

February 10, 2020

Via e-mail: shareholderproposals@sec.gov

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

Re: Citigroup's Supplemental Request to Exclude Shareholder Proposal

Dear Sir or Madam:

We are in receipt of the supplemental letter from Citigroup regarding its no action request on our proposal regarding the Statement of Purpose of the Corporation. In its latest correspondence, the Company repeats its prior arguments regarding ordinary business and substantial implementation.

The Company's principal argument on substantial implementation seems to be that "amendments to the Company's certificate of incorporation, and bylaws are not necessary to implement the commitment to stakeholders expressed in the Statement, because a company's day-to-day business activities are not regulated through the provisions of those documents. Rather, management conducts day-to-day activities pursuant to policies and procedures implemented with Board or Board committee oversight."

While we have no doubt that some policies related to stakeholders are addressed by management on a day-to-day basis and pursuant to policies and procedures overseen by the board, investors are entitled to advance these concerns to a governance level, and therefore to vote on the request of the Proposal.

I and my fellow investors know that simple "statements" of the CEO or management do not hold the same status as the corporation's governance documents. Those governance documents are in effect the corporation's "constitution," and upon which fiduciary duties are built and evaluated. While it may be easy enough for our CEO and others to sign on to the Business Roundtable statement, in the absence of actions like our proposal we believe this will serve as a meaningless gesture until it is enforceable through corporate governance documents or corporate law. The scenario suggested by the company: no enforcement, no legislation, no legal or judicial oversight. No state, municipal or federal law to enforce the new "purpose."

Nor is the Proposal substantially implemented based on the board's ongoing monitoring of stakeholder issues. That monitoring does not answer the question raised by the statement: how does the company's governance framework reconcile the seeming contradiction between shareholder primacy and the commitment to all stakeholders? What do governance documents say as to how the purpose will be pursued while reconciling those sometimes aligned and sometimes disparate interests?

The Company's arguments of substantial implementation, essentially that the company's governance framework doesn't matter in defining corporate purpose or balancing the interests of stakeholders, reinforces the suspicion of many that the Statement's new "accountability to all" really amounts to accountability to none. Board and management can simply justify actions and policy based on whichever stakeholders they choose to promote on a given day.

The idea of a change in the corporate "purpose" implicates fundamental governance questions for the company, for whom the governance documents currently state that the only purpose of the company is literally anything the law allows: "engage in any lawful act or activity for which corporations may be organized." We believe, at a minimum, this corporate purpose should be revised consistent with the Statement.

In its reassertion of ordinary business arguments, Supplemental Letter from the Company attempts again to apply a narrow interpretation of the proposal's significant policy focus, which we have addressed in our prior correspondence. To reiterate concisely here, the thrust of the proposal is clearly on the Company's implementation of the controversial Statement of Purpose signed by the CEO. The Statement of Purpose implicates a significant policy issue as demonstrated by the widespread controversy associated with the statement. The controversy is *significant to the company*, regardless of the board and management's various stakeholder-oriented programs, because the CEO signed on to the Statement.

There is no "recasting" of the proposal in our reply. As the Staff is well aware, it is both necessary under the tests of Rule 14a-8(i)(7) both to demonstrate that a proposal addresses a significant policy issue to society as a topic of public controversy and widespread debate, which our response did with reference to the media coverage and public debate, and secondly, to focus on the relationship of that issue to the company, or in the language of recent Staff bulletins, "significance to the company."

The Statement implicates a long-standing public policy debate, the role of the Corporation in society. This is not new. It has always been a significant policy issue, one that is at the core of many shareholder proposals. Yet the high visibility endorsement of the statement by the CEO

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and other CEOs, seeming to reverse decades of focus on shareholder primacy makes this a significant policy issue suited to the consideration of shareholders.

This fundamental question raised by the CEO's endorsement of the Statement of Purpose, and its place in corporate governance as framed in the proposal does not descend into micromanagement or ordinary business. The fact that the board has an ongoing process to review policies affecting stakeholders does not obviate the need for the board to address the request of the proposal that the "board of directors, acting as responsible fiduciaries, conduct a comprehensive review of Citigroup's governance documents, making recommendations to the shareholders on specifically how the "Purpose of a Corporation" signed by our Chief Executive Officer can be fully implemented by board and management, and recommending amendments to governance documents such as the bylaws, Company's Articles of Incorporation, or Committee Charters to fulfill the new statement of purpose."

As we documented in our prior reply, there was adequate description of the Statement in the proposal. It is not vague.

Therefore, we urge the Staff to deny the Company's no action request.

Sincerely,



John Harrington

Cc: Shelley J. Dropkin

Via e-mail: dropkins@citi.com

Sanford Lewis

Via e-mail: sanfordlewis@strategiccounsel.net



January 28, 2020

BY E-MAIL [shareholderproposals@sec.gov]

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

Re: Stockholder Proposal to Citigroup Inc. from Harrington Investments, Inc.

Dear Sir or Madam:

This letter concerns a proposal (the "Proposal") submitted to Citigroup Inc. (the "Company") by Harrington Investments, Inc. (the "Proponent"). The Proposal urges the Company's board of directors (the "Board") to

conduct a comprehensive review of Citigroup's governance documents, making recommendations to the shareholders on specifically how the "Purpose of a Corporation" . . . can be fully implemented by board and management, and recommending amendments to governance documents such as the bylaws, Company's Articles of Incorporation, or Committee Charters to fulfill the new statement of purpose.

The Company submitted a letter on December 20, 2019 (the "Company Request") requesting confirmation that you will not recommend enforcement action against the Company if the Proposal is omitted from the Company's proxy materials for its 2020 annual meeting of stockholders in reliance on Rules 14a-8(i)(3), 14a-8(i)(10) and 14a-8(i)(7).¹ On January 13, 2020, the Company

¹ Bank of America Corp., JPMorgan Chase & Co. and The Goldman Sachs Group, Inc. each received for inclusion in their respective proxy materials a stockholder proposal substantially identical to the Proposal. *See Bank of America Corp.* No-Action Request (incoming letter dated December 20, 2019, pending decision from the Staff); *The Goldman Sachs Group, Inc.* No-Action Request (incoming letter dated December 30, 2019, pending decision from the Staff); *JPMorgan Chase & Co.* No-Action Request (incoming letter dated January 13, 2020, pending decision from the Staff). To the extent any arguments raised in these letters (or any other letter submitted by another company requesting exclusion of a substantially identical proposal) are applicable to the Company, the Company respectfully submits that the Proposal may be excluded on those additional grounds as well.

received a copy of correspondence addressed to you from the Proponent concerning the Proposal (the “Response Letter”). For the reasons stated below, and the reasons stated in the Company Request, the Company continues to believe the Proposal can be excluded from its proxy materials.

The Proposal Relates to the Company’s Ordinary Business and Does Not Focus on a Significant Policy Issue. As discussed in the Company Request, the Proposal can be excluded under Rule 14a-8(i)(7) because the Proposal principally relates to matters of ordinary business. The Staff permits companies to exclude proposals, even where the proposal touches on a significant policy issue, where the proposal’s central focus is on matter(s) of ordinary business.² The text of the Proposal’s recitals, resolution and supporting statement focus on the Company’s implementation (including through potential amendments to its governing documents) of the “Statement of the Purpose of a Corporation” (the “Statement”), which reduces to writing the signatory companies’ commitment to all of its stakeholders in five specific areas. The Company Request outlined how each of these areas identified in the Statement related to topics that the Staff of the Division of Corporation Finance (the “Staff”) has recognized as relating to a company’s ordinary business. The Proponent mentioned the issue of environmental sustainability once in the Proposal’s recitals, but the Proposal was otherwise silent with respect to issues implicating a significant policy concern. Merely referencing an issue that potentially implicates a significant policy concern, but does not define the scope of the actions requested by the proposal, does not make the proposal transcend ordinary business.³ In addition, simply using the phrase “governance documents”, and requesting the board consider potential amendments thereto, does not, without more, invoke a significant corporate governance issue that transcends ordinary business.⁴

Now, the Proponent attempts to recast the central focus of the Proposal. In the Response Letter, the Proponent asserts that the Proposal addresses “the high profile controversy” surrounding the adoption of the Statement and “focuses on the significant policy issue of the Company’s *sign-on* to the Statement.” Specifically, the Proponent cites to scholarly and industry expert debate regarding the Statement’s impact on shareholder primacy. However, this “high profile controversy” appears nowhere in the text of the Proposal. Instead, the Proposal focuses on how the Board and management plan to *implement* the Statement (i.e., implement measures to

² See, e.g., *Amazon.com Inc.* (avail. Mar. 28, 2019) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board annually report its analysis of the community impacts of the company’s operations and opportunities arising from its presence in communities, noting the proposal relates to the company’s “ordinary business operations” because “the [p]roposal relates generally to ‘the community impacts’ of the [c]ompany’s operations and does not appear to focus on an issue that transcends ordinary business matters”).

³ Cf. Staff Legal Bulletin 14J (Oct. 23, 2018) (“Where the focus appears to be on the ordinary business matter, the proposal may be excludable under Rule 14a-8(i)(7). This framework ensures that form is not elevated over substance and that a proposal is not included simply because it addresses an excludable matter in a manner that is connected to or touches upon senior executive or director compensation matters. Including an aspect of senior executive or director compensation in a proposal that otherwise focuses on an ordinary business matter will not insulate a proposal from exclusion under Rule 14a-8(i)(7).”)

⁴ See, e.g., *Wells Fargo & Co.* (avail. Feb. 27, 2019) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board prepare a report 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”).

show the Company's commitment to all stakeholders) and requests a report on the implementation plan. It does not seek a review and report on the Company's "sign-on" to the Statement.

Even assuming the text of the Proposal focused on the Company's sign-on to the Statement, merely citing to *recent* public debate does not necessarily establish a significant policy issue. The Staff has expressed the view that an issue should be the topic of *consistent* and widespread public debate to be considered a significant policy concern. For example, the Staff initially permitted companies to exclude proposals focusing on net neutrality under Rule 14a-8(i)(7) because that topic had not "emerged as a *consistent* topic of widespread public debate."⁵ In later years, the Staff was unable to concur in the exclusion of proposals on this topic due to "*sustained public debate over the last several years.*"⁶ To the extent the Statement has been the subject of public debate, it has been so only for approximately 6 months: far less than the "several years" standard expressed by the Staff.

