

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, 2017 to December 31, 2017.

This statement summarizes Citi’s current approach to modern slavery and sets out what actions we undertook in FY2017 and plan to take in the coming year 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. In the United Kingdom, our business focuses on private wealth management and investment services, commercial banking and multi-currency banking. Citi has approximately 200 million client accounts and approximately 209,000 employees and has operations in nearly 100 countries. As we conduct business in many countries, our supply chain is vast and diverse.

For more information about our business, please see our [website](#), [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, please visit the Environmental and Social Information section of our [Corporate Governance page](#).

b. Policies and principles relevant to modern slavery

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 Declaration on Fundamental Principles and Rights at Work, 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. Citi's Code 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 efforts to implement the UN Guiding Principles, see the "Human Rights" section of our [2017 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 UK Modern Slavery Act Statement](#) ("FY2016 Statement") we have been conducting a review of key policies, procedures and contractual terms for suppliers. Below we provide an update on our efforts:

- We updated Citi's **Standards for Suppliers** to ensure that it sets out the standards that our suppliers are expected to comply with in relation to modern slavery. The Standards for Suppliers are intended to facilitate compliance by suppliers with Citi policies and requirements in the course of providing services to Citi. In particular, the Standards now provide greater detail on the various forms that forced and bonded labor can take and expressly prohibit the use of labor procured through human trafficking, including the use of recruitment fees;
- We commenced the process to update Citi's **Statement of Supplier Principles** to ensure that it clearly expresses to our suppliers our expectations that they work towards identifying, preventing and mitigating the risks of all forms of modern slavery in their own operations and supply chains;
- We updated our standard contractual terms for new UK and Regional EMEA (Europe, Middle East and Africa) suppliers as set out in our core Master Services Agreement templates for goods and services by including specific provisions prohibiting all forms of modern slavery. We have also included similar provisions in all purchase order templates used in the UK; and
- We updated Citi's **Environmental and Social Risk Management Policy** to include human trafficking as a basis for escalated due diligence. We also developed an internal human rights due diligence screening tool which includes more detailed indicators of modern slavery, such as recruitment fees, for our due diligence of client transactions subject to our Environmental and Social Risk policy.

d. Training

As noted in our FY2016 Statement, we have conducted modern slavery related in-person training and awareness sessions for select Sourcing and Human Resource teams in EMEA. In 2017, we conducted the following additional trainings:

- In-person trainings for EMEA Sourcing personnel in Budapest in March 2017 and for EMEA Human Resources personnel via webinar in November 2017, which was attended by 59 people and shared in recorded form with 143 others.
- In preparation for the approval of our FY2016 UK MSA Statement, a tutorial on the topic of modern slavery was provided to the attending members of our relevant UK entities' boards of directors.
- A number of external training programs on the connections between human trafficking and anti-money laundering efforts have been made available on our internal training websites for our Know Your Client and anti-money laundering compliance personnel.
- In September 2017, we invited James Cockayne, a globally recognized expert on modern slavery at the United Nations University, to provide his views on the importance of addressing this important issue for our Modern Slavery Working Group, made up of several dozen Citi employees across different functions.

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 2017:

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 behaviour.
- 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 anonymously reporting any ethical concerns or possible violations of a law, rule, regulation, Citi policy or our Code of Conduct. 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. All contacts to the Citi Ethics Office and related investigations are treated as confidentially as possible, consistent with the need to investigate and address the matter, and subject to applicable laws and regulations.
- 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 that are afforded under applicable laws and regulations to all parties related to the matter. 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. The risk assessment determined the following breakdown of high, medium and low-risk suppliers overall:
 - **High Risk:** 2 suppliers in Hospitality and Information Technology;
 - **Medium Risk:** 554 suppliers across Business Operations & Services, Information Services, Information Technology, Network and Communications Services, Non-Employee Insurance and HR Services, Office Equipment and Supplies, Professional Services, Real Estate and Travel Services;
 - **Low Risk:** 777 suppliers across Business Operations & Services, Employee Benefits, Information Services, Network and Communications Services, Professional Services, Non-Employee Insurance and HR Services.

