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December 29, 2023

VIA ELECTRONIC SUBMISSION

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

Re: *Citigroup Inc.*
Stockholder Proposal of James McRitchie
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Citigroup Inc. (the "Company"), intends to omit from its proxy statement and form of proxy for its 2024 Annual Meeting of Stockholders (collectively, the "2024 Proxy Materials") a stockholder proposal (the "Proposal") and statement in support thereof (the "Supporting Statement") received from James McRitchie (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 stockholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the "Staff"). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of such correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

> **Resolved:** Citigroup ("Citi" or "Company") shareholders request our Company prepare a report on the feasibility of offering customized proxy voting preferences for Citi clients that seek to maximize portfolio-wide returns by pursuing voting strategies designed to push certain companies to address social and environmental externalities.[1] The report shall be available to stockholders and investors by October 1, 2024, prepared at reasonable cost, consistent with fiduciary duties and other legal obligations, and omitting proprietary information.
>
> [1] https://www.routledge.com/Moving-Beyond-Modern-Portfolio-Theory-Investing-That-Matters/Lukomnik-Hawley/p/book/9780367760823, chapter 5.

Copies of the Proposal, the Supporting Statement, and correspondence with the Proponent directly relevant to this no-action request are attached to this letter in Exhibit A.

BASES FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2024 Proxy Materials pursuant to:

- Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal;
- Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations and the Proposal seeks to micromanage the Company; and
- Rule 14a-8(i)(5) because the Proposal relates to operations that are not economically significant or otherwise significantly related to the Company's business.

BACKGROUND

Through Citi Global Wealth ("CGW"), the Company offers customers a range of products and services, including personalized investment solutions and portfolios that provide clients and advisors choice and flexibility when developing personalized portfolios aligned to each client's unique goals. CGW provides clients two types of services: (1) Citi Investment Management ("CIM") services, which are discretionary managed portfolios where portfolio managers manage a separately managed account for the client; and (2) non-CIM services, where bankers and investment counselors may recommend investments to clients. In both their CIM and non-CIM accounts, CGW clients may hold a variety of asset types and classes, including equities, mutual funds, and alternative funds (such as hedge funds, private equity, and real estate).

Clients with CIM accounts are provided with choices on how to manage voting of equity securities in their accounts. One option is true pass-through voting, where the clients retain proxy voting authority and vote their shares using their choice of voting strategies, including any voting strategy they identify as designed to encourage companies to address particular topics or concerns. Alternatively, clients may delegate authority to CIM to vote proxies on their behalf. In those cases, CIM will rely on and arrange for the shares to be voted in accordance with the voting recommendations of an unaffiliated proxy advisory firm, based on that advisory firm's sustainability policy guidelines, which are oriented to the United Nations Principles for Responsible Investment.

For CGW clients with a non-CIM account, clients retain proxy authority and vote proxies themselves. Clients have the option of either voting their proxies directly or providing voting instructions to CGW, who then votes the shares in accordance with those instructions. If the client does not direct that their shares be voted in accordance with specific instructions, CGW does not make any voting decisions for clients.

The Company is not, and does not have any subsidiary or operation that is, a mutual fund manager. Instead, clients can invest in a wide range of mutual funds operated by investment advisers that are neither owned nor controlled by the Company. For any mutual funds that clients own, the mutual fund managers control voting of such shares, and neither the Company nor its clients have any ability to impact the voting of such shares unless the mutual fund managers offer pass-through voting services to their clients. Thus, the examples provided in the Proposal of BlackRock, Vanguard, and State Street providing shareholders of their own funds with voting choices are not applicable to the Company. As noted above, the Company's clients can determine exactly how shares are voted for individual securities held in CIM or non-CIM accounts by electing to retain and exercise voting themselves, or they can delegate voting to CIM, which in turn delegates to a third-party service, as more than 90% of CIM clients have chosen to do.

As such, the Proposal is excludable under Rule 14a-8. It is well established that a proposal can be substantially implemented for purposes of Rule 14a-8(i)(10) even if implemented in a manner different than a proponent would have preferred. As well, a proposal is excludable under Rule 14a-8(i)(7) where, as here, it does not raise significant policy issues that transcend a company's ordinary business, but instead relates to customer relations and choices of product and service offerings and seeks to micromanage a company's business. And finally, the Proposal is excludable under Rule 14a-8(i)(5) because it relates to a concern that is not economically or otherwise significant to the Company's operations, given that the Company (in contrast to other companies mentioned in the Supporting Statement) is not an investment company or investment company manager.

ANALYSIS

I. The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because The Company Has Substantially Implemented The Proposal

A. The Substantial Implementation Standard

Rule 14a-8(i)(10) permits a company to exclude a stockholder proposal from its proxy materials if the company has "substantially implemented" the proposal. The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." Exchange Act Release No. 12598 (July 7, 1976) ("1976 Release"). Originally, the Staff narrowly interpreted this predecessor rule and concurred with the exclusion of a proposal only when proposals were "'fully' effected" by the company. *See* Exchange Act Release No. 19135 (Oct. 14, 1982) (the "1982 Release"). By 1983, the Commission recognized that the "previous formalistic application of [the rule] defeated its purpose" because proponents were successfully avoiding exclusion by submitting proposals that differed from existing company policy in minor respects. Exchange Act Release No. 20091, at § II.E.6. (Aug. 16, 1983) ("1983 Release"). Therefore, in the 1983 Release, the Commission adopted a revised interpretation of the rule to permit the omission of proposals that had been "substantially implemented," and the Commission codified this revised interpretation in Exchange Act Release No. 40018, at n.30 (May 21, 1998) (the "1998 Release").

