**WHEREAS:** Citi has established a Net Zero by 2050 goal and aligned 2030 emission reduction targets for financing activity in thermal coal mining, and the auto manufacturing, energy, and power and steel sectors, and is a founding signatory of the Net Zero Banking Alliance. Despite investor demand for clearer disclosure on banks' transition plans,[1] shareholders lack sufficient information as to whether Citi is on a path to meet its 2030 targets.

Critically, Citi's annual disclosures lack clear information on whether portfolio companies with no or slow transition plans in these sectors will impair its ability to meet its 2030 targets. Independent assessments show that many companies in these sectors lack a 2030 Net Zero aligned pathway. The Transition Pathway Initiative finds no public companies in the oil and gas sector have 2030 targets aligned with a 1.5°C scenario,[2] and no public auto manufacturers, besides dedicated electric vehicle manufacturers, are on a 2030-aligned Net Zero pathway.[3] Similarly, the steel sector is generally not on track with a Net Zero by 2050 Scenario.[4]

This omission leaves investors unable to assess the potential for misalignment between Citi's 2030 targets and its clients' transition progress, and what actions, if any, Citi is proactively taking to address such misalignment.

The potential for misalignment carries significant risk. If Citi fails to meet its targets, it faces the possibility of reputational harm, litigation risk (including greenwashing), and financial costs.[5] Failure to meet targets also contributes to systemic climate risk that harms Citi and investors' portfolios.

Citi must have a fully informed, realistic transition plan in place to meet its goals. This requires assessing its clients' likelihood of meeting Net Zero-aligned 2030 goals. As the Institutional Investors Group on Climate Change explains, "[t]o deliver on their targets and commitments, banks should independently establish and disclose . . . protocols and strategies specific to each business activity," which will require "phasing out financing of inconsistent activities which present particular risks . . . while pivoting financing towards climate solutions." Other actions may include developing criteria related to financing

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[1] https://www.ft.com/content/8318f146-a41c-49f8-94df-811799b0c60f
[2] https://www.transitionpathwayinitiative.org/sectors/oil-gas
[3] https://www.transitionpathwayinitiative.org/sectors/autos
[4] https://www.iea.org/energy-system/industry/steel
[5] https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/banks-face-mounting-risk-of-fines-regulatory-probes-over-sustainability-claims-74385257

misaligned clients and setting firm-wide targets to increase the share of financing, facilitation, and revenue derived from 1.5°C-aligned companies and activities.[6]

**BE IT RESOLVED:** Shareholders request that, for each of its sectors with a Net Zero-aligned 2030 target, Citi annually disclose the proportion of sector emissions attributable to clients that are not aligned with a credible Net Zero pathway, whether this proportion of unaligned clients will prevent Citi from meeting its 2030 targets, and actions it proposes to address any such emissions reduction shortfalls.

**SUPPORTING STATEMENT:** Emissions attributable to unaligned clients can be measured using estimates or other appropriate method. At management discretion, the assessment should take into account all material financing mechanisms and asset classes that contribute to Citi's emissions, including direct lending, underwriting, and investments.

[6] https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/Past%20resource%20uploads/IIGCC-Net-Zero-Standard-for-Banks-June-2023.pdf, p.7,9