The Company has Substantially Implemented the Proposal. As discussed in the Company Request, the Proposal can be excluded under Rule 14a-8(i)(10) as substantially implemented because the Company's current "policies, practices and procedures, as well as its public disclosures, compare favorably with the guidelines" of the Proposal.⁷ The central focus of the Proposal, as noted above, is the implementation of the Statement, which, again, reduces to writing the signatory companies' commitment to all stakeholders in five specific areas. The Company Request catalogued how the Company's current policies, practices and governance documents (e.g., its committee charters) demonstrate this commitment to all stakeholders (and thereby demonstrate the Company's implementation of the Statement). In addition, the Nomination, Governance and Public Affairs Committee of the Board (the "Committee") annually oversees the review of the Company's policies affecting its stakeholders and the committee charters in connection with its responsibility to consider the Company's relationships with its external constituencies. As discussed in the Company Request, because the Statement memorialized the Company's current commitment to stakeholders, there were no changes to policy, practices or documents that the Company needed to implement.

In its Response Letter, the Proponent argues that the Company has not substantially implemented the Proposal because the Company has "not conducted the review requested." However, as described above and in the Company Request, during numerous sessions throughout the year, the Committee (comprised solely of outside independent directors) reviews the Company's relationships with external constituencies, how those constituencies view the Company and whether actions should be taken to enhance the Company's relationship with those constituencies in order to advance the long-term interests of stockholders. The Staff has permitted the exclusion of proposals requesting a company conduct a review and share the results of such review with stockholders where the company has issued public disclosures that assess the proposal's essential objectives.⁸ As discussed above, the central focus (and essential objective) of

⁵ AT&T Inc. (avail. Feb. 2, 2011) (emphasis added).

⁶ AT&T Inc. (avail. Feb. 10, 2012) (emphasis added).

⁷ Duke Energy Corp. (avail. Feb. 21, 2012).

⁸ See, e.g., Entergy Corp. (avail. Feb. 14, 2014) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting a report "on policies the company could adopt . . . to reduce its greenhouse gas

the Proposal is the implementation of the commitment to stakeholders expressed in the Statement, and the Company's current practices and publicly disclosed policies and reports provide ample disclosure to stockholders on this topic. In addition, amendments to the Company's certificate of incorporation and bylaws are not necessary to implement the commitment to stakeholders expressed in the Statement, because a company's day-to-day business activities are not regulated through provisions of those documents. Rather, management conducts day-to-day activities pursuant to policies and procedures implemented with Board or Board committee oversight.

The Proposal is Vague and Misleading. For the reasons described in the Company Request, the Proposal can be excluded under Rule 14a-8(i)(3) because it is vague and misleading. Specifically, the Proposal refers to an external source (the Statement) that is essential for stockholders to understand the Proposal and the requested action (i.e., the implementation of the Statement), but fails to even attempt to describe the contents of the Statement.⁹ Understanding the purpose and scope of the Statement is essential for stockholders to ascertain exactly what action the Company would need to take to implement the commitment to stakeholders expressed in the Statement, as requested by the Proposal. The Proponent did not address this in the Response Letter, instead flatly asserting that the Proposal conveyed the "thrust" of the Statement.

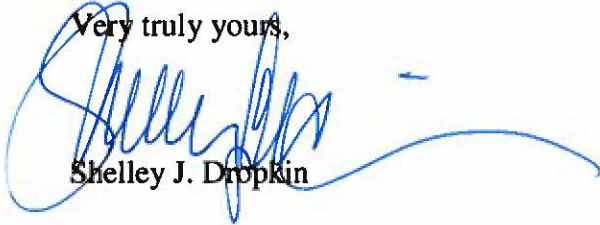
* * *

emissions," where the requested information already was available in the Company's sustainability and carbon disclosure reports).

⁹ See, e.g., *JPMorgan Chase & Co.* (avail. Mar. 6, 2014) (concurring in the exclusion under Rule 14a-8(i)(3) of a proposal requesting the company divest non-core banking assets where the proposal defined such assets by reference to a source outside the proposal (the company's annual report filed on form 10-k)); see also *Moody's Corp.* (avail. Feb. 10, 2014) (concurring in the exclusion under Rule 14a-8(i)(3) of a proposal requesting a report on the feasibility and relevance of incorporating "ESG risk assessments" qualitatively and quantitatively into all of the company's credit rating methodology, where the proposal did not define the term ESG nor explain the concept of "ESG risk assessments").

Conclusion. The Company believes that the Proposal is excludable from its proxy materials for the reasons stated above and set forth in the Company Request. If you have any comments or questions concerning this matter, please contact me at (212) 793-7396.

Very truly yours,



Shelley J. Dropkin

Deputy Corporate Secretary and
General Counsel, Corporate Governance

cc: Harrington Investments, Inc.
1001 2nd Street, Suite 325
Napa, California 94559
707-252-6166 (t)
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January 13, 2019

Via electronic mail – 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: Shareholder Proposal to Citigroup Inc. Regarding Statement of Purpose of the Corporation
by John Harrington, President, Harrington Investments, Inc.

Ladies and Gentlemen:

I am the beneficial owner of common stock of Citigroup Inc. (the "Company") and have submitted a shareholder proposal (the "Proposal") to the Company. I am in receipt of a letter dated December 20, 2019 ("Company Letter") sent to the Securities and Exchange Commission by Shelley J. Dropkin. In that letter, the Company contends that the Proposal may be excluded from the Company's 2020 proxy statement. A copy of this reply is being emailed concurrently to Shelley J. Dropkin.

SUMMARY

Proponents submitted a shareholder proposal to Citigroup requesting the following:

Therefore, be it Resolved, that shareholders request that our board of directors, acting as responsible fiduciaries, conduct a comprehensive review of Citigroup's governance documents, making recommendations to the shareholders on specifically how the "Purpose of a Corporation" signed by our Chief Executive Officer can be fully implemented by board and management, and recommending amendments to governance documents such as the bylaws, Company's Articles of Incorporation, or Committee Charters to fulfill the new statement of purpose.

The full Proposal is attached as Exhibit 1.

The Company argues for exclusion of the Proposal on the basis of Rules 14a-8(i)(3), 14a-8(i)(7) and 14a-8(i)(10).

The Proposal is not vague or misleading within the meaning of Rule 14a-8(i)(3); it clearly describes the essence of the commitment made by our CEO in endorsing the Statement of Purpose of a Corporation without requiring shareholders to know or have read that document. Despite the company's erroneous inference, the Proposal does not state or even imply that shareholders must vote upon amendments to the Company's governance documents. Instead, it simply seeks to involve shareholders in deliberation on the important considerations associated with implementation of the Statement of Purpose, which clearly and directly affects their interests. As such, we do not believe the Proposal is excludable on the basis of Rule 14a-8(i)(3).

Nor does the Proposal address ordinary business. Instead it addresses a high-profile controversy in which the Company's CEO has, in his endorsement of the Statement of the Purpose of the Corporation ("Statement"), created an obvious inference that the Statement is salient to the Company's own operations. The controversy created by the Statement has to do with the degree to which a corporation is responsible to its stakeholders, beyond its investors. The Business Roundtable articulated the statement in its unequivocal commitment to stakeholder interests, as going "beyond shareholder primacy".

Furthermore, in its focus on the relationship between the Statement of Purpose and the Company's governance documents, the Proposal does not focus on the day-to-day management of the company or its relationships with stakeholders. Instead its purpose is to encourage the board and management to more rigorously consider, at a governance level, how to address the major policy issues for the Company that are raised by the statement the CEO endorsed, the controversial Statement of Purpose of the Corporation.

Accordingly, we do not believe the Proposal is excludable on the basis of Rule 14a-8(i)(7).

Finally, the Company argues that it has substantially implemented the Proposal because policies and practices already in place address each of the five areas of stakeholder interest described in the Statement. The Company argues that because it has 'checked the box' on each of these categories, the Proposal has been substantially implemented. Again, the Company misconstrues the intent of the Proposal, which is to spur review of the Company's governance documents and gain disclosure of the Board's thinking and planning in advancing the Company's new commitments implied by the endorsement. Since the Company has not completed the requested review of its governance documents, nor issued guidance to shareholders on how the sign-on impacts these governance documents, the Company has not substantially implemented the Proposal. Accordingly, we do not believe the Proposal is excludable on the basis of Rule 14a-8(i)(10).

ANALYSIS

I. Rule 14a-8(i)(3)

The Company Letter argues that the Proposal is vague because it cannot be understood without referring to materials outside the Proposal. In particular, the Company argues that there are specific terms and requirements of the Statement that are inadequately described in the Proposal.

However, the Proposal clearly enough references the thrust of the Business Roundtable Statement, specifically noting that “our Chief Executive Officer, signed a statement pledging our Company to all stakeholders,” and further that “this Statement on the Purpose of a Corporation, also included a statement supporting “. . . the communities in which we work, . . . respect(ing) the people in our communities and protect(ing) the environment by embracing sustainability practices across our business,” and that these referenced commitments appear to be contradicted by company practices and governance documents.”

The question of vagueness in this context is whether shareholders would have a reasonable idea of what is being discussed, and what they are being asked to vote on in the Proposal. The language of the Proposal clearly explains that our CEO, by signing a certain statement, has made a new commitment on behalf of our Company to “all stakeholders”, that appears to be contradicted by company practices and governance documents. It is evident that the description of the Statement contained in the Proposal is complete enough to allow shareholders to vote on whether or not they want the Board to clarify whether the Company’s governance documents need to be amended to “fully” implement the new commitment. Shareholders need not have read the full Statement, or even have any familiarity with the Business Roundtable, to understand what is at issue in the Proposal.

The Company also argues that the Proposal is misleading because it implies that stockholder approval is required to amend the Company’s bylaws or other governance documents. There is no such implication in the Proposal. Instead, the thrust of the Proposal is to create engagement between the Board and the shareholders regarding how the Company may go about implementing the Statement of Purpose. In light of the widespread interpretation of the Statement as attempting to transcend shareholder primacy, these matters, including any amendments to the governance documents that might implement the Statement, should be of substantial concern and interest to investors, and it is appropriate for the Board to engage with its investors — as requested by the Proposal — rather than acting unilaterally to implement a purpose that may undermine investor interests.

Since shareholders are able to determine exactly what actions or measures the Proposal requires without reference to outside materials, and there is no implication that shareholders must approve any amendment to the Company’s governing documents, the Proposal is not excludable on the basis of Rule 14a-8(i)(3).