Applying this standard, when a company can demonstrate that it already has taken actions to address the underlying concerns and essential objectives of a stockholder proposal, the Staff has concurred that the stockholder proposal has been "substantially implemented" and may be excluded as moot. The Staff has noted that "a determination that the company has substantially implemented the proposal depends upon whether [the company's] particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Walgreen Co.* (avail. Sept. 26, 2013); *Texaco, Inc. (Recon.)* (avail. Mar. 28, 1991).

At the same time, a company need not implement a proposal in exactly the same manner set forth by the proponent. In *General Motors Corp.* (avail. Mar. 4, 1996), the company observed that the Staff had not required that a company implement the action requested in a proposal exactly in all details but had been willing to issue no-action letters under the predecessor of Rule 14a-8(i)(10) in situations where the "essential objective" of the proposal had been satisfied. The company further argued, "[i]f the mootness requirement [under the predecessor rule] were applied too strictly, the intention of [the rule]—permitting exclusion of 'substantially implemented' proposals—could be evaded merely by including some element in the proposal that differs from the registrant's policy or practice." Therefore, if a company has satisfactorily addressed both the proposal's underlying concerns and its "essential objective," the proposal will be deemed

"substantially implemented" and, therefore, may be excluded. *See, e.g.*, *Quest Diagnostics, Inc.* (avail. Mar. 17, 2016); *Exelon Corp.* (avail. Feb. 26, 2010); *Anheuser-Busch Companies, Inc.* (avail. Jan. 17, 2007); *ConAgra Foods, Inc.* (avail. July 3, 2006); *Johnson & Johnson* (avail. Feb. 17, 2006); *Talbots* (avail. Apr. 5, 2002); *Masco Corp.* (avail. Mar. 29, 1999); *The Gap, Inc.* (avail. Mar. 8, 1996).

The Staff has concurred that, when substantially implementing a stockholder proposal, companies can address aspects of implementation in ways that may differ from the manner in which the stockholder proponent would implement the proposal. Of particular relevance here, the Staff has concurred with the exclusion of proposals seeking a report on the feasibility of undertaking certain actions when a company has already addressed the essential objective of the proposal by undertaking the action. For example, in *Dunkin Brands Group, Inc.* (avail. Mar. 6, 2019), the proposal requested that the Board issue a report assessing the feasibility of integrating sustainability metrics into the performance quotas of senior executive compensation plans. The company's no-action request explained that the company had already addressed both the underlying concern and the essential objective of the proposal by integrating sustainability goals and metrics into its executive compensation programs and reporting on that action in its proxy statements and biannual corporate sustainability report. The Staff concurred that the company had substantially implemented the proposal, and thus that it could be excluded under Rule 14a-8(i)(10). *See also eBay Inc.* (avail. Mar. 29, 2018) (concurring with exclusion of a proposal requesting that the Board issue a report assessing the feasibility of integrating sustainability metrics into the performance quotas of senior executive compensation plans, where the proponent argued among other things that the proposal sought a future-looking report and the company's actions had only occurred in the past); *Target Corp.* (avail. Mar. 26, 2013) (concurring with exclusion under Rule 14a-8(i)(10) of a proposal requesting that the board of directors study the feasibility of adopting a policy prohibiting the use of treasury funds for any direct or indirect political contributions when the company had already reported the board's determination that such a policy was not practical, even though the proponents objected that the company's past actions did not constitute the type of feasibility study contemplated by the proposal); *Covance Inc.* (avail. Feb. 28, 2008) (concurring with exclusion of a proposal requesting a report on the feasibility of establishing environmental enrichment committees at the company's laboratories to foster quality standards of care for animals because it was substantially implemented for purposes of Rule 14a-8(i)(10) by the company establishing an institutional animal care and use committee at each of its laboratories).

In Exchange Act Release No. 95267 (July 13, 2022), the Commission proposed to amend Rule 14a-8(i)(10) to provide that proposals would be excludable if a company has already implemented the "essential elements" of the proposal. While the Commission has not yet adopted that proposed amendment, and it is therefore not applicable to the Staff's review of this letter, it is notable the Commission stated that even under the proposed standard, "a proposal need not be rendered entirely moot, or be fully implemented in exactly the way a proponent

desires, in order to be excluded. A company may be permitted to exclude a proposal it has not implemented precisely as requested if the differences between the proposal and the company's actions are not essential to the proposal." Therefore, under the proposed standard as well, the Company has substantially implemented the Proposal because it offers customized proxy voting options to its clients as described below.

