

Investor Advocates for Social Justice



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 Sisters of St. Joseph of Peace, et al. Securities Exchange Act of 1934—Rule 14a-8

The Congregation of the Sisters of St. Joseph of Peace, et al. (collectively the “Proponent”) beneficially owns common stock of Citigroup Inc. (the “Company” or “Citi”) and has submitted a shareholder proposal (the “Proposal”) to the Company for consideration at the Company’s 2025 annual meeting of shareholders. The Proponent is responding to the letter dated December 27, 2024 (the “Company Letter” or “no-action request”) that Sherri J. Starr (“Company Counsel”) sent to the Securities and Exchange Commission (the “SEC” or the “Commission”). In that letter, the Company contends the Proposal may be excluded from the Company’s 2025 proxy statement.

For the reasons discussed below, we respectfully submit that the Proposal is not excludable under Rule 14a-8(i)(10) and must therefore be included in the Company’s 2025 proxy materials. The Proposal is attached as an Appendix to this letter. A copy of this letter is being emailed concurrently to Company Counsel.

Summary

The Proposal requests that the Company’s Board of Directors provide a report to shareholders outlining the *effectiveness* of the Company’s policies, practices, and performance indicators in respecting internationally recognized human rights standards for Indigenous Peoples’ rights in its existing and proposed general corporate and project financing. The Company argues that its 2024 *Respecting the Rights of Indigenous Peoples’ Report* (the “Report”) satisfies the Proposal’s essential objectives. However, the Report fails to meet the specific and substantive requirements outlined in the Proposal.

Specifically, the Report:

1. Reiterates Citi’s commitments without evaluating the *effectiveness* of its policies and practices;
2. Fails to benchmark against international standards; and
3. Lacks perspectives from impacted Indigenous communities, a critical component of human rights due diligence based on international standards.

As a result of the aforementioned, the Proposal has not been substantially implemented and, therefore, is not subject to exclusion under Rule 14a-8(i)(10). The Proponent’s reasoning will be provided in the following sections.

ANALYSIS

I. The Proposal is not excludable pursuant to Rule 14a-8(i)(10) because it has not been substantially implemented.

A. Rule and Interpretation of Rule

The Company claims that it has substantially implemented the Proposal and is entitled to omit it pursuant to Rule 14a-8(i)(10). A company need not implement a proposal exactly as it is drafted. Still, the Company’s actions must satisfy the Proposal’s “essential objective” and the underlying concerns to be adequately addressed in order to support exclusion. See, e.g., Exelon Corp. (Feb. 26, 2010).

The Staff notes that “In determining the essential elements of a proposal, we anticipate that the degree of specificity of the proposal and of its stated primary objectives.” (SEC, 2022) The Proposal is specific in its essential objectives which are a report that evaluates the *effectiveness* of Citi’s policies, practices, and performance indicators *against internationally recognized standards* for Indigenous Peoples’ rights. The Proposal is clear in what it is requesting and what elements would be needed in a report in order to substantially address the essential objectives and underlying concerns.

The Company has not substantially implemented the “essential objectives” of the Proposal. The Company’s understanding of the Proposal’s essential objective and the Proponent’s underlying concerns on which its claim of substantial implementation is misconstrued. The Proposal is specific in its request for a report that evaluates the effectiveness of Citi’s policies, practices, and performance indicators against internationally recognized standards for Indigenous Peoples’ rights; however, the Citi report merely reiterates existing commitments and internal processes, failing to address the essential element of assessing effectiveness as required by the Proposal. Second, the Report is not aligned with international standards as it lacks the perspectives of impacted stakeholders.

The Staff has previously ruled against no-action requests in similar cases regarding substantial implementation, including Pfizer Inc. (March 8, 2022) Occidental Petroleum Corporation (March 15, 2022), Citigroup, Inc. (March 10, 2015), and Abbott Laboratories (February 8, 2012) where it found that the essential objectives of the proposals were not sufficiently addressed. In both instances, the Staff determined that the Companies’ actions did not meet the critical elements of the respective proposals, reinforcing the interpretation that a proposal cannot be deemed substantially implemented unless the Company has fully addressed its essential objectives.

Because of the reasons included below, the Proposals request has not been implemented, therefore the Company’s argument is unpersuasive.

II. The Proposal’s essential objective and the Proponent’s underlying concerns on which its claim of substantial implementation is misconstrued

A. Citi Misinterprets “Effectiveness” as Simply Restating Actions Taken

The Company interpreted the Proposal’s essential objective as requesting a report that discloses the “Company’s policies, practices and progress regarding Indigenous Peoples’ rights, including a detailed overview of the Company’s due diligence procedures that explains how the Company identifies and mitigates risks related to Indigenous Peoples’ rights, both for its ‘Financed Projects.’” However, this interpretation fundamentally misrepresents the Proposal’s essential objective. The “essential objective” of the Proposal calls for a report that evaluates the *effectiveness* of these policies, practices, and performance indicators; rather than a report that merely *describes* existing policies. The distinction is critical to addressing the essential objective. While Citi’s report reiterates its commitments and processes, it does not assess whether these measures meet international standards or effectively mitigate harm.

The Company claims that the Proposal’s request has been implemented, stating that the Report “discloses in detail its policies, practices, and performance indicators regarding Indigenous Peoples’ rights, and highlights data reflecting the ‘effectiveness [thereof].’” However, the Report stops short of evaluating the effectiveness in any meaningful way.

