopted, this proposal asks our company to issue a transparency report on the company's use of AI technology and to disclose any ethical guidelines that the company has adopted regarding AI technology. We believe that adopting an ethical framework for the use of AI technology will strengthen our company's position as a responsible and sustainable leader in its industry. By addressing the ethical considerations of AI in a transparent manner, we can build trust among our company's stakeholders and contribute positively to society.

The adoption of AI technology into business raises a number of significant social policy issues. For example, the use of AI in human resources decisions may raise concerns about discrimination or bias against employees. The use of AI to automate jobs may result in mass layoffs and the closing of entire facilities. AI may be used in ways that violate the privacy of customers and members of the public. AI technology may be used to generate "deep fake" media content that may result in the dissemination of false information in political elections.

The White House Office of Science and Technology Policy has developed a set of ethical guidelines to help guide the design, use, and deployment of AI. These five principles for an AI Bill of Rights are 1) safe and effective systems, 2) algorithmic discrimination protections, 3) data privacy, 4) notice and explanation, and 5) human alternatives, consideration, and fallback. (White House Office of Science and Technology Policy, "Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People," October 2022, available at <https://www.whitehouse.gov/ostp/ai-bill-of-rights>).

We believe that the adoption of ethical guidelines for the use of AI can help improve our company's bottom line by avoiding costly labor disruptions. In 2023, writers and performers went on strike against the Alliance of Motion Picture and Television Producers in part over concerns that the use of AI technology to create media content will infringe on the intellectual property and publicity rights of writers and performers and potentially displace human creators. (Wall Street Journal, "Hollywood's Fight: How Much AI Is Too Much?," July 31, 2023, available at <https://www.wsj.com/articles/at-the-core-of-hollywoods-ai-fight-how-far-is-too-far-f57630df>).

In our view, AI systems should not be trained on copyrighted works, or the voices, likenesses and performances of professional performers, without transparency, consent and compensation to creators and rights holders. We also believe that AI should not be used to create literary material, to replace or supplant the creative work of professional writers.

For these reasons, we urge you to vote FOR this shareholder proposal.

November 20, 2023

Via E-Mail to shareholderproposals@sec.gov

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

Re: Apple Inc.'s Request to Exclude a Shareholder Proposal Submitted
by the AFL-CIO Equity Index Funds

Dear Sir or Madam:

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, the AFL-CIO Equity Index Funds (the "Proponent") submitted a shareholder proposal (the "Proposal") to Apple Inc. (the "Company") for a vote at the Company's 2024 annual meeting of shareholders. In a letter to the staff of the Division of Corporation Finance (the "Division Staff") dated October 23, 2023 (the "No Action Request"), the Company's representative from Gibson, Dunn & Crutcher LLP stated that the Company intends to omit the Proposal from its proxy materials to be distributed to shareholders. The resolved clause of the Proposal states:

RESOLVED: Shareholders request that Apple Inc. prepare a transparency report on the company's use of Artificial Intelligence ("AI") in its business operations and disclose any ethical guidelines that the company has adopted regarding the company's use of AI technology. This report shall be made publicly available to the company's shareholders on the company's website, be prepared at a reasonable cost, and omit any information that is proprietary, privileged, or violative of contractual obligations.

The No Action Request asks the Division Staff to concur that it will not recommend enforcement action if the Company excludes the Proposal in reliance on Rule 14a-8(i)(7), on the basis that the Proposal purportedly deals with matters related to the Company's ordinary business operations and seeks to micromanage the Company. For the reasons set forth below, the Proposal may not be excluded under Rule 14a-8(i)(7) because the Proposal addresses a social policy issue that transcends the Company's day-to-day business matters and does not otherwise micromanage the Company.

The No Action Request argues that the Proposal may be excluded under Rule 14a-8(i)(7) because it involves matters related to the Company's management of its workforce. As explained

below, this argument does not have merit because the Proposal addresses a significant social policy issue. Specifically, the Proposal addresses the ethical use of Artificial Intelligence (“AI”), a significant social policy issue that has generated significant controversy and substantial attention from the public, lawmakers, the media and business leaders. AI is a significant social policy issue because it has the potential to affect many aspects of human life, such as health, education, employment, security, privacy, and justice.