II. Rule 14a-8(i)(7)

The Company Letter asserts that the issues raised by the Proposal constitute ordinary business, excludable for purposes of Rule 14a-8(i)(7). However, as shown below, the Proposal addresses a current, significant policy issue that transcends ordinary business, one which is clearly significant to the Company. Therefore, the Proposal is not excludable for purposes of Rule 14a-8(i)(7).

The Company misrepresents the Proposal's core request as somehow seeking study of and reporting upon the business relationships and management questions that are the *content* of the Statement, e.g. studying and reporting upon how the Company manages the day-to-day details of its "(i) relationships with rank-and-file employees; (ii) relationships with the company's suppliers; (iii) relationships with customers; (iv) generalized concepts of public relations and community out-reach; and (v) engagement with stockholders." *Company Letter*, page 2-6. To the contrary, the Proposal in no way addresses the Company's practices and approach to the day-to-day management of its workforce, its management of supplier relations, or its selection of products and services. Nor does the Proposal address how the Company manages its "impact on local communities", related public relations activity, or the Company's choices relative to "the level and manner in which the Company engages with its stockholders". *Company Letter*, page 2-8. Instead, ***the Proposal focuses on the significant policy issue of the Company's sign-on to the Statement.***

The August 2019 issuance of the Business Roundtable's new Statement on the Purpose of the Corporation quickly gained high visibility in the media and garnered significant positive response from the public, while simultaneously generating a cloud of confusion and controversy. The Statement reignited a long-simmering debate regarding the public and private purposes of the Corporation, and raised this debate to a topic of transcendent policy focus.

The Business Roundtable has had a long-standing practice of issuing Principles of Corporate Governance, beginning in 1997, when those principles articulated the theory of shareholder primacy – that corporations exist principally to serve shareholders, and relegating the interests of any other stakeholders to positions that were strictly derivative of the duty to shareholders. But the new statement, which supersedes prior BRT statements, seems to imply that the duty to stakeholders is no longer derivative of the duty to stockholders.¹

As many commentators have long observed, the firm's balancing act between interests of shareholders and other stakeholders can be in alignment, but it can also be in conflict. For instance, Law Professor Jill E. Fisch, considering the role of shareholder primacy in consideration of economic efficiency has noted:

¹ *How Will Companies and CEOs Meet the Challenges of Corporate Social Responsibility*. Cydney Posner, Mondaq.com. December 20, 2019.
<http://www.mondaq.com/unitedstates/x/878330/Shareholders/How+Will+Companies+And+CEOs+Meet+The+Challenges+Of+Corporate+Social+Responsibility>

Within a framework of welfare economics in which the goal is societal wealth maximization, firm value is conceptually distinct from shareholder value. Corporations provide value to a variety of nonshareholder groups, including managers, employees, creditors, customers, and suppliers. A corporation provides value to its creditors in the form of interest on and repayment of its debt. It provides value to managers and other employees through jobs that yield compensation, fringe benefits, perquisites, and, in some cases, the development of specialized skills or marketable reputations. A corporation provides value to its customers and its suppliers through voluntary surplus-producing market transactions.

Firm value will, by its nature, exceed shareholder value because most or all of the value provided to nonshareholder stakeholders, in the form of salaries, interest payments, and so forth, is explicitly excluded from shareholder-oriented concepts of firm value such as corporate profit. Similarly, because it is distributed to nonshareholder stakeholders, this excess does not affect shareholder returns and ultimately will not be reflected in stock price....

Surprisingly, little research demonstrates a correlation between doing well and doing good, that is, a correlation between corporate performance and decisions that favor the interests of nonshareholder stakeholders or the public at large. Despite the existence of an extensive literature arguing for increased corporate social responsibility, there is scant evidence that corporate decisions favoring the interests of workers, customers, or the community actually increase the size of the pie, as opposed to reflecting transfers of wealth from one group of stakeholders to another.

Even if the interests of corporate stakeholders are, in many cases, aligned, sometimes they are not. In at least a subset of corporate decisions, there is a true conflict between the interests of different stakeholders, and a decision that benefits one class of stakeholders will harm another. Moreover, many of the corporate rules ... are addressed to these types of intra-capital structure battles. Takeover regulation, the scope of director and officer liability, board structure, and executive compensation all have the potential to affect wealth transfers between stakeholders.²

Numerous legal and corporate scholars have written articles and reports addressing the new statement, arguing that the statement itself violates the fiduciary duties of directors, that it involves misleading communications and that it unlawfully attempts to supplant shareholder primacy.

For instance, an article in *Fiduciary News* asked outright, “Did Business Roundtable Just Break a Fiduciary Oath?”³ In this article, the author explained:

The issue of which constituency – or “stakeholder” – has the highest priority has long been a classic corporate governance conundrum. Still, the prevailing consensus, as espoused by Milton Friedman in his September 13, 1970 New York Times Magazine article, has been corporate executives work for their owners (i.e., shareholders) and have

² Fisch, Jill E., “Measuring Efficiency in Corporate Law: The Role of Shareholder Primacy” (2006). Faculty Scholarship. Paper 1043. http://scholarship.law.upenn.edu/faculty_scholarship/1043

³ Christopher Carosa, “Did Business Roundtable Just Break A Fiduciary Oath?”, *FiduciaryNews.com*. August 27, 2019. <http://fiduciarynews.com/2019/08/did-business-roundtable-just-break-a-fiduciary-oath/>.

a responsibility to do what those owners desire, which is to make as much money as (legally) possible. That all changed on August 19, 2019.

While exploring the laudable aspects of commitments to corporate social responsibility, the author of the article returned to the principles put forth by Milton Friedman, in which Friedman noted that:

the doctrine of 'social responsibility' taken seriously would extend the scope of the political mechanism to every human activity. It does not differ in philosophy from the most explicitly collectivist doctrine. It differs only by professing to believe that collectivist ends can be attained without collectivist means. That is why, in my book *Capitalism and Freedom*, I have called it a 'fundamentally subversive doctrine' in a free society, and have said that in such a society, 'there is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception fraud.'

But the author of the article concluded:

With this in mind, the next question might be: What potential fiduciary liability might an investment adviser have by knowingly using client assets to purchase shares of companies whose CEOs are on record of subordinating shareholder interest?

This same concern about subordination of investor interests was also raised by an array of respected voices on corporate governance, from the Council of Institutional Investors to Delaware law expert Charles Elson, in coverage by *Pensions and Investments*:

In its own statement, the Council of Institutional Investors — whose pension fund, endowment and foundation members hold a collective \$4 trillion in assets — warned the policy shift would diminish shareholder rights and, in the absence of new mechanisms to assure accountability of boards and management, would lead to "accountability to no one.

Long-term views and strategies are important, CII officials said in the statement, but "if 'stakeholder governance' and 'sustainability' become hiding places for poor management," the economy or public equity markets will suffer.

'Very bad results'

Charles M. Elson, the Edgar S. Woolard Jr. Chair of Corporate Governance and director of the John L. Weinberg Center for Corporate Governance at the University of Delaware, Newark, views the new Business Roundtable policy as "a mistake."

Before Business Roundtable members adopted the shareholder-first policy in 1997, companies trying to appeal to all stakeholders "led to very bad management and very bad results — for their investors and their employees. The folks who are ultimately hurt are working men and women" whose pension funds invest in the companies, Mr. Elson said.

Returning to that policy "will come back to haunt" company executives, especially if shareholder value drops, Mr. Elson warned. He said he hopes the CEOs will soften their

approach as they move to implement the change, and take care to keep shareholders at the front of the line.

"The point is, these people invested in you. What happens the next time you ask for their money?" he said."⁴

The driving force behind the new Statement appears to be a groundswell of sentiment from the public, and particularly employees, that companies must have a purpose beyond profiteering. As reported in *Fortune Magazine's* coverage of the BRT statement, the driver for this new initiative of BRT was widespread public and employee unrest regarding the purpose of the corporation and the need for a public mission:

More and more CEOs worry that public support for the system in which they've operated is in danger of disappearing.

"Society gives each of us a license to operate," IBM CEO Ginni Rometty told me this August. "It's a question of whether society trusts you or not. We need society to accept what it is that we do."

...

Public interest in corporate responsibility is unusually high: A July [2019] survey of 1,026 adults for Fortune by polling firm New Paradigm Strategy Group found that nearly three-quarters (72%) agree that public companies should be "mission driven" as well as focused on shareholders and customers. *Today, as many Americans (64%) say that a company's "primary purpose" should include "making the world better" as say it should include "making money for shareholders."*

*But CEOs invariably say the constituency that's truly driving their newfound social activism is their employees. Younger workers expect even more from employers on this front. Though, according to the poll, fewer than half of Americans overall (46%) say that CEOs should take a stance on public issues, support for such action is overwhelming among those ages 25 to 44. Millennials, in particular, may be driving the change more than anyone —and, more important, they're choosing to work at companies that are driving change too. Among those ages 25 to 34 in the Fortune/NP Strategy poll, 80% say they want to work for "engaged companies."*⁵ (Emphasis added).

Those who are longtime observers and participants in the debate on corporate social responsibility, such as Nell Minow of Value Edge Investors, have suggested that the Statement is really more of an attempt to avoid rather than to create accountability:

⁴ Hazel Bradford, "CEOs face pushback over stakeholder refocus", Pensions and Investments, September 02, 2019. <https://www.pionline.com/governance/ceos-face-pushback-over-stakeholder-refocus>.

⁵ Alan Murray, "America's CEOs Seek a New Purpose for the Corporation", *Fortune*, August 19, 2019. <https://fortune.com/longform/business-roundtable-ceos-corporations-purpose/>

We've seen this before. The last time the BRT deployed stakeholder rhetoric it was during the 1980's era of hostile takeovers, when a feint to the interests of anyone other than shareholders was the best way to entrench management. The CEOs who signed this statement know that accountability to everyone is accountability to no one. It's like a shell game where the pea of any kind of obligation is always under the shell you didn't pick. It's shoot an arrow at the wall and then draw a bull's-eye around it goal-setting.

...