B. The Company's Existing Client Voting Policies Substantially Implement The Proposal

The Company's businesses already offer clients a number of choices on how to manage voting of equity securities in their accounts, including true pass-through voting where the client can retain proxy voting authority themselves and vote their shares however they wish and delegation to CIM where voting is delegated to a third-party to vote in accordance with its sustainability policy guidelines. These alternatives are already communicated to clients through various account and service brochures and materials provided by the Company's businesses. Thus, there is no need to further study the feasibility of offering customized proxy voting preferences for clients wishing to pursue social and environmental voting strategies as clients are already able to pursue such voting strategies. Although the granular control offered by the Company that provides clients the ability to pursue such voting strategies themselves may differ from what the Proponent had in mind and the customized voting strategies available may not be as extensive as the Proponent may prefer, the Company's current offerings reflect the Company's careful consideration of how best to address clients' voting preferences, and thereby address the underlying concern and essential objective of the Proposal. As a result, the Company's already available products and services implement the Proposal and present precisely the scenario contemplated by the Commission when it adopted the predecessor to Rule 14a-8(i)(10) "to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." 1976 Release. The Company's policies related to client voting therefore substantially implement the Proposal and, consistent with the well-established precedent cited above, the Proposal may properly be excluded under Rule 14a-8(i)(10).

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

A. Background On The Ordinary Business Standard

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a stockholder proposal that relates to the company's "ordinary business" operations. According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" "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." 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. The first was 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." Examples of the tasks cited by the Commission include "management of the workforce, such as the hiring, promotion, and termination of employees, *decisions on production quality and quantity*, and the retention of suppliers" (emphasis added). 1998 Release. The second consideration is related 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")).

A stockholder 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 dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the proposed report is within the ordinary business of the issuer. See Exchange Act Release No. 20091 (Aug. 16, 1983); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) ("[Where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7)."); *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).

We note that, although the Staff recently issued guidance specifically relating to its approach to evaluating certain aspects of the ordinary business exclusion, such guidance does not impact the arguments made herein. *See* Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("SLB 14L"). Although SLB 14L, among other things, reverses prior Staff guidance regarding the company-specific approach to evaluating the significance of a policy issue that is the subject of a stockholder proposal for purposes of the ordinary business exclusion, this no-action request does not rely on a company-specific approach to evaluating significance and relies on precedent preceding, or not involving, the reversed prior Staff guidance. Therefore, SLB 14L is not applicable to this Proposal.

B. The Proposal May Be Excluded Because Its Subject Matter Relates To The Products And Services That The Company Offers, Including How The Company Handles Its Customer Relations

The Proposal requests that the Company prepare a report on "the feasibility of offering customized proxy voting preferences for [Company] clients that seek to maximize portfolio-wide

returns by pursuing voting strategies designed to push certain companies to address social and environmental externalities." The Company's decisions about the policies and procedures for the products and services that it offers, including those related to its customer portfolios, and how it handles its customer relations, including communications with customers regarding the Company's products and services, implicate routine management decisions encompassing legal, regulatory, operational, and financial considerations, among others. For example, as a global financial institution organized under the laws of the United States, the Company is subject to significant federal, state, and local laws and regulations, which, among other things, include requirements relating to appropriate procedures for managing customer portfolios. As a result, the Company has developed a set of policies and procedures encompassing customers' use of its products and services, including customer portfolios. The Proposal impermissibly seeks to override the Company's ordinary business decisions in this respect.

The Staff has consistently determined that proposals relating to the products and services that a company offers to its customers can be excluded pursuant to Rule 14a-8(i)(7) as relating to the company's ordinary business operations. For example, the Staff recently concurred with the exclusion under Rule 14a-8(i)(7) of a proposal requesting that a financial services company prepare a report specifying the company's policy "in responding to requests to close, or in issuing warnings of imminent closure about, customer accounts by any agency or entity operating under the authority of the executive branch of the United States Government." The company sought exclusion of the proposal under Rule 14a-8(i)(7) and argued that the proposal addressed issues that were ordinary business matters for the company by attempting to dictate the disclosure of the company's policies surrounding the offering of its products and services and the management of the company's customer accounts and customer relations. The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(7), noting that "the [p]roposal relates to, and does not transcend, ordinary business matters." *Wells Fargo & Co. (National Legal and Policy Center)* (avail Mar. 2, 2023) ("*Wells Fargo 2023*"). In two other recent instances, the Staff also concurred with the exclusion under Rule 14a-8(i)(7) of proposals requesting that the boards of financial services companies complete a report evaluating each company's overdraft policies and practices and the impacts those have on customers. In each case, the proposal raised concerns that overdraft fees allegedly impacted certain customers more than others and that the provision of such services exposed the companies to increased litigation and reputational risks. The Staff nonetheless concurred with exclusion under Rule 14a-8(i)(7) as the proposals related to "ordinary business operations," and specifically, "the products and services offered for sale" by those companies. *See Bank of America Corp. (Worcester County Food Bank and Plymouth Congregational Church of Seattle)* (avail. Feb. 21, 2019); *JPMorgan Chase & Co.* (avail. Feb. 21, 2019). *See also JPMorgan Chase & Co.* (avail. Mar. 16, 2010) (concurring with the exclusion of a proposal regarding the company's decision to issue refund anticipation loans to customers, noting that "proposals concerning the sale of particular services are generally excludable under Rule 14a-8(i)(7)"); *Bank of America Corp.* (avail. Jan. 6, 2010) (concurring

with the exclusion of a proposal requiring the company to stop accepting matricula consular cards as a form of identification, which effectively sought "to limit the banking services the [company could] provide to individuals the [p]roponent believe[d] [we]re illegal immigrants," because the proposal sought to control the company's "customer relations or the sale of particular services"); *Banc One Corp.* (avail. Feb. 25, 1993) (concurring with the exclusion of a proposal requesting that the corporation publish "a report reviewing the [c]ompany's lending practices" as they pertained to specifically identified groups of people, noting that the proposal involved "a description of special technical assistance and advertising programs[,] lending strategies and data collection procedures").