As the Division Staff stated in Exchange Act Release No. 34-40018 (May 21, 1998), the Division Staff’s definition of significant social policy issues adjusts over time to reflect changing societal views. In recent years, the social impact of AI technology has attained a level of notoriety to be recognized as a significant social policy issue. For example, the U.S. Congress held multiple hearings on AI in 2023 and the need for legislation to protect against AI harms.¹ The word “AI” was selected as the Collins Dictionary’s 2023 word of the year, and the Cambridge Dictionary selected the word “hallucinate” for 2023 with the addition of an alternative definition referring to when AI produces false information.²

Ethical concerns regarding the responsible use of AI also reached a crescendo in recent years. According to the AI, Algorithmic, and Automation Incidents and Controversies Repository (an open source database of AI related controversies) there have been nearly 1,200 incidents and controversies regarding the use of AI since 2009 including 192 separate incidents in 2023 alone.³ Various governmental, business, and nonprofit entities have published ethical guidelines for AI including the United Nations Educational, Scientific and Cultural Organization,⁴ the Organisation for Economic Co-operation and Development,⁵ the U.S. Department of Defense,⁶ the European Commission,⁷ the Business Roundtable,⁸ and the White House.⁹

In recognition of AI’s significant social policy concerns, other leading technology companies have taken steps to disclose their ethical guidelines for the use of AI. For example, Microsoft has published a Responsible AI Standard to ensure that AI systems are developed responsibly and in

¹ David Shepardson, “Congress to Hold New AI Hearings as it Works to Craft Safeguards,” Reuters, September 8, 2023, <https://www.reuters.com/technology/us-senate-panel-hold-ai-hearing-with-microsoft-nvidia-2023-09-08/>.

² Kiersten Hickman, “These Are the 2023 Words of the Year, According to Dictionaries,” Reader’s Digest, November 15, 2023, <https://www.rd.com/article/word-of-the-year/>.

³ AIAAIC Repository, accessed on November 17, 2023, <https://www.aiaaic.org/aiaaic-repository>.

⁴ UNESCO, “Recommendation on the Ethics of Artificial Intelligence,” 2022, <https://unesdoc.unesco.org/ark:/48223/pf0000381137>.

⁵ Organisation for Economic Co-operation and Development, “Recommendation of the Council on OECD Legal Instruments Artificial Intelligence,” 2019, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0449>.

⁶ U.S. Department of Defense, “DOD Adopts Ethical Principles for Artificial Intelligence,” February 24, 2020, <https://www.defense.gov/News/Releases/Release/Article/2091996/dod-adopts-ethical-principles-for-artificial-intelligence/>.

⁷ European Commission, “Ethics Guidelines For Trustworthy AI - High-Level Expert Group on Artificial Intelligence,” 2019, <https://digital-strategy.ec.europa.eu/en/library/ethics-guidelines-trustworthy-ai>.

⁸ Business Roundtable, “Business Roundtable Roadmap for Responsible Artificial Intelligence,” January 2022, https://s3.amazonaws.com/brt.org/Business_Roundtable_Artificial_Intelligence_Roadmap_Jan2022_1.pdf.

⁹ White House Office of Science and Technology Policy, “Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People,” October 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Blueprint-for-an-AI-Bill-of-Rights.pdf>.

ways that warrant people's trust.¹⁰ Adobe,¹¹ Amazon,¹² Dell,¹³ Facebook/Meta¹⁴, Google/Alphabet,¹⁵ Hewlett Packard,¹⁶ and IBM¹⁷ have published similar ethical guidelines. A total of fifteen AI technology companies – but not the Company – have endorsed the White House's Voluntary AI Commitments to promote the safe, secure, and transparent development and use of AI technology.¹⁸ The Company has been silent on AI ethical concerns despite the importance of AI to “virtually every one of its products.”¹⁹

In recent years, the Division Staff have recognized that shareholder proposals regarding AI transcend ordinary business matters and therefore may not be excluded under Rule 14a-8(i)(7). For example, in *Amazon.com, Inc.* (March 28, 2019, *reconsideration denied* on April 3, 2019), the Division Staff declined to concur with the exclusion of two shareholder proposals on the company's AI facial recognition technology. Similarly, Division Staff declined to concur with the exclusion of a shareholder proposal in *Alphabet Inc.* (April 15, 2022) on the discriminatory effects of the company's algorithmic systems and in *Alphabet Inc.* (April 12, 2022) regarding the use of the company's AI technology for military and policing applications.