There is also a serious credibility problem here. Barry Ritholtz notes dryly, "Scan the list of 181 signatories to the recent memo and it's a Who's Who of corporate behavior that has burdened and disadvantaged the very stakeholders they will now champion." His exhaustive lists include many specific examples of opposition to unions, health, environmental, consumer protection and safety rules, and efforts to reduce shareholder oversight."⁶

Value Edge Investors has compiled responses to the Statement, collecting all manner of sources, from reader responses to top news publication commentary. For instance, it notes *Fortune* reader responses, like this one:

*"Every CEO focuses extensively on the "needs of society" ... until they have a bad quarter."*⁷

Similarly, on *Bloomberg*:

*"It certainly sounds enlightened — and if Dimon's goal is merely to sound enlightened and thereby improve JP Morgan's image, then his move is a smart one. If, however, he genuinely means what he says, then his proposal is misguided. Its implementation will be at best wasteful and at worst harmful to investors, workers and society.... Asking corporate managers to focus more on improving society and less on making profits may sound like a good strategy. But it's a blueprint for ineffective and counterproductive public policy on the one hand, and blame-shifting and lack of accountability on the other. This is a truth Milton Friedman recognized nearly five decades ago — and one that all corporate stakeholders ignore today at their peril."*⁸

A commentator at *Slate* demonstrates critique:

"Now, you might be tempted to think that, by issuing a feel good PR statement about how corporations really have society's best interests at heart, and aren't just cold-

⁶ Nell Minow, "Six Reasons We Don't Trust the New "Stakeholder" Promise from the Business Roundtable", ValueEdge Advisors, September 2, 2019. <https://corpgov.law.harvard.edu/2019/09/02/six-reasons-we-dont-trust-the-new-stakeholder-promise-from-the-business-roundtable/>.

⁷ <https://fortune.com/2019/08/20/feedback-on-the-business-roundtable-shift-ceo-daily>

⁸ <https://www.bloomberg.com/opinion/articles/2019-08-22/corporations-should-keep-their-focus-on-profit-not-on-doing-good>

blooded profit machines, America's CEOs are trying to put a warm face on U.S. capitalism and beat back demands for more fundamental reforms, such as Warren's, that might actually give workers a voice in corporate decision-making. But that would be cynical, wouldn't it?⁹"

And authors at the *Wall Street Journal*, explain:

While 181 CEOs say they are committed to serving 'all stakeholders,' when it comes to assessing their own performance, there is really only one master.

Now, even as investor interests are increasingly cast as the root of many social problems, I offer this word of encouragement to shareholders: You may be unpopular, but you are still king.

How do I know this? The regulatory disclosures of most of the companies at the Business Roundtable represents tell me that senior leaders get paid for performance, and by "performance" we mean stock price. Almost all of their CEOs issue financial guidance, buy back sums of stock that dwarf capital spending and equate a healthy share price with a healthy payday.¹⁰

As well as:

"The Business Roundtable's statement was a significant step in the right direction. But for those who signed—and, by extension, for all American corporations—now comes the hard part: turning this vision into something measurably meaningful."¹¹

The debate portrayed in the examples above — which offer only a small slice of the total research, writing and commentary on this high-profile controversy— demonstrates that the Proposal in fact addresses a significant policy issue that transcends ordinary business. Thus, the Proposal is not excludable for purposes of Rule 14a-8(i)(7).

⁹ Jordan Weissman, "America's Most Powerful CEOs Say They No Longer Only Care About Shareholder Value. Here's How They Can Prove It.", Slate, August 21, 2019. <https://slate.com/business/2019/08/ceos-shareholder-value-investors-business-roundtable.html>.

¹⁰ John Stoll, "A Reminder for CEOs Considering a Shift in Focus: Shareholders Are Still King", *Wall Street Journal*, Sept. 6, 2019. <https://www.wsj.com/articles/a-reminder-for-ceos-considering-a-shift-in-focus-shareholders-are-still-king-11567791772>.

¹¹ Rick Wartzman and Kelly Tang, "The Business Roundtable's Model of Capitalism Does Pay Off," *Wall Street Journal*, Oct. 27, 2019. <https://www.wsj.com/articles/the-business-roundtables-model-of-capitalism-does-pay-off-11572228120>.

III. Rule 14a-8(i)(10)

The Company Letter asserts that the Proposal is excludable on the basis of Rule 14-8(i)(10) as having been substantially implemented. It is laudable that the Company already has numerous community, philanthropic, environmental and workforce programs in place intended to serve stakeholder interests. In its mischaracterization of the purpose of the Proposal as getting the Company to address the impact of Company decisions on each of the five stakeholder populations, the Company goes to great lengths to demonstrate the action it has already taken to take stakeholder interest into account. See *Company Letter*, pages 2-3 through 2-7. However, the purpose of the Proposal is not to merely ensure that the Company has programs or practices that consider or serve the five categories of stakeholders named in the Statement. Instead, the purpose of the Proposal is to spur a comprehensive *review of the Company's governance documents with an eye toward more fully implementing the Statement*. Specifically, the Proposal asks for the Board to: 1) conduct a comprehensive review of Citigroup's governance documents, and 2) make recommendations to shareholders, in their capacity as responsible fiduciaries, as to how the Board foresees “fully implementing” the new commitments created by our CEO’s sign-on of the August 2019 Statement of Purpose of the Corporation.

At its core, the Statement focuses on the “purpose” of the Corporation. The “purpose” for Citigroup is currently stated in its Articles of Incorporation:¹² There is little to no clarity in the Company’s Articles of Incorporation, or any of the Company’s corporate governance documents, regarding how such choices will be made or how the Statement of Purpose is to be reconciled with the Company’s legal obligations, including obligations inherent in state and federal law governing the operation of the Corporation.

Thus, the purpose of the Proposal is not, as the Company seems to believe, to seek the implementation of policies and practices addressing all five categories of stakeholder interest described in the Statement. The Proposal does not even fully describe all five of these categories, because this is not the purpose of the Proposal. Instead, considering that **the issuance of the Statement of Purpose has created a new paradigm for corporate governance in the United States, and that our Company has pledged to join this new paradigm**, the Proposal seeks to understand, in the process of “taking the interests of all stakeholders into account”, how the Company is to conduct its business and corporate decision-making going forward.

The Company has substantially fulfilled neither the guidelines nor the essential purpose of the Proposal.

In order for a Company to meet its burden of proving substantial implementation pursuant to Rule 14a-8(i)(10), the actions in question must compare favorably with the guidelines and essential purpose of the Proposal. The Staff has noted that a determination that a company has substantially implemented a proposal depends upon whether a company’s particular policies, practices, and procedures compare favorably with the guidelines of the proposal. *Texaco, Inc.* (Mar. 28, 1991). Substantial implementation under Rule 14a-8(i)(10) requires a company’s

¹² According to the Company’s Articles of Incorporation, the purpose of the Corporation is “to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.” [Add citation, Article 3]

actions to have satisfactorily addressed *both* the proposal's guidelines and its essential objective. See, e.g., *Exelon Corp.* (Feb. 26, 2010). Thus, when a company can demonstrate that it has already taken actions that meet most of the guidelines of a proposal and meet the proposal's essential purpose, the Staff has concurred that the proposal has been "substantially implemented." In the current instance, the Company has substantially fulfilled *neither* the guidelines nor the essential purpose of the Proposal, and therefore the Proposal cannot be excluded under Rule (i)(10).

The Proposal requests that the Company "conduct a comprehensive review of Citigroup's governance documents, making recommendations to the shareholders on specifically how the "Purpose of a Corporation" signed by our Chief Executive Officer can be fully implemented by board and management, and recommending amendments to governance documents such as the bylaws, Company's Articles of Incorporation, or Committee Charters to fulfill the new statement of purpose". The guidelines of the Proposal clearly seek review of the Company's governance documents.

The Company does not allege that it has completed the requested review of governance documents, nor has it done so.

The Staff has previously declined to find substantial implementation in cases where companies disclose abundant information without fulfilling the guidelines of the proposal. See, for example, *EOG Resources, Inc.* (avail. January 30, 2015), where the proposal sought a review of the company's efforts to reduce methane emissions. Existing disclosures provided an abundance of evidence showing that the company was indeed reducing its methane emissions. Despite this, the proponent insisted that the proposal was not substantially implemented, as the company had not conducted the *review* requested (even though the company was *actually reducing* its emissions as the proponent wanted). The Staff agreed with the proponent and denied the company's no action request under Rule 14a-8(i)(10).

Failure to fulfill each of the guidelines of the proposal is a basis for finding that a proposal is not excludable under Rule 14a-8(i)(10). For instance, in *Dominion Resources, Inc.* (February 28, 2014), the Company sought to omit a shareholder proposal from its proxy materials which mandated the creation of a report on the Company's lobbying contributions and expenditures, claiming that its web publications substantially implemented the proposal. Proponents asserted that though the Company did provide some information on its policies, procedures and decision-making process in this regard, these disclosures did not fulfill the guidelines or essential purpose of the Proposal because the Proposal's particular concerns of the Company's participation in trade associations and direct state lobbying were not addressed. See also, *Southwestern Energy* (March 15, 2011) (political contributions disclosure proposal that sought accounting of direct and indirect expenditures was not substantially implemented by disclosure of direct expenditures only).

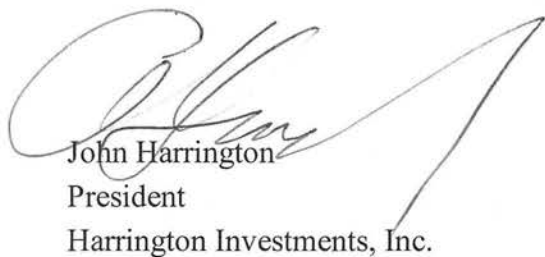
Though the information provided by the Company addresses the *category* of stakeholders affected by the Company, it does not address the Proposal's *intended purpose* of understanding how the Company's governance documents will prioritize and reconcile the needs and support of

different stakeholder groups henceforth. As such, the Company's actions do not fulfill either the guidelines or the essential purpose of the current Proposal.

CONCLUSION

In conclusion, the Company has failed to demonstrate that the Proposal is excludable on the basis of Rule 14a-8(i)(3), 14a-8(i)(7) or 14a-8(i)(10). Accordingly, we request that the Company's petition for no-action on the basis of Rule 14a-8 be declined.

Sincerely,



John Harrington
President
Harrington Investments, Inc.

Attachment

Cc: Shelley Dropkin

Via e-mail: dropkins@citi.com
w/attachment

Sanford Lewis, Esq.