For example, in the section “ Existing Client Relationships Flagged for Potential Risks to Indigenous Peoples Through Annual Review Process,” the Company provides numbers on clients referred to the ESRM team for due diligence review. While this demonstrates a procedural step, it does not address whether those actions were effective in mitigating risks to Indigenous Peoples’ rights. The Proposal specifically requests a report outlining the effectiveness of policies, practices, and performance indicators. Instead, the Report provides performance metrics, which provide no indication of effectiveness and leave investors wondering what they are supposed to be learning from these numbers.

Later in the Report, in the section titled “New Transactions Flagged for Potential Risks to Indigenous Peoples,” the Company provides “a breakdown of the number of financing transactions flagged for due diligence related to potential risks to Indigenous Peoples, and the outcomes of those transactions after the Company’s review.” It highlights that, of the 37 transactions flagged as having potential risks to Indigenous Peoples, 16 transactions were “approved following satisfactory due diligence reviews and/or client engagement,” three were “approved subject to ongoing monitoring of risks and/or client engagement,” and seven were “declined due to concerns about risks to Indigenous Peoples’ rights.” Citi claims that this section “demonstrates the degree to which the systems that it has in place are effectively flagging potential risks to Indigenous Peoples’ rights.” These disclosures only demonstrate that there is a process that takes place; it does not provide any analysis of whether Indigenous Peoples’ rights were respected or whether the enhanced due diligence processes effectively mitigate potential risks. This data provides limited transparency, and it offers no analysis of whether risks to Indigenous communities were resolved, reduced, or remained unaddressed.

B. Citi’s Report Fails to Benchmark Against International Standards

The Report states that the Company’s policies are informed by international frameworks, including the UN Guiding Principles, the Equator Principles, and the World Bank’s International Finance Corporation (IFC) Performance Standards. However, the Report fails to evaluate its policies, practices, and performance indicators against these standards, which the Proposal specifically requests for a report “outlining the

effectiveness of Citigroup’s policies, practices, and performance indicators in respecting internationally-recognized human rights standards for Indigenous Peoples’ rights.” Merely referencing the policies that are *informed by* these standards does not constitute an analysis of effectiveness. An evaluation would require Citi to compare its policies, practices, and performance indicators to internationally recognized human rights standards for Indigenous Peoples’ rights and assess whether its practices meet or exceed those benchmarks.

In the section titled *New Transactions Flagged for Potential Risks to Indigenous Peoples*, Citi asserts that it has demonstrated the effectiveness of its policies, practices, and performance indicators by providing data on flagged transactions (see above). However, this data relies solely on internal metrics rather than being evaluated against internationally recognized standards, as explicitly requested by the Proposal.

In its no-action letter, the Company claims that the Report “addresses how the Company’s policies, practices, and performance indicators respect ‘internationally-recognized human rights standards.’” However, the Report itself contradicts this argument. The section titled *Our Commitment to Respecting Indigenous Peoples’ Rights—Policy Commitments and Alignment with International Frameworks* states that Citi’s policies are merely “informed by” these frameworks, not necessarily aligned with them.

III. The Report Lacks Perspectives of Impacted Stakeholders, in Accordance with International Standards

The Company asserts that the Proposal “do[es] not...provide any detail about what specifically was ‘inadequate.’” However, the Proposal explicitly identifies why the *Indigenous Peoples Report* is insufficient. The Proposal clearly states that the Report lacks impacted stakeholders’ perspectives. Furthermore, this is not a novel critique for Citi. A collective of Indigenous Peoples from the Peruvian Amazon issued a report, rejecting the Report and emphasizing its failures in addressing its human rights violations. Citi is fully aware of these controversies and the ongoing critique of its reporting practices. The Proposal also includes a link to an article further elaborating on why the prior report was an inadequate response to last year’s Proposal.

The Company further argues that impacted stakeholder “perspectives are not included in the Proposal’s request for a report that ‘outlin[es] the effectiveness of [the Company’s] policies, practices, and performance indicators.’” Citi also argues that “the standards that inform the Company’s ESRM Policy do not require financial institutions to directly engage impacted stakeholders or their clients, but rather to do due diligence on how their clients engage their stakeholders.”

This claim is unreasonable and inconsistent with widely accepted international standards. The UNGPs, which Citi acknowledges as informing its ESRM Policy, explicitly emphasize the importance of directly engaging impacted stakeholders. According to the UNGPs:

“Identifying and addressing human rights risks effectively requires an understanding of the perspectives of those who may be impacted. This means engaging wherever possible with those individuals whose human rights may be directly affected...”

Under this framework, Citi's failure to incorporate the perspectives of affected Indigenous Peoples in the Report renders it inadequate. Meaningful human rights due diligence, as outlined by the UNGPs, requires stakeholder engagement to understand the effectiveness of policies and practices. The absence of such engagement in Citi's Report directly undermines the Proposal's essential objective, which explicitly requests an evaluation of effectiveness in alignment with international standards. By failing to include impacted stakeholders' perspectives, Citi's Report does not fulfill the Proposal's requirements and cannot be considered substantially implemented.

CONCLUSION

Based on the foregoing, it is clear the Company has failed to meet its burden to show the Proposal is excludable from the 2025 proxy statement pursuant to Rule 14a-8(i)(10). As such, we respectfully request that the Commission deny the Company's no-action letter request. Should any questions arise, please contact Caitlin Seznec at cseznec@iasj.org and cc MMaravillas@csjp.org on all correspondence.



Caitlin Seznec
Program Director

On behalf of Sisters of St. Joseph of Peace