In addition to the fact the Division Staff have previously recognized AI as a significant social policy issue, the Proposal's supporting statement specifically identifies various AI ethical concerns that have a nexus to a variety of longstanding significant social policy issues. These include that the use of AI in: human resources decisions may raise concerns about discrimination or bias against employees; job automation may result in mass layoffs and the closing of entire facilities; and content generation that may violate the privacy of customers and members of the public and/or fuel “deep fake” media content that may result in the dissemination of false information in political elections.

The Division Staff have long recognized that shareholder proposals on employment discrimination are significant social policy issues since Exchange Act Release No. 34-40018 (May 21, 1998) reversed *Cracker Barrel Old Country Stores, Inc.* (October 13, 1992). For example, in *CBRE Group, Inc.* (March 6, 2019) the Division Staff did not concur with the

¹⁰ Microsoft, “Microsoft Responsible AI Standard, v2,” June 2022, <https://www.microsoft.com/en-us/ai/principles-and-approach/>.

¹¹ Adobe, “Adobe Unveils New AI Ethics Principles as Part of Commitment to Responsible Digital Citizenship,” February 17, 2021, <https://blog.adobe.com/en/publish/2021/02/17/adobe-unveils-new-ai-ethics-principles-commitment-responsible-digital-citizenship>.

¹² Amazon, “Our Commitment to the Responsible Use of AI,” July 21, 2023, <https://www.aboutamazon.com/news/company-news/amazon-responsible-ai>.

¹³ Dell, “Dell Technologies Principles for Ethical Artificial Intelligence,” 2022, <https://www.delltechnologies.com/asset/en-us/solutions/business-solutions/briefs-summaries/principles-for-ethical-ai.pdf>.

¹⁴ Meta, “Facebook's Five Pillars of Responsible AI,” June 22, 2021, <https://ai.meta.com/blog/facebooks-five-pillars-of-responsible-ai/>.

¹⁵ Google, “2022 AI Principles Progress Update,” 2022, <https://ai.google/static/documents/ai-principles-2022-progress-update.pdf>.

¹⁶ Hewlett Packard Enterprise, “Innovation in the Ethics of AI at HPE,” April 27, 2021, <https://www.hpe.com/us/en/newsroom/blog-post/2021/04/innovation-in-the-ethics-of-ai-at-hpe.html>.

¹⁷ IBM, “IBM's Principles for Trust and Transparency,” 2018, https://www.ibm.com/policy/wp-content/uploads/2018/06/IBM_Principles_SHORT.V4.3.pdf.

¹⁸ The White House, “Biden-Harris Administration Secures Voluntary Commitments from Leading Artificial Intelligence Companies to Manage the Risks Posed by AI,” July 21, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/21/fact-sheet-biden-harris-administration-secures-voluntary-commitments-from-leading-artificial-intelligence-companies-to-manage-the-risks-posed-by-ai/>; The White House, “Biden-Harris Administration Secures Voluntary Commitments from Eight Additional Artificial Intelligence Companies to Manage the Risks Posed by AI,” September 12, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/09/12/fact-sheet-biden-harris-administration-secures-voluntary-commitments-from-eight-additional-artificial-intelligence-companies-to-manage-the-risks-posed-by-ai/>.

¹⁹ No Action Request at p. 2. Notably, the Company does not claim that the Proposal has been substantially implemented and therefore subject to exclusion under Rule 14a-8(i)(10).

exclusion of a shareholder proposal that requested a report on the effects of the company's mandatory arbitration policies on claims of sexual harassment. In this case, the use of AI technology in human resource decisions can reflect and amplify human biases and prejudices, which can lead to unlawful discrimination against protected employee groups.²⁰

The Division Staff also have recognized that concerns about mass layoffs can be a significant social policy issue. For example, in *E.I. du Pont de Nemours and Company* (March 6, 2000), the Division Staff did not concur with the exclusion of a shareholder proposal on plant closures. Similarly, in *Sprint Corporation* (February 5, 2004), the Division Staff did not concur that a proposal on offshoring jobs overseas could be excluded. Goldman Sachs recently estimated that 300 million jobs globally could be subject to automation by AI.²¹ The Organisation for Economic Co-operation and Development has estimated that 27 percent of the workforce in developed countries is at risk of AI automation.²² The consulting firm McKinsey estimates that 30 percent of the hours worked in the U.S. economy could be automated by AI.²³

