

Introduction

This statement is made by Citigroup Inc. on behalf of Citigroup Global Markets Limited, CIB Properties Limited, Citigroup Centre 1 Limited, Citibank, N.A., London Branch and Citibank Europe plc, UK Branch. For the purposes of this statement, the aforementioned entities shall collectively be referred to as “Citi.” The statement is made in accordance with section 54 of the Modern Slavery Act 2015 and covers the financial year from January 1, 2018 to December 31, 2018.

This statement summarizes Citi’s current approach to modern slavery and sets out what actions we undertook in FY2018 and plan to take in the future in addressing the risk of modern slavery in our business and supply chain. We know that eradicating slavery, human trafficking, servitude and forced labor (“modern slavery”) presents a global challenge for governments and business. As a global financial institution, we recognize our responsibility to be aware of the risks of modern slavery within our own organization and supply chain and to do our utmost to contribute to its eradication wherever we have effective leverage to work towards that goal.

1. Citi’s business and supply chain

Citi’s mission is to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress. Globally, our core activities are safeguarding assets, lending money, making payments and accessing the capital markets on behalf of our clients. These activities are divided between our Institutional Clients Group that serves approximately 13,000 institutional and corporate clients (including approximately 90 percent of the global Fortune 500), and our Global Consumer Bank, which serves over 100 million customers in 19 markets globally. Collectively, our approximately 206,000 employees conduct business in 98 countries. As we conduct business in many countries, our supply chain is vast and diverse.

In the United Kingdom, our business focuses on private wealth management and investment services, commercial banking and multi-currency banking. We have approximately 8,270 direct staff carrying out the business of the companies that fall within the scope of the UK Modern Slavery Act.

For more information about our business, please see our [website \(Citi at a glance\)](#), [Annual Report](#) and [Enterprise Supply Chain page](#).

2. Citi's governance, policies and procedures related to modern slavery risks

a. Governance

Citi has traditionally managed environmental and social risks, including human rights and labor issues encompassing forced labor and child labor, through our centralized Corporate Sustainability team and Environmental and Social Risk Management (ESRM) team, which sit within Citi's Global Public Affairs and Institutional Clients Group Risk functions respectively. Our Enterprise Supply Chain (ESC) organization is responsible for global supply chain practices across different regional teams.

These functions work collaboratively with other enterprise functions at Citi, as well as with independent consultants, to ensure our policies and procedures meet legal requirements of jurisdictions in which we do business while respecting internationally recognized human rights and associated standards.

To learn more about Citi's values, governance structure and policies on human rights and other social and environmental issues, including our prior UK Modern Slavery Act Statements, please visit the Environmental and Social Information section of our [Corporate Governance page](#).

b. Policies and principles relevant to modern slavery

Even prior to the enactment and entry into force of the UK Modern Slavery Act 2015, Citi had issued statements and created policies in relation to human rights and labor issues that encompass our commitment to contributing to the work of eradicating practices constituting modern slavery, including:

- Citi's [Statement on Human Rights](#), which expresses our support for the protection and promotion of human rights, including those in the United Nations Universal Declaration of Human Rights and the International Labour Organization's Core Conventions, which encompass forced labor and child labor;
- Citi's [Code of Conduct](#), which sets forth our values and standards, including those regarding the treatment of our employees, clients, business colleagues and communities, emphasizes an environment of mutual respect, prohibits discrimination and harassment in any form and provides mechanisms, such as our global Ethics Hotline, for addressing grievances from members of our workforce, supply chain participants, or the public;
- Citi's [Environmental and Social Policy Framework](#), which encapsulates our approach and the standards we apply to environmental and social issues in our financing of our clients' activities;

- Citi's [Statement of Supplier Principles](#), which communicates our expectations on human rights and labor issues to our suppliers;
- Citi's [Standards for Suppliers](#), which facilitate compliance by suppliers with Citi policies and requirements in the course of providing services to Citi; and
- Citi's Global Anti-Money Laundering policies and Know Your Client protocols, which screen for a variety of financial crimes and designate human trafficking as among the most severe types of financial crimes that may cause extreme money laundering risks.

Citi is also a signatory to the United Nations Global Compact, whose Ten Principles include the elimination of all forms of forced and compulsory labor and the effective abolition of child labor. In addition, Citi supports the United Nations Guiding Principles on Business and Human Rights (the "UN Guiding Principles") and is working to internally implement the corporate responsibility to respect human rights. For more on our approach to human rights and our recent efforts to implement the UN Guiding Principles, see our Statement on Human Rights and the "Human Rights" section of our annual [Global Citizenship Report](#).

c. Efforts to improve our policies, procedures and contractual terms

As part of our commitment to combating modern slavery, and as described initially in our [FY2016](#) and [FY2017](#) UK Modern Slavery Act Statements, we have been conducting a review and update process of key policies, procedures and contractual terms for suppliers.

d. Training

As detailed in our FY2016 and FY2017 Statements, we have conducted modern slavery related in-person training and awareness sessions for select Citi functions. In particular, training has been provided to personnel in our Sourcing and Human Resource teams in EMEA and we have also made available a number of external training programs on the connections between human trafficking and anti-money laundering efforts on our internal training websites for our Know Your Client and anti-money laundering compliance personnel. In February 2018, 1300 Citi AML colleagues attended (in-person and virtually) a global human trafficking awareness event organized as part of our ongoing "AML Learning Series." The event, which featured members of Citi Cards' AML team, Citi's Global Investigations Unit and a representative of the U.S. Department of Homeland Security Investigations Unit, has been posted on the Citi intranet for all AML and other Citi colleagues to view.

