

# Statement on Human Rights



*Updated November 2018*

## Introduction

Citi's mission is to responsibly provide financial services that enable growth and economic progress. In pursuit of our mission, Citi has the potential to both positively and negatively impact the protection and fulfillment of internationally recognized human rights, placing a serious responsibility on us and creating an opportunity to put our [Mission and Values Proposition](#) into action. Advancing respect for human rights involves complex decisions with uncertain outcomes, but it is a task we embrace and work toward implementing every day.

Citi first issued a Statement on Human Rights in 2007, publicly announcing our support for the protection and fulfillment of human rights around the world. In seeking to respect human rights, we are guided by international norms embodied in the United Nations Universal Declaration of Human Rights and related covenants<sup>1</sup> and the International Labour Organization's core conventions,<sup>2</sup> and by our participation as a signatory to the United Nations Global Compact. Citi has also publicly supported the United Nations Guiding Principles on Business and Human Rights ("UN Guiding Principles")<sup>3</sup> since their endorsement in 2011. We report annually on our progress in addressing human rights in our [Global Citizenship Report](#), and in 2016, we became the first U.S. bank to report utilizing the Guiding Principles Reporting Framework.

This statement provides an overview of how Citi strives to meet our responsibility to respect human rights with regard to our employees, suppliers, customers and clients, as well as in communities affected by our operations, products and services. Our approach is implemented through the policies and standards described below and related human rights due diligence and training. We carefully evaluate the strategy in each country in which we operate so that Citi can do business while maintaining high ethical standards. Though the laws of some countries where we do business might differ from some global human rights norms, consistent with the UN Guiding Principles, we seek ways to promote respect for human rights to the greatest extent possible, while remaining mindful of local contexts, in the hope that we can contribute to elevating local standards. We explore ways to enhance our approach to respecting human rights through engagement with diverse constituencies across the world, including our employees, regulators, civil society, investors, peer financial institutions, customers and clients.

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<sup>1</sup> The Universal Declaration of Human Rights was adopted by the United Nations in 1948 and is widely regarded as the international community's fundamental human rights framework. The rights it recognizes are implemented in international law by the International Covenant on Civil and Political Rights (1966) and the International Covenant on Economic, Social and Cultural Rights (1966). As explained in the Guiding Principles on Business and Human Rights, we also recognize that other international instruments can inform the responsibility to respect, particularly those articulating the rights of vulnerable groups.

<sup>2</sup> The ILO core conventions cover the freedom of association and collective bargaining, elimination of forced and compulsory labor, elimination of discrimination and abolition of child labor.

<sup>3</sup> The UN Guiding Principles provide guidance on implementing the United Nations' "Protect, Respect, and Remedy Framework," including the State duty to protect human rights; the corporate responsibility to respect human rights; and access to remedy. We are also guided by the corporate responsibility to respect as articulated in the OECD Guidelines for Multinational Enterprises (2011) and related due diligence implementation guidance.

## Our Salient Human Rights Risks

Citi's financing activities have long been guided by the precautionary principle of "do no harm," an approach that substantially mirrors the Guiding Principles' call for businesses to avoid causing, contributing to or being directly linked to adverse human rights impacts. This approach led us in 2003 to establish an internal Environmental and Social Risk Management (ESRM) Policy that sets out the framework for identifying and managing (including minimizing or avoiding where possible) our clients' environmental and social risks in financed activities, including human rights risks.

Over time we have updated our ESRM Policy to include a growing number of "Areas of High Caution" that require enhanced due diligence when encountered in client transactions (discussed below in "Our Clients"). We treat these and other issues impacting our employees and customers as our salient human rights risks not only because of the gravity of the potential harms and the scale of the potential impacts, but also because of their systemic and widespread nature globally. In line with the Guiding Principles, our ongoing due diligence approach prioritizes addressing risks based on their severity relative to other risks.

Beyond risks related to our clients' activities, we also have identified a number of salient human rights risks potentially impacting our employees and customers, including risks of discrimination in employment practices and access to financial services and the need to safeguard the privacy of information shared with us by our customers and our employees. We take these issues very seriously, as evidenced by our longstanding policies, procedures and programs addressing them. Other systemic risks to human rights are more diffuse and less immediately salient, such as the prospective global and long-term effects of climate change. Addressing this risk is at the forefront of our broader sustainability efforts to mitigate the impacts of our global operational footprint and our clients' activities while increasing our involvement in environmental and sustainable finance.