The Staff also has consistently concurred with the exclusion of proposals relating to how a company handles its customer accounts and any associated policies and procedures. For instance, in *PayPal Holdings, Inc. (James A. Heagy)* (avail. Apr. 2, 2021), the proposal requested that the company ensure "that [the company's] users do not have accounts frozen or the use of [company] services terminated without giving specific, good and substantial reasons to the user for so doing." The company argued that the proposal "attempt[ed] to dictate the [c]ompany's management of its customer accounts, including the design and administration of [c]ompany policies and procedures" and related to communications with customers and the company's processes related to customer accounts, which are both fundamental to day-to-day operations and matters of ordinary business operations. The Staff concurred with the proposal's exclusion under Rule 14a-8(i)(7). This was also the Staff's conclusion in *Zions Bancorporation* (avail. Feb. 11, 2008, *recon. denied* Feb. 29, 2008), where the proposal requested that the company implement a mandatory adjudication process prior to the termination of certain customer accounts. The Staff concurred that the proposal related to "ordinary business operations (i.e., procedures for handling customers' accounts)."

The Staff also has consistently concurred with the exclusion of proposals relating to customer relations. For instance, in *Wells Fargo & Co. (Harrington Investments, Inc.)* (avail Feb. 27, 2019) ("*Wells Fargo 2019*"), the Staff concurred with the exclusion of a proposal requesting that the board commission an independent study and then report to stockholders on "options for the board[] to amend [the] [c]ompany's governance documents to enhance fiduciary oversight of matters relating to customer service and satisfaction" because the proposal "relate[d] to decisions concerning the [c]ompany's customer relations." Similarly, in *Prudential Financial, Inc.* (avail. Jan. 10, 2013), the Staff concurred that a proposal directing the company to state "the fees and charges and the investment performance" in the quarterly statements provided to the company's annuity participants was excludable because it "concern[ed] customer relations" and "account information provided to customers." *See also The Coca-Cola Co.* (avail. Jan. 21, 2009, *recon. denied* Apr. 21, 2009) (concurring with the exclusion of a proposal concerned about the "company's reputation with consumers" requesting that the company prepare a report evaluating new or expanded policy options to further enhance transparency of information to consumers of bottled beverages produced by the company with the Staff noting that it "relat[ed] to [the

company's] ordinary business operations (i.e., marketing and consumer relations)"); *Bank of America Corp.* (avail. Feb. 27, 2008) (concurring with the exclusion of a proposal requesting the preparation of a report detailing, in part, the company's policies and practices regarding the issuance of credit cards and lending of mortgage funds to individuals without Social Security numbers as relating to the company's "credit policies, loan underwriting and customer relations"); *Wells Fargo & Co. (The Community Reinvestment Assoc. of North Carolina, et al.)* (avail. Feb. 16, 2006) (concurring with the exclusion of a proposal requesting that the company not provide its services to payday lenders as concerning "customer relations"); *Bank of America Corp. (The Community Reinvestment Assoc. of North Carolina)* (avail. Mar. 7, 2005) (same).

In addition, 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 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)").

Here, like the policies, practices, and procedures at issue in *Wells Fargo 2023, PayPal*, *Wells Fargo 2019*, and the other precedent cited above, the Proposal is an attempt to influence and override the Company's determinations of what products and services the Company offers its clients, including the Company's procedures for handling its customer portfolios and customer relations, and to urge the Company to adopt "[n]ew technologies." In particular, the Proposal asks that the Company "prepare a report on the feasibility of offering customized proxy voting preferences for [Company] clients." The Supporting Statement asserts that "[d]iversified investors are interested in ensuring companies in portfolios managed by [the Company] do not threaten the rest of their portfolios," that "[s]oliciting the diverse views of clients on issues raised in shareholder elections and incorporating them into voting/engagement practices, or facilitating the client's ability to do so themselves, can mitigate risk," and that "[n]ew technologies facilitate soliciting investor preferences efficiently to inform voting and engagement." Thus, the Proposal is entirely focused on what products and services the Company offers its clients with respect to voting preferences for securities held in the clients' portfolios. Decisions regarding the policies around services and products the Company offers and on what terms, as well as what technology to employ in offering such services, are a fundamental responsibility of management, requiring consideration of a number of factors such as cost, integration with existing client account

technology and services, client preferences, and regulatory compliance. Balancing such considerations is a complex matter and is, in the words of the 1998 Release, "so fundamental to management's ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight." Consistent with Staff precedent, the Proposal, by attempting to direct the Company's product and service offerings, the management of the Company's customer portfolios and customer relations, and the Company's choice of technology, addresses issues that are ordinary business matters for the Company. Accordingly, the Proposal is properly excludable under Rule 14a-8(i)(7).