Via e-mail: sanfordlewis@strategiccounsel.net
w/attachment

CITIGROUP - 2020

Whereas, our Company's Nomination, Governance and Public Affairs Committee is responsible for oversight of public affairs by reviewing the relationships of major external constituencies and advising management and the board; and

Whereas, in August two thousand nineteen, our Chief Executive Officer, signed a statement pledging our Company to all stakeholders; and

Whereas, this Statement on the Purpose of a Corporation, also included a statement supporting “. . . the communities in which we work, . . . respect(ing) the people in our communities and protect(ing) the environment by embracing sustainability practices across our business,” and

Whereas, there may be incongruities between public pledges or statements made by our Chief Executive Officer and company policies adopted by our Board of Directors as fiduciaries, reflected in our Company's governance documents, including bylaws, Articles of Incorporation or committee charters;

Whereas, however, there is no indication of how such public statements will be implemented in policy, or even if such a policy was considered by our board of directors, as a policy to be implemented by amending our Company's governance documents;

Therefore, be it Resolved, that shareholders request that our board of directors, acting as responsible fiduciaries, to conduct a comprehensive review of Citigroup's governance documents, making recommendations to the shareholders on specifically how the “Purpose of a Corporation” signed by our Chief Executive Officer can be fully

implemented by board and management, and recommending amendments to governance documents such as the bylaws, Company's Articles of Incorporation, or Committee Charters to fulfill the new statement of purpose.

Supporting Statement

Our Company's management has committed our Company to a corporate purpose that does not appear in our Company's governance documents. Amendments to the bylaws, Articles of Incorporation, or the board's committee charters are needed in order to clarify the responsibilities of the board of directors as fiduciaries for fulfilling the newly articulated corporate purpose.



December 20, 2019

BY E-MAIL [shareholderproposals@sec.gov]

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

Re: Stockholder Proposal to Citigroup Inc. from Harrington Investments, Inc.

Dear Sir or Madam:

Pursuant to Rule 14a-8(j) of the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), attached hereto for filing is a copy of the stockholder proposal and supporting statement (together, the "Proposal") submitted by Harrington Investments, Inc. (the "Proponent") for inclusion in the proxy statement and form of proxy (together, the "2020 Proxy Materials") to be furnished to stockholders by Citigroup Inc. (the "Company") in connection with its 2020 annual meeting of stockholders. The Proponent's mailing address, telephone number and fax number, as stated in the correspondence of the Proponent, are listed below.

Also attached for filing is a copy of a statement of explanation outlining the reasons the Company believes that it may exclude the Proposal from its 2020 Proxy Materials pursuant to Rules 14a-8(i)(3), 14a-8(i)(10) and 14a-8(i)(7).

By copy of this letter and the attached material, the Company is notifying the Proponent of its intention to exclude the Proposal from its 2020 Proxy Materials.

The Company is filing this letter with the U.S. Securities and Exchange Commission (the "Commission") not less than 80 calendar days before it intends to file its 2020 Proxy Materials. The Company intends to commence printing its Notice and Access materials on March 6, 2020 and file its 2020 Proxy Materials on or about March 11, 2020.

The Company respectfully requests that the Staff of the Division of Corporation Finance (the "Staff") of the Commission confirm that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its 2020 Proxy Materials.

If you have any comments or questions concerning this matter, please contact me at (212) 793-7396.

Very truly yours,



Shelley J. Dropkin
Deputy Corporate Secretary and
General Counsel, Corporate Governance

cc: Harrington Investments, Inc.
1001 2nd Street, Suite 325
Napa, California 94559
707-252-6166 (t)
707-257-7923 (f)

ENCLOSURE 1

THE PROPOSAL AND RELATED CORRESPONDENCE (IF ANY)

HARRINGTON
INVESTMENTS, INC.

November 5, 2019

Corporate Secretary
Citigroup, Inc.
388 Greenwich Street
New York, New York 10013

RE: Shareholder Proposal

Dear General Counsel and Secretary,

As a shareholder in Citigroup, Inc., I am filing the enclosed shareholder resolution pursuant to Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 for inclusion in the Citigroup, Inc. Proxy Statement for the 2020 annual meeting of shareholders.

I am the beneficial owner of at least \$2,000 worth of Citigroup, Inc. stock. I have held the requisite number of shares for over one year, and plan to hold sufficient shares in Citigroup, Inc. through the date of the annual shareholders' meeting. In accordance with Rule 14a-8 of the Securities Exchange Act of 1934, verification of ownership is included. I or a representative will attend the stockholders' meeting to move the resolution as required by SEC rules.

If you have any questions, I can be contacted at (707) 252-6166.

Sincerely,



John C. Harrington
President and C.E.O.
Harrington Investments, Inc.

CITIGROUP - 2020

Whereas, our Company's Nomination, Governance and Public Affairs Committee is responsible for oversight of public affairs by reviewing the relationships of major external constituencies and advising management and the board; and

Whereas, in August two thousand nineteen, our Chief Executive Officer, signed a statement pledging our Company to all stakeholders; and

Whereas, this Statement on the Purpose of a Corporation, also included a statement supporting ". . . the communities in which we work, . . . respect(ing) the people in our communities and protect(ing) the environment by embracing sustainability practices across our business," and

Whereas, there may be incongruities between public pledges or statements made by our Chief Executive Officer and company policies adopted by our Board of Directors as fiduciaries, reflected in our Company's governance documents, including bylaws, Articles of Incorporation or committee charters;

Whereas, however, there is no indication of how such public statements will be implemented in policy, or even if such a policy was considered by our board of directors, as a policy to be implemented by amending our Company's governance documents;

Therefore, be it Resolved, that shareholders request that our board of directors, acting as responsible fiduciaries, to conduct a comprehensive review of Citigroup's governance documents, making recommendations to the shareholders on specifically how the "Purpose of a Corporation" signed by our Chief Executive Officer can be fully

implemented by board and management, and recommending amendments to governance documents such as the bylaws, Company's Articles of Incorporation, or Committee Charters to fulfill the new statement of purpose.

Supporting Statement

Our Company's management has committed our Company to a corporate purpose that does not appear in our Company's governance documents. Amendments to the bylaws, Articles of Incorporation, or the board's committee charters are needed in order to clarify the responsibilities of the board of directors as fiduciaries for fulfilling the newly articulated corporate purpose.



November 5, 2019

John Harrington
1001 2nd Street Suite 325
Napa, CA 94559

Account number ending in:

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

Important information regarding shares in your account.

Dear John Harrington,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 150 shares of Citigroup Inc C common stock. These shares have been held in the account continuously for at least one year prior to and including November 5, 2019.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Mikaela Jamka

Mikaela Jamka
Associate, Institutional
MID-MARKET PHOENIX SERVICE
2423 E Lincoln Dr
PHOENIX, AZ 85016-1215

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").

Paula F. Jones
Assistant Secretary
& Associate General Counsel,
Corporate Governance

Citigroup Inc.
388 Greenwich Street
17th Floor
New York, NY 10022

T 212 793 3863
jonesp@citi.com



VIA UPS and Email

November 7, 2019

John C. Harrington
President and CEO
Harrington Investments, Inc.
1001 2nd Street, Suite 325
Napa, CA 94559

Dear Mr. Harrington:

Citigroup Inc. acknowledges receipt of your stockholder proposal for submission to Citigroup stockholders at the Annual Meeting in April 2020.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Paula F. Jones", written over a faint, larger signature.

Paula F. Jones
Assistant Secretary and
Associate General Counsel, Corporate Governance

ENCLOSURE 2

STATEMENT OF INTENT TO EXCLUDE STOCKHOLDER PROPOSAL

The Proposal requests that the Company's Board of Directors (the "Board")

conduct a comprehensive review of Citigroup's governance documents, making recommendations to the shareholders on specifically how the "Purpose of a Corporation" signed by our Chief Executive Officer can be fully implemented by board and management, and recommending amendments to governance documents such as the bylaws, Company's Articles of Incorporation, or Committee Charters to fulfill the new statement of purpose.

The Proponent does not reproduce, or really even try to describe, the "Purpose of a Corporation" that is the subject of his Proposal. The Company believes the Proponent is referring to the Statement of the Purpose of a Corporation issued by the Business Roundtable (the "Statement"), which was signed by the chief executive officers of 181 companies, including the Company's Chief Executive Officer (the "CEO"). The Statement reduces to writing the signatory companies' commitment to all of their stakeholders, specifically in five areas: (1) "delivering value to the company's customers"; (2) "investing in our employees"; (3) "dealing fairly and ethically with our suppliers"; (4) "supporting the communities in which we work"; and (5) "generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate."¹ A copy of the Statement is attached hereto as Enclosure 3.

THE PROPOSAL MAY BE EXCLUDED BECAUSE IT IS VAGUE AND MISLEADING.

The Proposal may be excluded pursuant to Rule 14a-8(i)(3) because the Proposal is vague and misleading.²

The Proposal is vague because stockholders cannot understand the action requested by the Proposal without referring to materials outside the Proposal. As described by

¹ See Business Roundtable Statement on the Purpose of a Corporation, available at <https://opportunity.businessroundtable.org/ourcommitment>.

² Rule 14a-8(i)(3) permits the exclusion of a proposal if it violates any of the Commission's rules, including Rule 14a-9, which prohibits statements in proxies or certain other communications that, in light of the circumstances, are "false or misleading with respect to any material fact." See 17 C.F.R. § 240.14a-8(i)(3) (permitting exclusion of a proposal if it is "contrary to any of the Commission's proxy rules, including § 240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials"); 17 C.F.R. § 240.14a-9 ("No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.").

the Staff, a proposal can be excluded as vague under Rule 14a-8(i)(3) if “neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires.”³ The Staff has permitted companies to exclude a proposal as vague where the action requested by the proposal is only ascertainable if stockholders refer to materials outside of the proposal.⁴ This position is consistent with Staff Legal Bulletin 14G,⁵ in which the Staff stated that “[i]f a proposal or supporting statement refers to a website that provides information necessary for shareholders and the company to understand with reasonable certainty exactly what actions or measures the proposal requires, and such information is not also contained in the proposal or in the supporting statement, then we believe the proposal . . . would be subject to exclusion under rule 14a-8(i)(3) as vague and indefinite.” Here, the Proposal, which references the Statement in the recitals and resolution, would require stockholders to review the full Statement in order to understand exactly what action the Company would need to take to implement the Proposal. As noted above, there are five key areas addressed in the Statement, and the Proponent has not even attempted to describe all of them.