3. Risk assessment and due diligence processes

Reflecting the UN Guiding Principles, our due diligence activities to combat modern slavery are risk-based. Based on assessments of our business operations and supply chain, our understanding is that the primary risks for modern slavery reside in our supply chain. However, we also are in the process of a risk assessment to help us to identify and prioritize the most severe human rights impacts related to our clients' activities and to engage with our clients on these issues. As described below, we have existing due diligence processes in place with respect to both areas, which we continued improving upon in 2018:

In our operations:

□ Risk assessment:

- We annually track our hiring practices with a focus on our use of direct hiring and indirect hiring through labor recruitment agencies: for our UK entities, the vast majority are recruited directly.

□ Due diligence and remediation:

- Citi takes seriously the way our employees and contractors are treated in the workplace. Pursuant to our global Code of Conduct, which is publicly available in 26 languages, every manager is responsible for creating a work environment free of discrimination, harassment, and retaliation. Managers are expected to lead by example and to inspire their teams to conduct business according to the highest standards of ethics and professional behavior.
- To help identify any unacceptable workplace practices and to assist in remedying any improper conduct, all Citi employees, contractors and others are provided access to our global Ethics Hotline and other channels for reporting any ethical concerns or possible violations of a law, rule, regulation, Citi policy or our Code of Conduct. Concerns may be reported anonymously to the extent permitted by applicable laws and regulations. When concerns are raised with respect to potential misconduct, Citi conducts investigations thoroughly, fairly, with discretion and in a timely manner. Violations of our Code, laws, rules, regulations, or Citi policies or procedures may result in disciplinary action up to and including termination of employment.

- Citi furthermore prohibits any form of retaliatory action against anyone who raises concerns or questions in good faith regarding ethics, discrimination, or harassment matters or reports suspected violations of other applicable laws, regulations, or policies; or participates in a subsequent investigation of such concerns. Retaliation is a serious issue and includes any adverse action taken because an employee has engaged in such activity. As part of any investigation, we respect the rights of all parties related to the matter afforded under applicable laws and regulations. Employees who engage in retaliation against a colleague because he or she has raised a concern or question in good faith, reported a violation, or been involved in an investigation are subject to disciplinary action, up to and including termination of employment or other relationship with Citi.

In our supply chain:

- **Risk assessment:** In FY2017, Citi initiated a supply chain risk assessment focused on 1,333 EMEA suppliers with contracts over certain minimum financial thresholds. The risk assessment was developed with external experts using a methodology drawing upon official government assessments, such as the U.S. Trafficking in Persons Report, and other third-party research, to evaluate suppliers on well-established risk factors, such as industry and country or jurisdiction of operation. As detailed in our FY2017 UK MSA ([p.6 and Appendix](#)), the risk assessment assigned a risk categorization to those suppliers (high, medium and low). In 2018, we sent a letter to a group of the highest risk suppliers in the building services, cleaning services and supplies, catering services and ground transportation and other transportation sectors requesting further information on their policies and procedures relating to the identification and eradication of modern slavery. Of those 22 suppliers, 87% responded in a timely fashion and shared evidence of their policies and practices and we expect the remaining suppliers to respond in Q1 2019.
- **Direct supplier assessment and engagement:** As part of our current efforts to assess whether our suppliers meet our wide range of human rights and sustainability standards, where appropriate we require their completion of a Citi Corporate Responsibility Questionnaire (CRQ), which is managed by our Citi Supply Chain Development, Inclusion, and Sustainability team for Tier 1 and Tier 2 suppliers that want to conduct business with Citi. The CRQ has been active since 2014 and was extended to all regions (NAM, LATAM, MEXICO, EMEA & ASPAC) in 2016. We continue to assess the most effective way to gather information from our suppliers on their practices in this area and hope to continually improve on our efforts in the future.

In our clients' activities: Citi's work in engaging clients on these issues takes the form of setting policies, conducting systemic risk assessments, engagement in financial sector initiatives and specific industry platforms, as well as client screening and transaction-specific interventions.