C. The Proposal Does Not Focus On Any Significant Policy Issue That Transcends The Company's Ordinary Business Operations

The well-established precedent set forth above demonstrates that the Proposal squarely addresses ordinary business matters and, therefore, is excludable under Rule 14a-8(i)(7). The 1998 Release distinguishes proposals pertaining to ordinary business matters from those involving "significant social policy issues." *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)). While "proposals . . . focusing on sufficiently significant social policy issues (*e.g.*, significant discrimination matters) 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 they do not "transcend the day-to-day business matters" discussed in the proposals. 1998 Release. In this regard, when assessing proposals under Rule 14a-8(i)(7), the Staff considers "both the proposal and the supporting statement as a whole." Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005). Moreover, as Staff precedent has established, merely referencing topics in passing that might raise significant policy issues in other contexts, but which do not define the scope of actions addressed in a proposal and which have only tangential implications for the issues that constitute the central focus of a proposal, does not transform an otherwise ordinary business proposal into one that transcends ordinary business.

In 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 it will focus on the issue that is the subject of the stockholder proposal and determine whether it has "a broad societal impact, such that [it] transcend[s] the ordinary business of the company," and noted that proposals "previously viewed as excludable because they did not appear to raise a policy issue of significance for the company may no longer be viewed as excludable under Rule 14a-8(i)(7)."

Here, the Proposal does not transcend the Company's ordinary business operations. Rather, as discussed above, the Proposal is principally focused on the Company's product and service

offerings, the Company's management of its associated customer relations, and the Company's choice of technology. Specifically, the Proposal focuses on the manner in which the Company offers granular control to clients of voting decisions for securities held in their accounts, the type of customized voting offerings made available, and whether the Company should employ "[n]ew technologies" to offer different customized voting choices. While the Proposal and Supporting Statement provide passing references to voting strategies that are "designed to push certain companies to address social and environmental externalities," which is something clients are able to do if they elect to exercise direct control over voting of securities held in their accounts, the central focus of the Proposal is on offering customized proxy voting preferences for Company clients. Thus, the Proposal does not implicate any significant policy issue.

Because the Proposal does not implicate any significant policy issue it is readily distinguished from proposals related to proxy voting and policies where the proposal focused on a significant policy issue. For example, in *T. Rowe Price Group, Inc.* (avail. Mar. 13, 2020), the Staff did not concur with the exclusion of a proposal requesting that the company "initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change, including an assessment of any incongruities between T. Rowe Price Group's public statements and pledges regarding climate change . . . and the voting policies and practices of its subsidiaries." In arguing that the proposal related to ordinary business matters, the company contended that "voting proxies solely in the best interest of Clients is unquestionably part of the core investment process and business operations." In rejecting the company's argument, the Staff stated that because the proposal's focus on the congruity of "public statements and pledges regarding climate change and the voting policies and practices of [the company's] subsidiaries . . . regarding climate change," the proposal transcended the company's ordinary business operations. *See also Franklin Resources, Inc.* (avail. Nov. 24, 2015) (denying the exclusion under Rule 14a-8(i)(7) of a proposal requesting "a climate change report to shareholders assessing any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company's policy positions regarding climate change" because the proposal "focuses on the significant policy issue of climate change").

Unlike the proposals in *T. Rowe Price Group* and *Franklin Resources*, the Proposal does not focus on climate change or on the congruity of Company statements with how the Company is voting clients' securities on issues relating to climate change since, as noted above, the Company does not determine how to vote clients' shares on such issues. Here, the text of the Proposal makes clear that it is singularly focused on the Company's ordinary business operations (specifically, the services and products offered by the Company, its customer relations, and its choice of technologies). As such, the Proposal does not transcend the Company's ordinary

business operations and, similar to the proposals in the precedent discussed above, the Proposal may be excluded under Rule 14a-8(i)(7).

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

As explained above, the Commission stated in the 1998 Release that one of the considerations underlying the ordinary business exclusion is "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." The 1998 Release further 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 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 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 Proposal requests that the Company prepare a report on "the feasibility of offering customized proxy voting preferences for [Company] clients that seek to maximize portfolio-wide returns by pursuing voting strategies designed to push certain companies to address social and environmental externalities." The Supporting Statement focuses on the products and services the Company offers to customers, noting that "[n]ew technologies facilitate soliciting investor preferences efficiently to inform voting and engagement," and stating that the requested report should include "technologies that provide clients with granular control over voting, like the configurable options offered by [the Company] for constructing portfolios." The Proposal thus delves into the details of how the Company provides its clients differing alternatives to address the voting of shares in their portfolios and what technology the Company uses in offering such

services through different account and product offerings. As such, the Proposal seeks to micromanage the Company and therefore may be excluded under Rule 14a-8(i)(7).