The Proponent’s submission illustrates the problem with relying on a document outside the Proposal. The stockholders cannot take an informed vote on a proposal seeking a Board review of governing documents to “fully implement” the “new statement of purpose” referenced by the Proponent when it is unclear exactly what “purposes” are to be implemented.

The Proposal is misleading because it implies that stockholder approval is required to amend the Company’s bylaws, committee charters and policies. The Proposal requests the Board make recommendations to stockholders regarding how to “fully” implement the “new statement of purpose” of the Company through amendments to the Company’s governing documents. This implies that stockholder approval is required for any amendment to the Company’s governing documents. However, stockholders are only required to approve amendments to the Company’s Certificate of Incorporation. The Board has the authority to unilaterally amend the By-Laws, committee charters and policies, without stockholder approval. Therefore, the Proposal is potentially misleading and confusing to stockholders.⁶

³ See Staff Legal Bulletin No. 14B (Sept. 15 2004).

⁴ See, e.g., *JPMorgan Chase & Co.* (avail. Mar. 6, 2014) (concurring in the exclusion under Rule 14a-8(i)(3) of a proposal requesting the company divest non-core banking assets where the proposal defined such assets by reference to a source outside the proposal (the company’s annual report filed on form 10-k)); see also *Boeing Corp.* (Feb. 9, 2004) (concurring in the exclusion under Rule 14a-8(i)(3) of a proposal requesting a bylaw amendment to require an independent director serve as board chairman where the proposal defined “independent” by reference to the definition set by the Council of Institutional Investors).

⁵ See Staff Legal Bulletin No. 14G (Oct. 16, 2012).

⁶ Assuming the Proposal is seeking implementation of all five of the objectives of the Statement, the Proposal is misleading because it implies that the Company needs to amend its governing documents in order to do so. As described below, these five objectives relate to the manner in which the Company conducts its business. A company’s day-to-day business activities are not regulated through provisions of such company’s governing documents, but rather, management conducts day-to-day activities pursuant to policies and procedures implemented with board or board committee oversight. Therefore, to the extent the Proposal

For the foregoing reasons, the Proposal may be excluded pursuant to Rule 14a-8(i)(3).

THE COMPANY HAS SUBSTANTIALLY IMPLEMENTED THE PROPOSAL.

Even assuming the Proposal is seeking implementation of all five of the objectives in the Statement, the Company has substantially implemented the Proposal.

Rule 14a-8(i)(10) permits the exclusion of a proposal if the company has already “substantially implemented the proposal.” The purpose of Rule 14a-8(i)(10) is “to avoid the possibility of shareholders having to consider matters which have already been favorably acted upon by management.”⁷ However, Rule 14a-8(i)(10) does not require exact correspondence between the actions sought by a proponent and the issuer’s actions in order to exclude a proposal.⁸ Rather, the Staff has stated that “a determination that the [c]ompany has substantially implemented the proposal depends upon whether [the company’s] particular policies, practices and procedures compare favorably” with those requested under the proposal, and not on the exact means of implementation.⁹ In other words, the Rule requires only that a company’s prior actions satisfactorily address the underlying concerns of the proposal and its essential objective.¹⁰

As described below, the Company adopted the Statement not as an overhaul of its corporate purpose, but rather to memorialize the Company’s current practices and policies in each of the five areas identified by the Statement. The Company has long believed that by addressing the needs of its stakeholders it drives value creation for its stockholders to whom the Board owes fiduciary duties.

- *Delivering Value to Our Customers.* As articulated in the Company’s Mission and Value Proposition, its publicly disclosed mission statement, the Company has committed itself to “work with [its customers] to optimize their daily operations, whether they need working capital, to make payroll or export their goods overseas.”¹¹ The Company ensures that it delivers on its commitment to its customers by charging its Business Practices Committee with the responsibility to oversee that the Company’s business practices “meet the highest

implies that the Company’s Certificate of Incorporation and By-Laws need to be amended to implement the Proposal, it is misleading and may be excluded pursuant to Rule 14a-8(i)(3).

⁷ See SEC Release No. 34-12598 (July 7, 1976).

⁸ SEC Release No. 34-20091 (Aug. 16, 1983).

⁹ *Texaco, Inc.* (avail. Mar. 28, 1991).

¹⁰ See, e.g., *ConAgra Foods, Inc.* (avail. Jul. 3, 2006) (recognizing that the board of directors substantially implemented a request for a sustainability report because such a report was already published on the company’s website); *Johnson & Johnson* (avail. Feb. 17, 2006) (concurring in the exclusion of a proposal to verify the “employment legitimacy of all current and future U.S. employees” in light of the company’s substantial implementation through adherence to federal regulations).

¹¹ See Citi’s Value Proposition: A Mission of Enabling Growth and Progress, available at <https://www.citigroup.com/citi/about/mission-and-value-proposition.html>.

standards of professionalism, integrity and ethical behavior across the company and are consistent with” the Company’s Mission and Value Proposition.¹²

- *Investing in Our Employees.* As disclosed in the Company’s 2018 Global Citizenship Report, the Company completed its initial pay equity review in January 2018 and included three countries — the U.S., the UK and Germany, representing 36% of the Company’s workforce. The results of that review showed that, on an adjusted basis, women were paid on average 99% of what men were paid at the Company, and U.S. minorities were paid on average 99% of what U.S. non-minorities were paid. As part of this review and analysis, the Company made adjustments to account for a number of factors to make the comparisons meaningful, including job function, level and geography. Later in 2018 the Company completed this same review globally, releasing the results in January 2019. The results of this broader assessment showed that women globally were also paid on average 99 percent of what men were paid at the Company. Based on the findings of these reviews, the Company made pay adjustments as part of the 2019 compensation cycle.¹³ In addition, the Company strives to foster diversity in its workforce. In 2018, the Company implemented representation goals intended to increase diversity at senior levels: by 2021 the Company plans to “increase representation of women in assistant vice president to managing director level roles to at least 40 percent globally, up from 37 percent currently, and to boost the representation of black employees in those same roles in the U.S. to at least 8 percent, up from 6 percent currently.” The Company also invests in its employees’ development. Specifically, the Company offers its employees a wide range of programs to promote advancement and skill development.
- *Dealing Fairly and Ethically with Our Suppliers.* The Company expressly committed itself to “dealing fairly with . . . Suppliers . . .”¹⁴ in its Standards for Suppliers, an official Company policy establishing procedures, protocols and expectations in the Company-supplier relationship. The Company has also publicly stated its goal to collaborate with its suppliers to “advance human dignity, reduce waste, improve efficiency, and reduce our carbon footprint.”¹⁵ Through this collaborative effort, the Company has the opportunity to work side-by-side with suppliers to “increase ethical business practices and social and environmental sustainability throughout the supply chain.”¹⁶ In addition, to promote

¹² See Citigroup Inc. Business Practice Committee Charter, at 1, available at <https://www.citigroup.com/citi/investor/data/businesspracticescharter.pdf>.

¹³ See Citigroup Inc. 2018 Global Citizenship Report, at 102.

As disclosed in the Company’s 2018 Global Citizenship Report, the Company also released an additional figure, called the raw pay gap, which is the difference between median pay for all female employees and median pay for all male employees at the Company. See *id.*

¹⁴ See Citi Standards for Suppliers, Section 2.2, available at https://www.citigroup.com/citi/suppliers/data/citi_standards_for_suppliers.pdf.

¹⁵ See Citi Statement of Supplier Principles, at 1, available at https://www.citigroup.com/citi/suppliers/data/sup_principles.pdf.

¹⁶ See Citigroup Inc. 2018 Global Citizenship Report, at 4.

oversight of management's efforts to advance supplier diversity, the Board delegated to the Company's Nomination, Governance and Public Affairs Committee (the "Committee") the responsibility to "[r]eview and advise management on [the Company's] policies and practices regarding supplier diversity."¹⁷ The Committee has had oversight of supplier diversity for a number of years.

- *Supporting Local Communities in Which We Work.* The Company has demonstrated a longstanding commitment to the communities in which it works. Providing financings for affordable housing projects, among others, are part of the Company's efforts to comply with its obligations under the Community Reinvestment Act of 1977, which encourages financial institutions to "help meet the credit needs of the communities in which they are chartered, including low- and moderate-income . . . neighborhoods . . ."¹⁸ The Company also has established the Citi Foundation, which provides philanthropic grants to community organizations around the world,¹⁹ and Citi Community Development, which works with nonprofit and public agencies across the United States to serve underserved individuals, families and communities.²⁰ Finally, the Company has demonstrated a commitment to environmental sustainability through the adoption of its Environmental and Social Risk Management Policy, which is an official Company policy setting forth standards for how the Company assesses its and its clients' impacts on air and water quality, climate change, local communities and biodiversity (among other things).²¹ As part of the Company's commitment to the communities in which it works, the Company updated its Environmental and Social Risk Management Policy to require the Company to consult indigenous people in developed, as well undeveloped countries, in relation to the impact of a Company project on such people.²² To promote its commitment to sustainability, the Board has charged the Committee to "receive reports from and advise management on the Company's sustainability policies and programs, including the environment, climate change and human rights"²³ and to review "the Company's policies and programs that

¹⁷ See Citigroup Inc. Nomination, Governance and Public Affairs Committee Charter, at 3, available at <https://www.citigroup.com/citi/investor/data/nomcharter.pdf>.

¹⁸ See Office of the Comptroller of the Currency: Community Reinvestment Act (CRA), available at <https://www.occ.treas.gov/topics/consumers-and-communities/cra/index-cra.html>. The Office of the Comptroller of the Currency generally conducts examinations of Citibank, N.A.'s compliance with the Community Reinvestment Act of 1977 every three years.

¹⁹ See generally <https://www.citigroup.com/citi/foundation>.

²⁰ See https://www.citigroup.com/citi/citizen/community/about_us.

²¹ See generally Citigroup Environmental and Social Policy Framework (summarizing the Company's Environmental and Social Risk Management Policy), available at <https://www.citigroup.com/citi/sustainability/data/Environmental-and-Social-Policy-Framework.pdf>.

²² See Citigroup Summary of Environment and Social Risk Management, available at <https://www.citigroup.com/citi/about/citizenship/environmental-social-risk-management.html>; Citigroup Inc. 2017 Global Citizenship Report, at 47, available at https://www.citigroup.com/citi/about/citizenship/download/2017/2017_citi_global_citizenship_report.pdf.