### *Modern Slavery*

Across our operations, in our supply chain and in our lending activities, we seek to avoid the risk that we might become linked through our business relationships to any form of modern slavery, including forced labor or human trafficking. As an employer, we have instituted the policies reflected in our [Code of Conduct](#) to promote the respectful treatment of our employees. Citi's [Standards for Suppliers](#) and [Statement of Supplier Principles](#) communicate our expectation to our suppliers that they identify and seek to prevent practices constituting forced labor or human trafficking, including charging illegal or excessive recruitment fees, underpayment of wages, delayed or withheld wages, forced or involuntary overtime exceeding legal limits and the withholding of identity documents.

Beyond our own operations and supply chain, we evaluate all clients for risks related to modern slavery through our [Global Anti-Money Laundering Program](#) and Know Your Client protocols. These protocols designate human trafficking as among the most severe types of risks for financial crimes due to the risks of traffickers laundering their illicit proceeds via our financial products, services, or those of our correspondent banking relationships. We have also deployed advanced data analytics through our Far From Home program to flag flows of funds that present a high risk of being related to human trafficking, so that we can raise these concerns to the proper law enforcement authorities and

try to prevent further illicit activity from occurring. In addition, some sectors we finance or procure from can in certain geographies be associated with a high prevalence of risk indicators of human trafficking or forced labor. Citi will not provide financing when our due diligence indicates that the client is actively using forced labor or harmful or exploitative forms of child labor in their own operations, or if the relevant labor forces are at risk of being subjected to human trafficking. Citi publishes an [annual Statement](#) on its efforts to combat modern slavery in compliance with the UK Modern Slavery Act (2015) that is approved by the boards of directors of all relevant Citi UK entities and our global board of directors and signed by our CEO.

## **Our Employees**

Our employees reflect the remarkable range of cultures and perspectives of our clients across the countries and jurisdictions where we do business—a powerful advantage that combines global insights with deep local knowledge and helps us drive growth and progress. Citi believes that our employees should be treated with respect and dignity—a commitment embedded in the human resource policies and practices published in our Code of Conduct, which is publicly available in multiple languages. We seek to align our global policies and practices with the ILO core conventions regarding child labor, forced labor, freedom of association, the right to organize and bargain collectively, equal pay, and non-discrimination in the workforce.

### *Freedom from discrimination and promoting diversity in employment*

Our policies state, among other things, that we value and promote workforce diversity and do not tolerate unlawful discrimination or harassment based on a person's race, sex, gender, pregnancy, gender identity or expression, color, creed, religion, national origin, nationality, citizenship, age, physical or mental disability or medical condition as defined under applicable law, genetic information, marital status (including domestic partnerships and civil unions as defined and recognized by applicable law), sexual orientation, culture, ancestry, familial or caregiver status, military status, veteran's status, socioeconomic status, unemployment status, status as a victim of domestic violence, or other basis prohibited by law, regardless of whether such individual protections are legally mandated or robustly enforced in the countries where we operate.

We recognize that even where anti-discrimination laws exist and are enforced, the gender wage gap and underrepresentation of women and minority groups in the workforce, particularly at senior management levels, have proven to be persistent social problems that can only be overcome through constant vigilance. Our approach to addressing these issues includes global pay equity reviews and specific firm-wide representation goals for women (globally) and black employees (in the U.S.), working at the vice president level and above. We are working toward meeting other important metrics across other underrepresented groups.

We are also working to ensure that diversity is embraced throughout the hiring process at all levels of the organization. For managing director and director level hires, we are committed to diverse candidate slates and also strive to diversify interview panels to promote a broader perspective on hiring decisions. Citi has also made unconscious bias training available to all employees globally, including separate in-person training for the CEO, senior leadership and those in the Human

Resources function. We communicate and embed Citi's approach to diversity and other workplace related human rights through training, diversity town halls and the activities of our ten diverse employee Affinity groups, which have over 150 employee network chapters globally.

### *Our employee's privacy rights*

Citi takes seriously its employees' privacy rights, and we strive through our Global Privacy Program to respect our employees' privacy rights by embedding protections for them in our internal policies. Likewise, we try to ensure that our employees are supported in maintaining their own privacy and that of others through training and awareness of the importance of careful handling of their own data and that of our customers. Education on maintaining awareness of the ever-changing and growing privacy threats features strongly in Citi's commitment to privacy.