In this regard, the Proposal is similar to the one submitted in *Amazon.com, Inc.* (avail. Jan. 18, 2018, *recon. denied* Apr. 5, 2018) ("*Amazon 2018*"), where the proposal instructed the company to list WaterSense showerheads before the listing of other showerheads and to provide a short description of the meaning of WaterSense showerheads. The Staff concurred with the exclusion, noting that the proposal sought "to micromanage the Company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." Similarly, in *Marriott International, Inc.* (avail. Mar. 17, 2010, *recon. denied* Apr. 19, 2010), the Staff concurred with the exclusion of a proposal requiring the installation of low-flow showerheads at certain of the company's hotels because "although the proposal raise[d] concerns with global warming, the proposal …[sought] to micromanage the company to such a degree that exclusion of the proposal …[was] appropriate." In particular, the Staff noted that the proposal required the use of "specific technologies." *See also Deere & Co.* (avail. Jan. 3, 2022) (concurring with the exclusion of a proposal requesting that the company's board publish "the written and oral content of any employee-training materials offered to any subset of the company's employees" where the supporting statement focused on the company's diversity, equity, and inclusion efforts and the company argued that the proposal "intend[ed] for shareholders to step into the shoes of management and oversee the 'reputational, legal and financial' risks to the [c]ompany" and thus did not "afford[] management sufficient flexibility or discretion to address and implement its policy regarding the complex matter of diversity, equality, and inclusion").

As in *Amazon 2018* and the other precedent cited above, the Proposal "seeks to impose . . . specific methods for implementing complex policies." SLB 14L (citing 1998 Release). The Proposal dictates specific products and services that the Company may offer to its customers by criticizing the voting choice programs of BlackRock, Vanguard, and State Street, stating that the Company should assess offering "control over voting, like the configurable options offered by [the Company] for constructing portfolios," and that in doing so it should assess "[n]ew technologies" related to soliciting investor preferences. Despite the fact that the Company goes beyond voting choice programs and offers its clients the option of true pass-through voting or delegation of voting to a third-party to vote in accordance with its guidelines, the Proposal seeks to have the Company design specific offerings for client voting and implement specific new policies for managing customer's accounts. The extent to which the Proposal seeks to override management's discretion with regard to the products and services the Company offers are comparable to the particular product presentation mandated in *Amazon 2018* and the specific technology choices prescribed in *Marriott International*. The Proposal thus micro-manages the Company's fundamental day-to-day decisions and policies and procedures with respect to its

products and services, customer accounts and customer relations. As a result, the Proposal may properly be excluded under Rule 14a-8(i)(7).

III. The Proposal May Be Excluded Under Rule 14a-8(i)(5) Because The Proposal Is Not Relevant To The Company's Business

A. Background

Rule 14a-8(i)(5) provides that a stockholder proposal may be excluded "[i]f the proposal relates to operations which account for less than five percent of the company's total assets at the end of its most recent fiscal year, and for less than five percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business." Prior to adoption of this version of Rule 14a-8(i)(5), the rule permitted companies to omit any proposal that "deals with a matter that is not significantly related to the issuer's business." In proposing changes to that version of the rule in 1982, the Commission noted that the Staff's practice had been to agree with exclusion of proposals that bore no economic relationship to a company's business, but that "where the proposal has reflected social or ethical issues, rather than economic concerns, raised by the issuer's business, and the issuer conducts any such business, no matter how small, the staff has not issued a no-action letter with respect to the omission of the proposal." 1982 Release. The Commission stated that this interpretation of the rule may have "unduly limit[ed] the exclusion," and proposed adopting the economic tests that appear in the rule today. *Id.* In adopting the rule, the Commission characterized it as relating "to proposals concerning the functioning of the economic business of an issuer and not to such matters as shareholders' rights, e.g., cumulative voting." 1983 Release.

In SLB 14L, the Staff returned to its historic approach of interpreting Rule 14a-8(i)(5) and noted that "proposals that raise issues of broad social or ethical concern related to the company's business may not be excluded, even if the relevant business falls below the economic thresholds of Rule 14a-8(i)(5)."

B. The Proposal May Be Excluded Pursuant To Rule 14a-8(i)(5) Because The Proposal Is Not Significantly Related To The Company's Business

The Company does not charge clients for offering the various voting alternatives described above, and the fees generated by the Company's CGW services are not significant to the Company's business under the standards of Rule 14a-8(i)(5). The Company has confirmed that for its fiscal year 2023, the revenue, income, and assets associated with CGW services are expected to represent less than 5% of each of the Company's total revenue, net income, and assets.

Moreover, the Supporting Statement does not demonstrate that the Proposal is otherwise significantly related to broad social or ethical concerns arising from the Company's business. Instead, the Supporting Statement makes generalized assertions and addresses practices or issues that are not applicable or significant to the Company. For example, the Supporting Statement notes that "[c]ontroversy over proxy voting - especially environmental, social, and governance ("ESG") proposals, increases risk," and also provides that "[i]nvestment companies that fail to engage clients more fully in proxy voting will be subject to ever-increasing legal and reputational jeopardy." However, the Company does not determine how to vote clients' shares on such issues and is not an investment company, and neither the Proposal nor the Supporting Statement demonstrate how their broad claims on potential risk are significantly related to the Company's business, particularly since only one division of the Company, CGW, actually holds and manages client equity securities. Moreover, CIM and non-CIM clients retain the right to elect to vote their own proxies for the securities held in their accounts and any proxy voting authority delegated to CGW is either voted in accordance with non-CIM clients' instructions or passed on to a third party to vote CIM clients' shares in alignment with the third party's sustainability policy guidelines. As such, the types of risk discussed in the Supporting Statement are at most only remotely related to an economically insignificant portion of the Company's business.