Privacy concerns have also been recognized by the Division Staff as a significant social policy issue. In *Alphabet Inc.* (April 15, 2022), the Division staff did not concur that a proposal requesting an annual report on managing risks associated with user data collection, privacy, and security could be excluded under Rule 14a-8(i)(7). AI is expected to accelerate the analysis of personal information in ways that can intrude on privacy interests.²⁴ Companies are expanding the responsibilities of their privacy teams to address these AI risks.²⁵ The use of AI to analyze personal health data raises particular privacy concerns.²⁶ For example, the overturning of *Roe v. Wade* has raised privacy concerns about the Company's menstrual cycle-tracking app.²⁷

The Division Staff have also recognized that the dissemination of false media information can be a significant social policy issue that transcends ordinary business. For example, in *Alphabet Inc.* (April 12, 2022) the Division Staff declined to concur with the exclusion of a proposal seeking a human rights report on the company's content management policies to address misinformation and disinformation across its platforms. According to Freedom House, AI has been used in at least 16 countries to generate disinformation and sow doubt, smear opponents, or influence

²⁰ Anya E.R. Prince and Daniel Schwarcz, "Proxy Discrimination in the Age of Artificial Intelligence and Big Data," 105 Iowa L. Rev. 1257, March 15, 2020, <https://ilr.law.uiowa.edu/print/volume-105-issue-3/proxy-discrimination-in-the-age-of-artificial-intelligence-and-big-data>.

²¹ Joseph Briggs and Devesh Kodnani, "The Potentially Large Effects of Artificial Intelligence on Economic Growth," Goldman Sachs, March 26, 2023, <https://www.gspublishing.com/content/research/en/reports/2023/03/27/d64e052b-0f6e-45d7-967b-d7be35fabd16.html>.

²² "27% of Jobs at High Risk From AI Revolution, Says OECD," Reuters, July 11, 2023, <https://www.reuters.com/technology/27-jobs-high-risk-ai-revolution-says-oecd-2023-07-11/>.

²³ Kweilin Ellingrud et. al., "Generative AI and the Future of Work in America," McKinsey Global Institute, July 26, 2023, <https://www.mckinsey.com/mgi/our-research/generative-ai-and-the-future-of-work-in-america>.

²⁴ Cameron F. Kerry, "Protecting Privacy in an AI-driven World," Brookings Institution, February 10, 2020, <https://www.brookings.edu/articles/protecting-privacy-in-an-ai-driven-world/>;

²⁵ Catherine Stupp, "AI Risks Force Corporate Privacy Officers to Expand Oversight," Wall Street Journal, November 16, 2023, <https://www.wsj.com/articles/ai-risks-force-corporate-privacy-officers-to-expand-oversight-1ee23fa>.

²⁶ "Regulatory considerations on artificial intelligence for health," World Health Organization, 2023, <https://iris.who.int/bitstream/handle/10665/373421/9789240078871-eng.pdf>.

²⁷ Erik Larson, "Apple Called Out by New Jersey AG Over Period-Tracking Apps," Bloomberg, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/apple-called-out-by-new-jersey-ag-over-period-tracking-apps>.

public debate.²⁸ Here in the United States, AI-generated “deep fake” media content has been used in the Republican presidential primary election campaign.²⁹

Finally, the plain language of the Proposal does not micromanage Company by seeking to impose specific methods for implementing complex policies. The Proposal’s resolved clause simply requests that the Company publish a transparency report on its use of AI and disclose any ethical AI guidelines that the Company may have adopted. The Proposal intentionally does not seek to define the term AI or the scope of the requested report in order to give the Board of Directors full discretion to determine what information should be made publicly available. Nor does the Proposal request that the Board of Directors adopt any specific AI ethical guidelines, but rather simply requests disclosure of any ethical guidelines that the Company has adopted.

In conclusion, the Division Staff should not concur with the Company’s No Action Request that the Proposal may be excluded. The Proposal may not be excluded under Rule 14a-8(i)(7) because the Proposal addresses significant social policy issues that transcend the Company’s day-to-day business matters and does not otherwise seek to micromanage the Company. If you have any questions, please contact me at 312-612-8446 or mobrien@segalmarco.com.