²³ See Citigroup Inc. Nomination, Governance and Public Affairs Committee Charter, at 3.

relate to public issues of significance to the Company and the public at large . . . and advis[e] management as to its approach.”²⁴

- *Generating Long-Term Value for Shareholders, who Provide the Capital that Allows Companies to Invest, Grow and Innovate.* The Company and its Board are committed to generating long-term value for stockholders; this commitment is also memorialized in the Board-approved charter of the Committee, which requires such committee to “assess the effectiveness of the Board in meeting its responsibilities, representing the long-term interests of stockholders.” In addition, the Company has an extensive program of engagement with its investors about its financial performance, ESG issues, issues of interest to shareholders and compensation

As shown above, the Company’s adoption of the Statement was intended to memorialize its *current* practices and policies, not as the first step to completely overhaul the Company’s purpose, as the Proponent incorrectly asserts. The Company’s current practices and policies may not be the Proponent’s preferred method for the Company to demonstrate its commitment to “all of its stakeholders,” but that is not required in order for the Proposal to be excluded under Rule 14a-8(i)(10). Rather, the Company’s current practices and policies need only address the underlying concerns of the Proposal and its essential objective.²⁵ As described above, the Company has already taken steps to make a commitment to all of its stakeholders, by reference to five specific areas, through, among other things, its publicly disclosed sustainability and community building practices and the inclusion of governance, sustainability, environmental and social oversight requirements and procedures in its “governance documents” (such as official Company policies and committee charters). In other words (and in the words of the Proponent), there are no “incongruities between public pledges and statements . . . and company policies” and, therefore, nothing is “needed in order to clarify the responsibilities of the board” to fulfill the Company’s commitment to its stakeholders. In fact, Newsweek Magazine recently named the Company “America’s Most Responsible Company” in the financial industry, and the seventh most responsible company in America overall.²⁶

In addition, the Statement is designed to ensure that the Company takes all of its stakeholders into account when conducting its business. However, the conduct of a company’s

²⁴ See *id.* at 1.

²⁵ See, e.g., *Walgreens Boots Alliance Inc.* (avail Nov. 13, 2018) (concurring in the exclusion under Rule 14a-8(i)(10) of a proposal requesting a report describing how the company’s practices and policies advanced certain sustainability goals where the company argued that its annual corporate responsibility report addressed each of the Proposal’s essential objectives); *Apple Inc.* (avail. Dec. 15, 2017) (concurring in the exclusion under Rule 14a-8(i)(10) of a proposal to establish certain equal opportunity employment and affirmative action principles where the company argued that it had in place policies and initiatives that implemented each of the principles addressed in the proposal).

²⁶ See America’s Most Responsible Companies 2020, available at <https://www.newsweek.com/americas-most-responsible-companies-2020>.

The study underlying these rankings reviewed certain key performance indicators relating to the environmental, social and governance areas of corporate social responsibility. See America’s Most Responsible Companies 2020: Methodology, available at <https://d.newsweek.com/en/file/459820/methodology-americas-most-responsible-companies.pdf>.

business activities is not regulated through its governance documents, but rather, management operates the company's business pursuant to policies and procedures implemented with Board or Board committee oversight. It would be impracticable to try to draft provisions in governance documents to address the impacts on the Company's stakeholder populations of every possible decision. Accordingly, the Company has substantially implemented the Proposal because it has in place policies and procedures designed to ensure the interests of all stakeholders are taken into account in the operation of the Company's business and corporate decision-making.

For the foregoing reasons, the Proposal may be excluded from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(10).

THE PROPOSAL MAY BE EXCLUDED BECAUSE IT RELATES TO THE COMPANY'S ORDINARY BUSINESS.

The Proposal relates to the Company's ordinary business. Each and every topic addressed in the Statement relates to a topic that the Staff has long recognized as relating to a company's ordinary business: namely (i) relationships with rank-and-file employees; (ii) relationships with the company's suppliers; (iii) relationships with customers; (iv) generalized concepts of public relations and community out-reach; and (v) engagement with stockholders. Asking for further study and a public report on these topics ventures into a micro-management exercise in which stockholders cannot engage.

- *Employee Relations.* The Staff permits companies to exclude proposals that relate to the management of a company's workforce:²⁷ for example, matters relating to general employee compensation²⁸ and employee benefits.²⁹ In this regard, the Staff distinguishes between proposals limited to senior executive compensation (which cannot be excluded), and proposals relating solely to compensation of rank-and-file employees or compensation of both senior executives and rank-and-file employees (which may be excluded).³⁰ The

²⁷ See, e.g., *Walmart Inc.* (avail. Apr. 8, 2019) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board prepare a report to evaluate the risk of discrimination that may result from the company's policies and practices for hourly workers taking absences from work for personal or family illness, noting the proposal relates to the company's "ordinary business operations" because "the [p]roposal relates generally to the [c]ompany's management of its workforce, and does not focus on an issue that transcends ordinary business matters"); see also Staff Legal Bulletin No. 14A (July 12, 2002) ("[M]anagement of the workforce, such as the hiring, promotion, and termination of employees, relates to ordinary business matters.").

²⁸ See Staff Legal Bulletin No. 14A (July 12, 2002) (explaining that proposals relating to "general employee compensation" may be excluded under Rule 14a-8(i)(7) as "an ordinary business matter").

²⁹ See, e.g., *E.I. du Pont de Nemours and Co.* (avail Jan. 21, 2009) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to consider allowing employees to choose to remain in the company's defined benefit plan as it was written and applied through 2006 because such proposal related to the company's "ordinary business operations (i.e., employee benefits)").

³⁰ See, e.g., *Verizon Communications Inc.* (avail. Feb. 23, 2015) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the company prepare a report of its executive compensation policies and suggesting such report compare senior executive compensation to median employee wages because such

Statement itself refers to ensuring the Company compensates its employees fairly and provides employees with important benefits, without regard to the level of seniority. To the extent the Proposal is attempting to intrude on the Company's practices and approach to the management of its workforce, i.e., general employee compensation and benefits, the Proposal may be excluded as a matter relating to the Company's ordinary business.

- *Supplier Relations.* The Staff permits companies to exclude proposals that relate to a company's relationships with its suppliers, which includes the retention of suppliers,³¹ policies suppliers must follow³² and the monitoring of supplier conduct.³³ The Statement contemplates that the Company deal fairly with its suppliers, which could include determining which suppliers to retain and reconsidering the supplier policies the Company has in place as well as the method in which it monitors and responds to issues with suppliers. To the extent the Proposal seeks to regulate supplier relations in this manner, the Proposal may be excluded as a matter relating to the Company's ordinary business.
- *Customer Relations.* The Staff has permitted companies to exclude proposals that relate to a company's relationship with its customers: particularly proposals touching on the products and services the company should offer to its customers³⁴ and the company's discount pricing policies.³⁵ The Statement provides that the Company will commit to delivering value to its customers. The Company delivers value to its customers through the selection of quality products and services it offers customers as well as the price (or discounted price) at which it offers such products and services. To the extent the Proposal seeks to regulate the Company's selection of products and services, and the price at which it offers such products and services, the Proposal may be excluded as a matter relating to the Company's ordinary business.

proposal related to "compensation that may be paid to employees generally and [was] not limited to compensation that may be paid to senior executive officers and directors").

³¹ Release No. 34-40018 (May 21, 1998) ("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. Examples include . . . the retention of suppliers.").

³² See, e.g., *Walmart Inc.* (avail. Mar. 8, 2018) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the company prepare a report outlining the requirements suppliers must follow regarding engineering ownership and liability).

³³ See, e.g., *Foot Locker Inc.* (avail. Mar. 3, 2017) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the company prepare a report outlining the measures taken, or that could be taken, by the company to monitor certain of its suppliers' use of subcontractors because such "proposal relate[d] broadly to the manner in which the company monitor[ed] the conduct of its suppliers and their subcontractors").

³⁴ See, e.g., *AT&T Inc.* (avail Dec. 28, 2016) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the company provide free, advanced tools that automatically identify and block unwanted autodialed calls to all of its phone customers, noting that "the proposal relate[d] to the products and services that the company should offer to its customers").

³⁵ See, e.g., *Host Hotels & Resorts, Inc.* (avail. Feb. 6, 2014) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board consider providing discounted hotel rates to senior citizens and stockholders because such proposal "relate[d] to [the company's] discount pricing policies").

- *General Public Relations and Community Outreach.* The Staff has permitted companies to exclude proposals that relate generally to a company’s public relations³⁶ or the impacts of its operations on communities.³⁷ The Statement provides that the Company will support the communities in which it works: i.e., the Company will take into account the impacts of its operations on affected communities and keep an open dialogue with such communities regarding these impacts. Thus, to the extent the Proposal relates to the Company’s impact on local communities and the Company’s public relations relating to such impact, the Proposal may be excluded as a matter relating to the Company’s ordinary business.
- *Engagement with Stockholders.* The Staff has permitted companies to exclude proposals that relate generally to the company’s relations with its stockholders.³⁸ The Statement provides that the Company will commit to promote “transparency and effective engagement” with stockholders. To the extent the Proposal is seeking to regulate the level and manner in which the Company engages with its stockholders, and thus regulate stockholder relations, the Proposal may be excluded as a matter relating to the Company’s ordinary business.

The Staff concurs in the exclusion of an entire proposal under Rule 14a-8(i)(7) even if only a portion of the proposal relates to ordinary business matters.³⁹ Thus, the Proposal may be excluded if the Staff agrees that any one (or more) of the foregoing is an ordinary business matter.

³⁶ See, e.g., *Johnson & Johnson* (avail. Jan. 12, 2004) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board review pricing and marketing policies and prepare a report on how the company will respond to regulatory, legislative and public pressure to increase access to prescription drugs, noting the proposal “relat[es] to [the company’s] ordinary business operations (i.e., marketing and public relations)”).

³⁷ See, e.g., *Amazon.com, Inc.* (avail. Mar. 28, 2019) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board annually report its analysis of the community impacts of the company’s operations and opportunities arising from its presence in communities, noting the proposal relates to the company’s “ordinary business operations” because “the [p]roposal relates generally to ‘the community impacts’ of the [c]ompany’s operations and does not appear to focus on an issue that transcends ordinary business matters”). As discussed below, the Proposal does not identify a significant social policy issue that transcends the Company’s ordinary business.