Based on the foregoing, the Proposal is similar to the stockholder proposal considered in *Dunkin' Brands Group, Inc.* (avail. Feb. 22, 2018). There, the Staff concurred with the exclusion under Rule 14a-8(i)(5) of a proposal regarding the environmental impacts of K-Cup Pods brand packaging, noting that the proposal's "significance to the [c]ompany's business is not apparent on its face" and the proponent had "not demonstrated that it is otherwise significantly related to the [c]ompany's business." *See also*, *Reliance Steel & Aluminum Co.* (avail. Apr. 2, 2019) (concurring with the exclusion of a proposal requesting a report on political contributions and expenditures that contains information specified in the proposal where the proposal related to operations that accounted for less than five percent of the company's total assets, net earnings and gross sales for its most recent fiscal year and were not otherwise significantly related to the company's business); *JP. Morgan & Co., Inc.* (avail. Feb. 5, 1999) (concurring with the exclusion of a proposal that mandated that the company discontinue banking services with Swiss entities until all claims by victims of the Holocaust and their heirs are settled and total restitution is made, because the amount of revenue, earnings, and assets attributable to J.P. Morgan's operations in Switzerland was less than five percent and the proposal was not otherwise significantly related to J.P. Morgan's business); *PepsiCo, Inc.* (avail. Jan. 24, 1994) (concurring with the exclusion of a proposal requesting the company's board "urge its franchised restaurants in Northern Ireland, at the time of contract renewal, to make all possible lawful efforts to implement . . . the MacBride Principles" where the Staff noted "that the Company does not own or operate any restaurants in Northern Ireland, does not have a contractual right to review the employment practices of its franchisees and the amounts associated with the Company's franchises in Northern Ireland are less than the five percent tests under rule 14a-8(c)(5)"); *AT&T*

Co. (avail. Jan. 19, 1990) (concurring with the exclusion of a proposal addressing the company's expansion and resulting relocation of workers and jobs where any specific activity by the company would have a *de minimis* impact on the company's operations, and the impact of its activities on general housing costs in affected areas was too remote). Here, the Proposal relates to operations that are not economically significant to the Company, and much of the Supporting Statement consists of sweeping assertions that are not applicable to the Company. Accordingly, the Proponent has not demonstrated that the Proposal is significant to the Company. As such, the Proposal may be properly excluded under Rule 14a-8(i)(5), because the Proposal is not economically relevant to the Company's operations and is not otherwise significantly related to the Company's business.

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from our 2024 Proxy Materials.

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) 955-8287, or Shelley Dropkin, the Company's Deputy Corporate Secretary and General Counsel, Corporate Governance, at (212) 793-7396.

Sincerely,

Elizabeth A. Ising

Enclosures

cc: Shelley Dropkin, Citigroup Inc.
James McRitchie
John Chevedden

EXHIBIT A

Corporate Governance

CorpGov.net: improving accountability through democratic corporate governance since 1995

Citigroup Inc.
c/o the Corporate Secretary, Brent J. McIntosh
388 Greenwich Street
New York, NY 10013
Via: shareholderrelations@citi.com

Dear Mr. McIntosh or current Corporate Secretary:

I am submitting the attached shareholder proposal, which I support, for a vote at the next annual shareholder meeting requesting Citigroup Inc. (C) **Ascertain Client Voting Preferences.** I pledge to continue to hold the required amount of stock until after the date of that meeting.

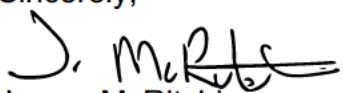
I will meet Rule 14a-8 requirements, including the continuous ownership of the required stock value until after the date of the next shareholder meeting. My submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication. I am available to meet with the Company representative via phone on November 27, at 1:00 or 1:30 pm Pacific or at any time on any day that is mutually convenient.

I am delegating John Chevedden to act as my agent to present this proposal at the forthcoming shareholder meeting if I am unavailable to do so myself. Please copy John Chevedden ([redacted]) in future communications.

Avoid the time and expense of filing a deficiency letter to verify ownership by acknowledging receipt of my proposal promptly by emailing [redacted]. That will prompt me to request the required letter from my broker and submit it to you.

Per SEC SLB 14L https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals, Section F, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested." As stated above, I so request.

Sincerely,



James McRitchie

November 13, 2023

Date

[Citi: Rule 14a-8 Proposal, November 13, 2023]
[This line and any line above it – *Not* for publication.]