### *Accountability to our employees*

Our employees are expected to uphold these standards and help us to foster an ethical, safe, secure, respectful and inclusive work environment. Employees are urged to raise ethics, discrimination, harassment or retaliation concerns through any of the channels described in our Code of Conduct, including our Ethics Hotline, so that concerns can be addressed and resolved effectively. We also encourage reporting of all suspected violations of applicable law, regulations, or rule or breaches of Citi policy or procedure and are committed to the thorough, fair, and timely investigation of concerns raised. Retaliation for raising any concern in good faith is strictly prohibited. Senior leaders across the company—including our Affinity Leaders and our Human Resources (HR) Operating Committee, among others—ensure that our programs and policies advance our culture of inclusion, and our Board of Directors reviews our progress and objectives annually. For more information see our Code of Conduct, the Talent Section of our Global Citizenship Report and our [Citi Talent and Diversity Report](#).

## **Our Suppliers**

Citi strives to respect human rights through its supply chain by encouraging our suppliers to conform their practices to the objectives of the Citi Statement of Supplier Principles, and by making efforts to do business with suppliers whose corporate values and performance is consistent with our own. Citi requires suppliers to respect human rights by prohibiting the use of forced or trafficked labor and harmful child labor; enforcing reasonable working hours; respecting diversity in the workplace; ensuring fair remuneration and benefits; and providing healthy and safe working conditions.

We see relationships with our suppliers as an opportunity to share best practices and to promote continual learning and improvement in respecting human rights. We use our Corporate Responsibility Questionnaire (CRQ) to evaluate suppliers' adherence to our Statement of Supplier Principles to gauge how well they manage a range of issues, such as environmental management, human rights, labor practices, diversity and health and safety. Our network of Global Champions helps us adapt the CRQ to local cultures and business norms, and we translate the CRQ into 14 languages to make it easier for suppliers to fill out and to enable productive follow-up conversations. Such engagement can include face-to-face dialogue with suppliers that fall below our performance thresholds. Through our engagement, we outline steps necessary for them to improve their scores

within a year's time. If the necessary improvement is not achieved within that year, we escalate the engagement to determine whether the contract should be discontinued. To ensure a consistent approach and understanding of the CRQ process and supplier evaluation, we provide training for our employees.

Our supply chain also presents an important opportunity to use our global scale to simultaneously promote diversity as well as economic growth and progress for minority-owned businesses, especially for firms located in developing markets. The Citi Supplier Diversity Program was created to give maximum opportunity to diverse partners who meet our purchasing and contractual standards, creating mutually beneficial business relationships with diverse suppliers that strengthen the communities we serve and create value for our shareholders. For more information on annual progress on these efforts, see our [Enterprise Supply Chain website](#) and the Responsible Sourcing section of our Global Citizenship Report.

### **Our Retail Customers**

Our business touches the lives of both customers and prospective customers in myriad ways that can enhance their lives and empower them but could risk impacting their rights, including the risk of discrimination in who receives our financial services and risks to privacy rights through our collection of data. Through our policies, procedures and programs, Citi strives to prevent impacts to our customers' and prospective customers' rights in these areas.

#### *Preventing discrimination*

We take seriously our responsibility to not deny customers access to finance based on race, religion, gender, sexual orientation, or socio-economic status. We also strive to ensure that all of our products and services are accessible and designed to serve our customers' varied needs, including the language needs of the diverse populations we serve and the needs of those with disabilities.

#### *Supporting an adequate standard of living and the right to property*

A key way we support human rights is through access to financial services, which directly supports the right to an adequate standard of living, including housing and the right to property. We support the provision of and access to affordable housing for a range of vulnerable populations needing special protection of these rights, including low-income residents, senior citizens, those with disabilities, the homeless and veterans. For more information on these efforts and our annual progress, see our Global Citizenship Report.

#### *Respecting our customers' privacy rights*

The ever-increasing threats from a host of bad actors globally to obtain personal data and sensitive financial information makes the potential for data breaches a heightened risk that we manage as a top priority to prevent the infringement of our customers' and potential customers' privacy rights. We similarly prioritize the fair, ethical and lawful collection, use and processing of customers' personal information, which respects individuals' privacy rights and is essential to build trust, provide best-in-class services and achieve our corporate objectives. Respecting the rights of our individual

customers and potential customers means not just protecting their data but empowering them to protect themselves through clear, transparent disclosures about how we use their data and how we protect their privacy rights over data they entrust to Citi. For more information on how these risks are managed by our Global Information Security Program and Global Privacy Programs, respectively, see our Code of Conduct and Global Citizenship Report.

### **Our Clients**

We can potentially be involved in both positive and negative human rights impacts through our client relationships. Our human rights due diligence on client activities provides us an opportunity to share best practices in various sectors and to partner with our clients to identify, mitigate and prevent potential adverse human rights impacts. We believe such engagement adds value to our client relationships as it can enhance their ability to respect human rights related to critical issues facing their business, and, in other cases, can teach us about evolving best practices on the ground.