³⁸ See, e.g., *Transamerica Corp.* (avail. Jan. 22, 1986) (concurring in the exclusion under the predecessor to Rule 14a-8(i)(7) of a proposal requesting the board appoint a committee to develop a code of corporate conduct regulating, among other things, employee, customer, government and community, and shareholder relations, because the proposal “appears to [have dealt] with matters relating to the [c]ompany’s ordinary business operations (i.e., employee, shareholder and customer relations, and the evaluation of management conduct)”; *Con-way Inc.* (avail. Jan. 22, 2009) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to take steps necessary to ensure future annual stockholder meetings be distributed via webcast, as “relating to [the company’s] ordinary business operations (i.e., shareholder relations and the conduct of annual meetings)”).

³⁹ See, e.g., *Peregrine Pharmaceuticals, Inc.* (avail. July 7, 2007) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the board form a committee to evaluate the strategic direction of the company and the performance of management and study certain strategic alternatives, noting that such proposal “appear[ed] to relate to both extraordinary transactions and non-extraordinary transactions”); *Z-Seven Fund*,

The Proposal also does not present a significant social policy that would save it from exclusion. It presents no overarching policy goal at all.

Accordingly, the Proposal may be excluded from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(7).

CONCLUSION

For the foregoing reasons, the Company believes that the Proposal may be excluded from the 2020 Proxy Materials pursuant to Rules 14a-8(i)(3), 14a-8(i)(10) and 14a-8(i)(7).

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Inc. (avail. Nov. 3, 1999) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal recommending that the procedures and protocols set forth in a special committee report be adopted, noting that “although part of the proposal appears to address matters outside the scope of ordinary business, certain matters contained in the proposal refer to ordinary business matters”).

ENCLOSURE 3

BUSINESS ROUNDTABLE STATEMENT ON THE PURPOSE OF A CORPORATION

Statement on the Purpose of a Corporation

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide health care; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:

- Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.
- Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.
- Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.
- Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.
- Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.

Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.

August 2019



Kevin J. Wheeler
President & Chief Executive
Officer
A. O. Smith Corporation



Daniel P. Amos
Chairman and CEO
Aflac



Doug Parker
Chairman & CEO
American Airlines



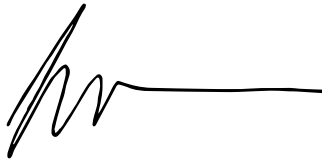
Miles D. White
Chairman and Chief
Executive Officer
Abbott



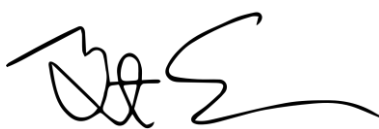
Roger K. Newport
Chief Executive Officer
AK Steel Corporation



Nicholas K. Akins
Chairman, President and CEO
American Electric Power



Julie Sweet
Chief Executive Officer
Designate
Accenture



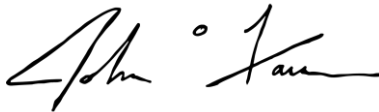
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Chairman and CEO
Allergan plc



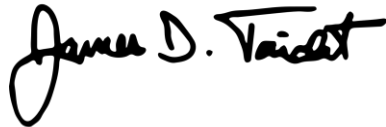
Stephen J. Squeri
Chairman and CEO
American Express



Carlos Rodriguez
President and CEO
ADP



John O. Larsen
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Alliant Energy



James D. Taiclet
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Andrés Gluski
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Jeffrey P. Bezos
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José (Joe) E. Almeida
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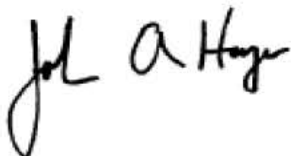
Randall Stephenson
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Corie Barry
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Robert Dudley
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John A. Hayes
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Brian Humphries
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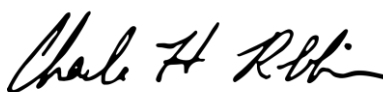
David M. Cordani
President and Chief Executive
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Brian L. Roberts
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Wendell P. Weeks
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Cummins Inc.



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Executive Officer
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James Quincey
Chairman and Chief
Executive Officer
The Coca-Cola Company



Larry Merlo
President & CEO
CVS Health



Hal Yoh
Chair and CEO
Day & Zimmermann



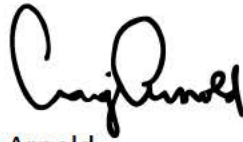
Mark J. Costa
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Eastman Chemical Company



Gary Norcross
Chairman, President & CEO
FIS



Michael S. Dell
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Craig Arnold
Chairman and CEO
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Revathi Advaiti
Chief Executive Officer
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Punit Renjen
Global CEO
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Pedro J. Pizarro
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Carlos M. Hernandez
Chief Executive Officer
Fluor Corporation



Jim Fitterling
Chief Executive Officer
Dow



Darren W. Woods
Chairman and CEO
Exxon Mobil Corporation



James P. Hackett
President and CEO
Ford Motor Company



Lynn Good
Chairman, President & CEO
Duke Energy



Carmine Di Sibio
Global Chairman & CEO
EY



Lachlan K. Murdoch
Executive Chairman & CEO
Fox Corporation



JM Lawrie
Chairman, President, and CEO
DXC Technology



Frederick W. Smith
Chairman & CEO
FedEx Corporation



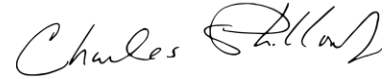
Richard C. Adkerson
Vice Chairman, President and
Chief Executive Officer
Freeport-McMoRan Inc.



Phebe Novakovic
Chairman and CEO
General Dynamics
Corporation



Dinesh C. Paliwal
President and Chief Executive
Officer
HARMAN International



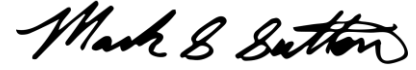
Charles Phillips
Chief Executive Officer
Infor



Mary Barra
Chairman & CEO
General Motors Company



Steven R. Swartz
President and CEO
HEARST Corporation



Mark S. Sutton
Chairman and CEO
International Paper Co.



David M. Solomon
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Executive Officer
The Goldman Sachs Group, Inc.



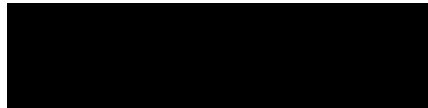
Craig Menear
Chairman, CEO and President
The Home Depot



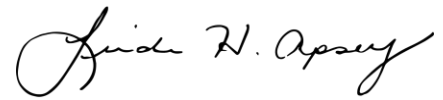
Michael I. Roth
Chairman and Chief
Executive Officer
Interpublic Group



Bradley J. Preber
Interim CEO
Grant Thornton LLP



Darius Adamczyk
Chairman and CEO
Honeywell



Linda H. Apsey
President & CEO
ITC Holdings Corp.



Deanna M. Mulligan
President and CEO
Guardian Life Insurance
Company of America



Mike Petters
President and Chief Executive
Officer
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Steve Demetriou
Chair and CEO
Jacobs



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CEO
Hanesbrands Inc.



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Chief Executive Officer
IBM Corporation



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Chairman and CEO
John Deere



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Chairman of the Board and
Chief Executive Officer
Johnson & Johnson



George R. Oliver
Chairman and CEO
Johnson Controls



Jamie Dimon
Chairman and CEO
JPMorgan Chase & Co.



Beth E. Mooney
Chairman & CEO
KeyCorp



Bruce E. Grewcock
CEO and Chairman of the
Board
Kiewit Corporation



Lynne M. Doughtie
Chairman and CEO
KPMG LLP



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Officer
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Land O'Lakes, Inc.



Roger A. Krone
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Executive Officer
Leidos



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Executive Chairman
Lennar Corporation



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Chairman, President and CEO
Lockheed Martin Corporation



Bhavesh V. (Bob) Patel
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LyondellBasell Industries



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Mark Trudeau
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Marathon Oil Corporation



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Marathon Petroleum Corporation



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Executive Officer
MassMutual



Sanjay Mehrotra
President & CEO
Micron Technology



Ted Mathas
Chairman, President and CEO
New York Life Insurance Co.



Ajay Banga
President & CEO
Mastercard



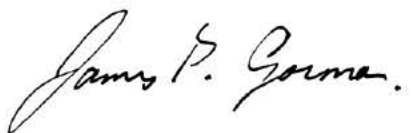
Ken Moelis
Chairman & CEO
Moelis & Company



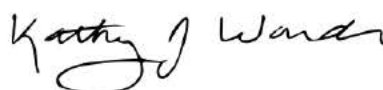
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Noble Energy, Inc.



Lawrence E. Kurzius
Chairman, President and CEO
McCormick and Company, Inc.



James P. Gorman
Chairman & CEO
Morgan Stanley



Kathy Warden
Chairman, Chief Executive
Officer and President
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Brian Tyler
Chief Executive Officer
McKesson Corporation



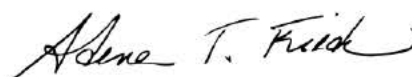
Greg Brown
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Steve Fisher
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Novelis



Omar Ishrak
Chairman & CEO
Medtronic plc



Adena T. Friedman
President and CEO
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President and Chief Executive
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Bob Moritz
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Keith Block
Co-CEO
Salesforce



Greg C. Garland
Chairman and CEO
Phillips 66



Steve Mollenkopf
Chief Executive Officer
Qualcomm Incorporated



Bill McDermott
Chief Executive Officer
SAP



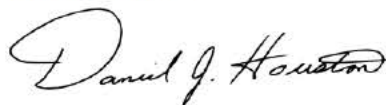
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President and Chief Executive
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Pitney Bowes



Earl C. Austin, Jr.
President and Chief Executive
Officer
Quanta Services



Jim Goodnight
CEO
SAS Institute



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John F. Barrett
Chairman, President & CEO
Western & Southern
Financial Group



Stuart Parker
CEO
USAA



Curt Morgan
President & CEO
Vistra Energy



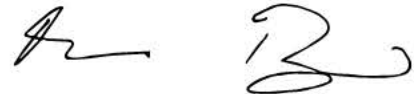
Hikmet Ersek
Chief Executive Officer
Western Union



Mortimer J. Buckley
Chairman & CEO
Vanguard



Stefano Pessina
Executive Vice Chairman
and CEO
Walgreens Boots Alliance



Marc Bitzer
Chairman and Chief
Executive Officer
Whirlpool Corporation



Scott G. Stephenson
Chairman, President and
Chief Executive Officer
Verisk Analytics



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John Visentin
Vice Chairman and Chief
Executive Officer
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Chairman of the Board and
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