Proposal [4*] - Ascertain Client Voting Preferences

Resolved: Citigroup ("Citi" or "Company") shareholders request our Company prepare a report on the feasibility of offering customized proxy voting preferences for Citi clients that seek to maximize portfolio-wide returns by pursuing voting strategies designed to push certain companies to address social and environmental externalities.[1] The report shall be available to stockholders and investors by October 1, 2024, prepared at reasonable cost, consistent with fiduciary duties and other legal obligations, and omitting proprietary information.

Supporting Statement:

Citi and its subsidiaries manage approximately $474B in Personal Banking and Wealth Management assets[2]. As a fiduciary, Citi owes clients and investors duties of care and loyalty in exercising shareholder voting rights.[3]

Controversy over proxy voting - especially environmental, social, and governance ("ESG") proposals, increases risk.[4] Companies like Citi may be criticized from all sides.[5]

Diversified investors are interested in ensuring companies in portfolios managed by Citi do not threaten the rest of their portfolios[6] when individual companies prioritize their financial returns over systems critical to diversified portfolios.[7] Practically, this can mean maximizing profits by externalizing social and environmental risks to the detriment of other companies.

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[1] https://www.rout edge.com/Mov ng-Beyond-Modern-Portfo o-Theory-Invest ng-That-Matters/Lukomn k-Haw ey/p/book/9780367760823, chapter 5.
[2] https://www.citigroup.com/rcs/citigpa/storage/public/10k20221231.pdf
[3] See 14 CFR 275.206(4)-6
[4] https://ssrn.com/abstract=4360428
[5] https://ssrn.com/abstract=4299462
[6] https://theshareho dercommons.com/wp-content/up oads/2022/09/C mate-Change-Case-Study-FINAL.pdf
[7] https://ssrn.com/abstract=4056602

Reliance on proxy advisors does little to mitigate this problem or shield Citi from controversy.[8] Such advisors generally provide advice that maximizes the value of individual companies, not the value of diversified portfolios invested in such companies.[9]

Citi markets goal prioritization, scenario planning, asset allocation, progress tracking, and other services customized to the needs of investors[10]. But Citi fails to offer granular control over customized proxy voting, a core advisor responsibility subject to fiduciary duty standards.

Soliciting the diverse views of clients on issues raised in shareholder elections and incorporating them into voting/engagement practices, or facilitating the client's ability to do so themselves, can mitigate risk. Criticism of BlackRock, Vanguard, and State Street[11] led to programs providing investors with voting choices.

However, these programs present limited choices due to overreliance on traditional proxy advisors. New technologies facilitate soliciting investor preferences efficiently to inform voting and engagement.[12] Therefore, the report should not be limited to preset voting profiles but should include approaches and technologies that provide clients with granular control over voting, like the configurable options offered by Citi for constructing portfolios.

Investors want a voice. According to one study from Stanford Graduate School of Business, 83% of investors, irrespective of age, life stage, or ideological bent, want managers to consider their preferences when voting on environmental issues.[13]

Investment companies that fail to engage clients more fully in proxy voting will be subject to ever-increasing legal and reputational jeopardy.

Vote For Proposal [4*] Ascertain Client Voting Preferences

[This line and any below it is *not* for publication]
Number 4* to be assigned by the Company.

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[8] See, e.g., https://www.texasattorneygenera .gov/s tes/defau t/f es/ mages/press/Utah%20%26%20Texas%20Letter%20to%20G ass%20Lew s%20%26%20ISS%20FINAL.pdf, https://www.ws .com/art c es/b ackrocks-fa se-vot ng-cho ce-proxy-esg-ba ots- ss-g ass- ew s-66652357?mod=op n on ead pos1

[9] https://theshareho dercommons.com/wp-content/up oads/2023/09/The-Shareho der-Commons-response-to-ISS-Po cy-Survey-2023.pdf

[10] https://on ne.c t .com/US/JRS/pands/deta .do?ID= nvest-w th-persona -adv sor& ntc=c t ~ nvest ng-w th-c t ~choose-how-you- nvest~c t -wea th-management~ earn-more

[11] https://ssrn.com/abstract=4580206

[12] https://ssrn.com/abstract=4360428

[13] https://www.gsb.stanford.edu/s tes/defau t/f es/pub cat on/pdfs/survey- nvestors-ret rement-sav ngs-esg.pdf

The above title is part of the proposal and within the word limit. It should not be altered or misrepresented. The title should be used in all references to the proposal in the proxy and on the ballot. If there is an objection to the title, please negotiate or seek no-action relief as a last resort.

The above graphic are intended to be published with the rule 14a-8 proposal. The graphics would be the same size as the largest management graphics (and/or accompanying bold or highlighted management text with a graphic, box or shading) or any highlighted management executive summary used in conjunction with a management proposal or any other rule 14a-8 shareholder proposal in the 2024 proxy.

The proponent is willing to discuss the mutual elimination of both shareholder graphics and management graphics in the proxy in regard to specific proposals. Issuers should not assume proponent will not insist on the inclusion of the graphic if the issuer unilaterally decides not to include their own graphic.

Reference: SEC Staff Legal Bulletin No. **14L** (CF)**[16]**

> Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

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

> Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:
>
> - the company objects to factual assertions because they are not supported;
> - the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
> - the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
> - the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.
>
> **We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.**

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

The stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge receipt of this proposal promptly by emailing the proponent.