- **Connection to Anti-Money Laundering efforts:** Citi policies, such as our anti-money laundering policies and Know Your Client protocols screen transactions for indicia of human trafficking. As part of these efforts, since 2010, Citi's Anti-Money Laundering Analytics unit has been working on algorithms to identify the flow of funds suggestive of human trafficking in a program called Far From Home. While the algorithm has been U.S.-specific until now, in 2017 the Far From Home Program began developing a new approach, software and data that can be deployed in any country in the world. Proof of concept tests are currently underway in several countries, which will not only help determine whether the new approach is productive and useful, but also help test whether certain flagged activities could constitute useful indicators on a global level. To advance the financial sector's ability to combat money laundering linked to human trafficking, Citi in 2018 also joined the United States Banks Alliance Against Trafficking, a multi-stakeholder working group convened in 2017 by the Thomson Reuters Foundation. The Alliance includes leading financial institutions operating in the United States and has worked closely with the U.S. Treasury Department's Financial Crimes Enforcement Network, and also includes Homeland Security Investigations, the Manhattan District Attorney's Office and expert anti-trafficking NGOs Polaris and Stop the Traffik. Citi's Global Investigations Unit, which counts former prosecutors of financial crimes among its senior leaders, contributed typologies and other information to the working group's Human Trafficking Toolkit. Citi also contributed similar content to a working paper developed by Thompson Reuters and the Mekong Club in preparation for the launch in 2019 of The Asia Pacific Banks Alliance Against Modern Slavery, which Citi has also joined.

- **Portfolio and sector-level risk assessment and engagement for forced labor and child labor:** Citi's Environmental and Social Risk Management Policy prohibits Citi from financing projects or activities involving harmful or exploitative forms of forced labor and child labor.
 - **Portfolio and sector-level risk assessment and engagement:** Citi has in place a portfolio-wide human rights screening process to include broader evaluation of the most salient human rights risks inherent to all sectors across our portfolio, including risks of modern slavery. Utilizing third-party data and our own research, we have identified risks

of forced labor and child labor as indicators that would place a client on our ESRM watchlist, which means that going forward, any transaction with that client must be reviewed by the ESRM team directly, who in turn would engage the client to conduct further due diligence to determine if the client has in place adequate policies and procedures to avoid forced labor and child labor. To enhance our ability to detect risks of modern slavery in the palm oil sector under our existing Palm Oil Sector Standard, in 2018 we added questions related to systemic labor risks on palm oil plantations to our sector questionnaire, with a particular emphasis on child and forced labor. At the same time, we have continued our long-term involvement with the Roundtable on Sustainable Palm Oil (RSPO), which allows us to contribute to improving worker welfare across the palm oil sector. In 2018, we collaborated with other banks on the Financial Institutions Task Force of the RSPO to support adoption of the revised RSPO Principles and Criteria, which included enhanced provisions on protection of workers. In addition, our service on the RSPO complaints panel allowed us to show support for and encourage RSPO to partner with Ulula — a mobile technology platform that facilitates reporting of worker welfare issues, monitoring of working conditions and employee engagement. RSPO and Ulula began working in 2018 to launch the platform in Sabah, Malaysia and across four estates in Indonesia.

- **Transactional due diligence:** In addition to such systemic risk assessment and engagement, we conduct due diligence and work with our clients on identifying, preventing and mitigating the risks of modern slavery in transactions and during client annual reviews. In 2018, we engaged directly with clients in the palm oil industry involving allegations of forced labor and child labor on their plantations and, after extensive engagement, we exited two client relationships – one in Asia and one in Africa – due to concerns of forced labor and child labor on their palm oil plantations. In addition, during our due diligence for continuing relationships with two clients in Brazil, our local ESRM champions discovered that the clients had been placed on the Brazilian Labor Ministry's registry of companies believed to be involved in the use of slave labor. After further engagement with the companies, we learned that the allegations related to past practices among sub-contractors from several years prior and that since the initial allegations were raised, the companies had in both instances significantly changed their approach to supply chain management and were in the process of being expunged from the registry. After confirming that their practices had improved, we allowed the transactions for general corporate financing to proceed. Finally, we have guided and continue to guide

large construction projects in their implementation of worker welfare programs that avoid or rectify situations of forced labor, indentured servitude or poor living conditions. In particular, we have used our leverage with our clients to make workers' passports accessible at all times and to upgrade living standards across on-site subcontractors' facilities.

4. Improving effectiveness

As part of our efforts to improve on the effectiveness of the steps we have taken above, we will evaluate additional steps during the course of the 2019 financial year. Our primary focus will be continuing to deepen and extend our engagement with our higher risk suppliers based on our risk assessment process with an emphasis on encouraging them to adopt their own measures to minimize the risks of slavery and trafficking within their own organizations and supply base. We will also look to build upon earlier training efforts in our Enterprise Supply Chain organization with a view toward systematizing such trainings in the future. We will also continue our efforts of assessing the highest risk sectors in our institutional client portfolio and engaging on a sector and client-level basis to raise awareness and improve industry efforts at identification, prevention and remediation of modern slavery risks.

Signed by:

This statement has been approved by the boards of directors of Citigroup Global Markets Limited, CIB Properties Limited and Citigroup Centre 1 Limited, the management boards of Citibank, N.A., London Branch and Citibank Europe plc, UK Branch, and the board of directors of their ultimate parent company, Citigroup Inc., each of whom will review and update it annually.



Michael L. Corbat
Chief Executive Officer. Citigroup Inc.
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