#### *Policy commitments and guidance*

Our [ESRM Policy](#)—the foundation of our approach to addressing actual or potential human rights impacts through our financing of our clients’ activities—references environmental and social standards including the Equator Principles, IFC Performance Standards, the UN Guiding Principles, the Voluntary Principles on Security and Human Rights and sector-specific standards, such as the Roundtable on Sustainable Palm Oil and the Forestry Stewardship Council. The ESRM Policy contains human rights due diligence requirements that are consistent with the framework set forth in the UN Guiding Principles.

In addition, Citi is subject to numerous laws and regulations that require us to know our clients, and we have instituted policies and processes to prevent our services from being used for improper purposes such as money laundering or other criminal activity, which can be associated with human rights abuses such as human trafficking. Citi is also subject to laws and regulations prohibiting commerce with certain countries, organizations and individuals. These laws, regulations and Citi’s internal policies on anti-bribery, corruption and sanctions compliance help us determine whether it is appropriate or permissible to enter into client relationships and transactions. For more on our approach to these issues, see our Code of Conduct and Global Citizenship Report.

#### *Enhanced due diligence for Areas of High Caution*

A dedicated team of ESRM specialists screens all transactions subject to the ESRM Policy to identify specific environmental and social risks that require further due diligence. If the screening identifies concerns about community health, safety or security, or certain “Areas of High Caution” related to human rights impacts, the transaction receives enhanced due diligence to understand these risks, what is being done to avoid them, and if avoidance is not possible, how they are being mitigated and managed in line with evolving best practice. The ESRM Areas of High Caution that relate to human rights risks include potential impacts to cultural property and heritage; potential impacts to Indigenous Peoples; land acquisition and involuntary resettlement; project proximity to a conflict zone; inadequate worker protections, particularly occupational health and safety and freedom of association; the presence of significant vulnerable populations coupled with a history of

known human rights abuses relevant to the sector; and in-migration of large labor forces.

In evaluating a project in which these issues are identified, when necessary we will engage an independent consultant with relevant expertise to review the project sponsor's mitigation approach and efforts to provide access to operational grievance mechanisms and a process for seeking effective remedy for impacts. For project finance and project-related corporate loans, any human rights mitigation requirements are included as a condition of financing, and we monitor the project sponsor's implementation of these requirements through the construction and operation phases. In our annual reporting on human rights in our Global Citizenship Report, we track and report on the aggregate numbers of transactions where the human rights issues covered by our Areas of High Caution were identified during screening and the aggregate count of how many such transactions we ultimately financed after further due diligence allowed us to understand how potential impacts would be mitigated satisfactorily during project development. Citi only proceeds with transactions that impact these areas after a thorough and judicious assessment of impacts and risks, and confirmation that mitigation measures have been or will be designed to comply with Citi's policies and standards.

In carrying out our due diligence, we find invaluable the role played by civil society, including human rights defenders, in amplifying concerns about conditions on the ground. We recognize that such information cannot flow easily without recognition and enforcement of the enabling rights of freedom of speech and assembly for individuals and communities and that projects cannot obtain a lasting social license to operate amidst efforts to repress public advocacy or criticism, whether through violence or other forms of intimidation. We strive to raise our concerns about these issues with our clients when they are identified in our ESRM due diligence.

### *Enhancing our leverage*

Not all transactions allow the same level of visibility into potential adverse human rights impacts, and even where robust due diligence is possible, not all risks are always visible or develop into violations during the due diligence phase. The complexity of different transactions and financial products and the lack of perfect visibility into client activities—particularly when providing finance at a corporate level—can leave us with less leverage and diminish our ability to ensure that outcomes of our engagement are consistent with Citi's values. In these instances, we work to improve our clients' awareness and business practices. Or, if a client's overall track record and relative commitment to improvement does not meet our standards, we will escalate the matter to senior management to re-evaluate the client relationship—a move we take very seriously as we recognize that terminating the relationship can have a number of ramifications, including that it removes any leverage we might otherwise have had to improve practices over time through constructive engagement.

In addition, we often encounter systemic risks endemic to certain countries and sectors that cannot be adequately addressed one transaction at a time, so we have looked to augment our leverage in various ways. To better ascertain our exposure to existing risks across our portfolio as well as understand emerging risks, we engage in sector-wide initiatives, such as the Roundtable on Sustainable Palm Oil, and partner with peer banks and our clients to share best practices. We have also initiated a watchlist process where we flag certain clients that present potentially severe risks to

human rights or other environmental and social impacts. We then look for opportunities to proactively engage with these clients about their practices and advise on ways to improve.