Sincerely,



Maureen O'Brien
Senior Vice President, Corporate Governance,
Engagement and Proxy Voting

CC: Ronald Mueller at shareholderproposals@gibsondunn.com

²⁸ Allie Funk, Adrian Shahbaz, and Kian Vesteinsson, “The Repressive Power of Artificial Intelligence,” Freedom House, 2023, <https://freedomhouse.org/sites/default/files/2023-10/Freedom-on-the-net-2023-Digital-Booklet.pdf>.

²⁹ Shannon Bond, “DeSantis Campaign Shares Apparent AI-generated Fake Images of Trump and Fauci,” NPR, June 8, 2023, <https://www.npr.org/2023/06/08/1181097435/desantis-campaign-shares-apparent-ai-generated-fake-images-of-trump-and-fauci>; Alex Isenstadt, “DeSantis PAC Uses AI-Generated Trump Voice in Ad Attacking Ex-president,” Politico, July 17, 2023, <https://www.politico.com/news/2023/07/17/desantis-pac-ai-generated-trump-in-ad-00106695>.

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March 11, 2024

VIA ONLINE SHAREHOLDER PROPOSAL FORM

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

**Re: Paramount Global
Stockholder Proposal from the Comptroller of the City of New York
Securities Exchange Act of 1934 – Rule 14a-8**

Ladies and Gentlemen:

On behalf of Paramount Global, a Delaware corporation (the “Company”), we are writing this letter to respond to the letter, dated March 1, 2024, that was sent by a representative of the Comptroller of the City of New York (the “NYC Comptroller”) on behalf of the New York City Employees’ Retirement System and the New York City Teachers’ Retirement System (collectively, the “Proponent”) concerning the Company’s no-action request letter, dated January 30, 2024, relating to the Proponent’s stockholder proposal (the “Proposal”), which letter was filed on behalf of the Company to the Securities and Exchange Commission (the “Commission”) for consideration by the staff of the Division of Corporation Finance of the Commission (the “Staff”) pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended.

In its response letter, the NYC Comptroller asserts that the Proposal is identical (or nearly identical) to shareholder proposals submitted to The Walt Disney Company (“Disney”) and Apple Inc. (“Apple”). The NYC Comptroller asserts that because there is no relevant difference between these proposals and the Proposal, there cannot be a basis for the Staff to grant no-action relief to the Company when the Staff did not concur with Disney’s and Apple’s requests for no-action relief. We respectfully disagree.

As articulated in Staff Legal Bulletin No. 14 (July 13, 2001), the Staff will consider arguments to exclude a proposal and their application to “the specific ... company at issue” and “may determine that company X may exclude a proposal but company Y cannot exclude a proposal that addresses the same or similar subject matter.” Because there are differences among companies’ businesses – even where companies operate within the same industry – similar or even identical proposals may not bear the same relation to each company’s business operations, and thus must be analyzed in the context of the specific company. The Company’s no-action

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request describes business conditions that are particular to the Company and frames its arguments using historical no-action relief precedents in the context of its own business operations. The Staff's determination, too, will be based on its assessment of the arguments relative to the Company's business operations, not the operations of other companies.

In addition, the NYC Comptroller repeatedly makes the point in its response letter that the Company's submission of a no-action request in response to the NYC Comptroller's Proposal was "wasteful." Stockholders are entitled to submit stockholder proposals, and once a stockholder initiates that process, it should expect that one of the possible responses, under Rule 14a-8, is a no-action request. The NYC Comptroller knows that by submitting the Proposal under Rule 14a-8, the natural course of events can lead to a no-action request being submitted by the Company.

* * *

The Company continues to believe that the Proposal may be omitted from its proxy statement to be distributed to the Company's stockholders in connection with its 2024 annual meeting of stockholders and, accordingly, respectfully requests again that the Staff indicate that it will not recommend enforcement action to the Commission if the Company excludes the Proposal.

If you have any questions regarding this letter, please contact the undersigned at (416) 360-2961 or ryan.robski@shearman.com or Lona Nallengara at (212) 848-8414 or lona.nallengara@shearman.com. Thank you for your consideration.

Very truly yours,



Ryan Robski

cc: Justina K. Rivera, *Office of the Comptroller of the City of New York*
Yumi Narita, *Office of the Comptroller of the City of New York*
Christa A. D'Alimonte, *Paramount Global*
Caryn K. Groce, *Paramount Global*
Heidi Naunton, *Paramount Global*
Jay Larry, *Paramount Global*
Lona Nallengara, *Shearman & Sterling LLP*