As noted, a component of these suppliers' risk profiles derives from their country or jurisdiction of operation (see Appendix for a geographic distribution). We are now working to determine the additional measures we will take to follow-up first with our high and medium risk suppliers to better understand their policies and practices related to identifying and remediating the risks of modern slavery in their operations.

- **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 currently 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. In FY2017, the EMEA CRQ and related processes were updated to include additional questions on modern slavery. 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 systemic risk assessment and engagement as well as 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.

- **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:** As noted in our FY2016 Statement, in 2016 Citi initiated 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 marked allegations of forced labor and child labor as indicators that would immediately 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 on the allegations. In 2017 we worked with civil society groups and the Financial Institutions Task Force of the Round Table on Sustainable Palm Oil (RSPO) to deliver a webinar series on labor risks in the palm oil industry. The objective of the series was to raise RSPO members' awareness and understanding of the risks of child labor and forced labor and other precarious working conditions on plantations such that members could have an informed debate on how to enhance the RSPO Principles and Criteria to better protect workers. A new iteration of the RSPO Principles and Criteria will be completed in 2018.

 - **Transactional due diligence:** In addition to such systemic risk assessment, we conduct due diligence and work with our clients on identifying, preventing and mitigating the risks of modern slavery in transactions. For example, Citi is the lead arranger for a major infrastructure project in the Middle East – a region and a sector with known risks of human trafficking and forced labor. We have worked with an external environmental and social impact consultant to do an initial on the ground survey of the recruitment practices, working conditions and lodging arrangements provided by the project sponsor and its contractors and subcontractors for a large work force. To meet the scale of this challenge, Citi has been working with our client to identify cutting-edge technological solutions to help them cover more ground and receive

feedback from a much higher percentage of the diverse workforce on a more rapid and constant basis than traditional consultant site visits would allow.

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 2018 financial year. Our primary focus will be on identifying ways to engage appropriately with 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 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.
June 28, 2018

Appendix: Citi EMEA Supplier Geographic Distribution by Supplier Site

| Country or Jurisdiction | # of Supplier Sites Per Country or Jurisdiction | % of Total EMEA Supplier Sites Per Country or Jurisdiction |
|---|---|--|
| Great Britain | 846 | 51% |
| USA | 205 | 12% |
| France | 56 | 3% |
| Germany | 49 | 3% |
| Ireland | 36 | 2% |
| Spain | 29 | 2% |
| Hong Kong | 29 | 2% |
| Switzerland | 28 | 2% |
| Italy | 28 | 2% |
| Luxembourg | 24 | 1% |
| Singapore | 24 | 1% |
| Netherlands | 19 | 1% |
| Arab Emirates | 18 | 1% |
| Japan | 16 | 1% |
| India | 15 | 1% |
| Belgium | 15 | 1% |
| Australia | 14 | 1% |
| Sweden | 11 | 1% |
| Israel | 8 | Less than 0.5% |
| Austria, Greece, Jersey, Monaco, Poland South Africa | 7 | Less than 0.5% |
| Denmark, Hungary, Norway, Turkey | 6 | Less than 0.5% |
| British Virgin Islands, Canada, Finland, Russia, Saudi Arabia | 5 | Less than 0.3% |
| Czech Republic, Nigeria, Portugal | 4 | Less than 0.3% |
| Bermuda, Cayman Islands, China, Cyprus, Mauritius, Pakistan, South Korea, Taiwan | 3 | Less than 0.2% |
| Azerbaijan, Bahrain, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Egypt, Estonia, Ghana, Guernsey, Isle of Man, Jordan, Kazakhstan, Kenya, Kuwait, Mexico, Philippines, Uganda, Qatar, Zambia | 2 | Less than 0.2% |
| Argentina, Bangladesh, Cameroon, Chile, Colombia, Croatia, Iceland, Indonesia, Latvia, Lebanon, Malawi, Malaysia, Montenegro, Morocco, Namibia, New Zealand, Oman, Peru, Romania, Serbia, Slovakia, Slovenia, Sri Lanka, Tanzania, Thailand, Tunisia, Ukraine, United States Minor Outlying Islands, Venezuela, Vietnam, Zimbabwe | 1 | Less than 0.1% |
| | 1668 | 100% |