## *Indigenous Peoples*

One of our Areas of High Caution and salient human rights issues is potential impacts to Indigenous Peoples, also known as First Peoples, First Nations, Aboriginal Peoples, Scheduled Tribes or Native Communities. Citi recognizes and respects the unique historical treatment and collective rights of Indigenous Peoples, and understands that these communities' languages, beliefs, cultural values and lands are often under threat, representing a higher degree of vulnerability than other project-affected communities. Citi will treat transactions with extra caution and conduct enhanced due diligence (which may require Independent Review by a qualified social expert) when the company's assets may pose adverse effects to: an area used or traditionally claimed by an indigenous community; the community's self-preservation based on traditional ways of life; or their use or enjoyment of critical cultural heritage that is essential to their identity and/or the cultural, ceremonial or spiritual aspects of their lives. Building upon government efforts, we expect our clients to avoid infringing upon the rights and protections for Indigenous Peoples contained in relevant national law, including those laws implementing host country obligations under international law. Globally, in project-related lending for projects involving involuntary resettlement of indigenous communities, significant impacts on land and natural resources traditionally used by the community, or significant impacts on critical cultural heritage, project sponsors are expected to have engaged in meaningful consultation with directly affected Indigenous Peoples, with the goal of achieving Free Prior and Informed Consent (FPIC).<sup>4</sup>

## *Prohibited activities*

While we always strive to work with our clients to identify and mitigate adverse human rights impacts, certain impacts are more difficult to manage, avoid or redress. We accordingly prohibit financing client activities that are likely to involve forced labor, human trafficking or harmful child labor in their own operations. Citi will also not directly finance the production or shipment of cluster munitions nor do business with U.S. retail and manufacturing clients who do not comply with our approach to the responsible sale of firearms. For more information on our approach to these issues, see our ESRM Policy.

## **Access to effective remedy**

The UN Guiding Principles call on governments and companies to play their respective roles in ensuring that victims of human rights abuse have access to effective remedies and separately call on businesses to establish or participate in effective operational-level grievance mechanisms for the early identification of possible harms. Our approach to remedy can take many forms, depending on the type of impact and our relationship to it, and we also believe that the purpose of remedies—to

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<sup>4</sup> While there is no universally accepted definition of FPIC, it is well-accepted that it comprises both a process and an outcome through which governmental authorities and project sponsors engage in good faith negotiations with project-affected indigenous communities to ensure their meaningful participation in decision making regarding project impacts that affect them, with a focus on achieving agreement. FPIC does not require unanimity among entire communities nor does it confer veto rights to individuals or sub-groups or require the client to agree to aspects not under their control.



restore victims, as much as possible, to their lives and enjoyment of their rights before those rights were violated—can be achieved in various ways, including by taking steps to help prevent the recurrence of similar harms.

For impacts tied to our operations and role as an employer, we have established a multi-layer approach for employees and others to escalate violations or potential violations of law, regulation, breaches of Citi policy or our Code of Conduct, including our global Ethics Hotline, which provides five channels of communication for employees and any third-party, including members of the general public, to report concerns about unethical behavior to Citi's Ethics Office. All concerns are treated as confidentially as possible, consistent with the need to investigate and address the matter. Concerns may be raised either anonymously or with attribution, subject to applicable laws and regulations. Further, Citi prohibits any form of retaliation against anyone who raises a concern or question in good faith regarding ethics, discrimination, or harassment matters; reports suspected violations of other applicable laws, regulations, or policies; or participates in a subsequent investigation of such concerns. For further detail, see our Code of Conduct.

Ensuring for access to effective remedy is more complex when it concerns impacts that might occur despite our or our clients' best efforts to avoid them. As a financial institution, our relationship to those impacts can be less clearly defined than those that occur in our own operations, but we nevertheless strive to use our leverage to encourage our clients—particularly when project-level financing is involved—to have the right policies in place and channels available to enable victims to lodge grievances, follow-up on allegations and, where appropriate, provide processes to offer remedies or cooperate with authorities to make sure effective remedy is provided.

### **Governance**

We review this Statement on Human Rights periodically to reflect our ongoing learning and emerging best practice among our peers and our clients. The Statement is approved by senior management and reviewed by the [Nomination, Governance and Public Affairs Committee of Citi's Board of Directors](#), which receives reports from management and advises on the company's sustainability policies and programs, including human rights. We communicate internally and externally on human rights, and we conduct trainings for employees as needed on our human rights approach and related policies. We engage with a variety of stakeholders on human rights related issues, and we report on our progress in our annual [Global Citizenship Report](#) and on our [website](#).