

Citizenship at Citi



Message from Pamela Flaherty

Citizenship is a significant, strategic priority for Citi. In these times of economic distress, our Citizenship efforts—helping families hold onto their homes, helping microfinance institutions serve more clients, teaching financial fundamentals to young people, ensuring our operations are environmentally sustainable, promoting diversity and reaching out through philanthropy and volunteerism—continue to make a positive difference in the daily lives of individuals and families in the communities where we work.

In 2008 we responded to the singular and devastating consequences of the U.S. mortgage market decline by helping distressed homeowners via a portfolio of homeownership preservation programs. We have taken a leadership role in working with government agencies, task forces and our industry peers to explore additional means of providing foreclosure relief.

We also continued to focus on our core Citizenship priorities of microfinance, financial education and asset preservation, and the environment.


- Citi Microfinance and our Commercial Bank in the United States entered into a five-year contract with ACCION Texas to

provide capital for ACCION Texas to expand its microloan portfolio by purchasing up to \$30 million of ACCION Texas's microfinance loans. Our agreement will help build capacity for the provision of financial services to individuals and small businesses that are outside "conventional" economic boundaries.

- Our financial education and asset preservation programs and partnerships now reach millions of people in 73 countries and territories. We are on track to meet our ten-year, \$200 million commitment to financial education, with \$149 million committed to date. Additionally, we launched a new initiative designed to dramatically improve college success rates.

- Our environmental initiatives continue to develop and evolve—and make a positive difference. This past year, we fully integrated the risk assessment framework of the Carbon Principles into our Environmental and Social Risk Management (ESRM) approach. We also made good progress on our \$50 billion climate initiative and piloted sustainable IT initiatives to save energy and cut costs.

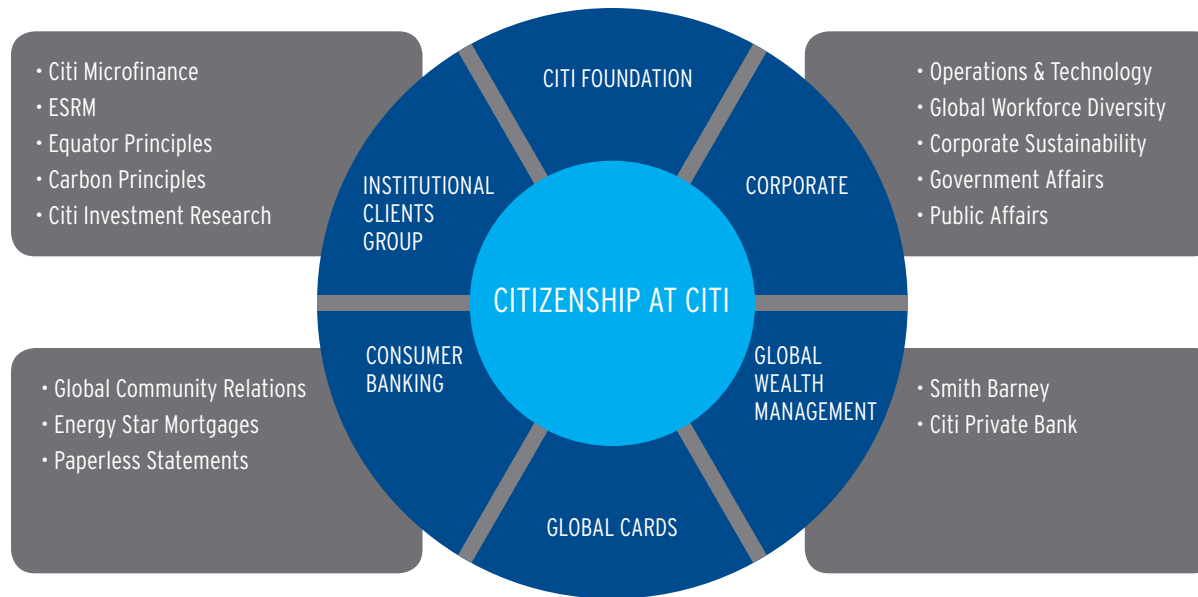
Citizenship is a complex undertaking, and its many shifting issues require that we listen carefully to our stakeholders to better understand their concerns. Through this ongoing dialogue, we can determine how best to orient our Citizenship programs. Of special note is our membership in Ceres,

an organization which this year provided us an opportunity to hear from a panel of diverse experts regarding our Citizenship performance and communications. You can read some of their comments and our responses on page 10. 

Pamela P. Flaherty

Director, Corporate Citizenship
President and Chief Executive Officer,
Citi Foundation

Citizenship is integral to Citi operations. The Public Affairs Committee of Citi's Board of Directors oversees Citi's overall Citizenship priorities and performance. Our businesses implement Citizenship policies and commitments through their day-to-day activities. Citi businesses are supported by Citi's Director of Corporate Citizenship and internal teams specializing in issues such as the environment, public policy, diversity, financial education, community relations and human rights.



Citi's Citizenship efforts were recognized for the seventh year in a row through the company's inclusion in the Dow Jones Sustainability Index and FTSE4Good.

Citizenship priorities and challenges

Our core Citizenship priorities—microfinance, financial education and asset preservation, and the environment—reflect areas where we hold specific expertise and have an opportunity to make a material difference. These priorities, along with a focus on diversity, support for our employees, a positive presence in our communities and a commitment to philanthropy through the Citi Foundation, are embedded across our global operations. While our priorities have remained constant, we adjust our activities to accommodate new stakeholder needs, learning from our successes and mistakes and changing economic conditions.

We faced extraordinary challenges in 2008. Every department has had to adjust the way it works to be more “fit,” efficient and effective. You'll see these and other issues addressed throughout the report. We believe that our strategic focus on Citizenship—supported by continued internal commitment and informed by external feedback—will strengthen confidence and trust among our stakeholders as we look to the future.

Our key stakeholders include investors and shareholders, employees, clients, peer institutions in the Equator Principles network, communities, regulators, vendors, suppliers and nongovernmental organizations (NGOs).

Stakeholder engagement

Through our engagement with individual stakeholders and stakeholder organizations, we are reaching out to millions of people each year. Whether these engagements are long-term partnerships or one-time interactions, we view each of them as an opportunity to learn about our stakeholders' views and concerns. The input we receive allows us not only to better position our Citizenship programs, but also at times to fundamentally change the ways in which we do

business. Although we may not always agree on a particular approach to resolving challenging issues, we always listen carefully, share information whenever possible and integrate stakeholder recommendations.

This year, as a member of Ceres,* we were fortunate to receive direct feedback on our 2007 Citizenship report. Ceres convened an independent group of individuals with expertise on environmental, social and governance issues who

represented a range of constituencies. This team reviewed the 2007 Citizenship report and considered whether Citi had reported adequately on its sustainability performance and key impacts. Through this review process, we received extensive feedback which we considered in developing the final version of this report.

* Ceres is a network of investors, environmentalists and other public interest groups that works with companies and investors to address sustainability challenges. www.ceres.org

“In 2008 Ceres worked with Citi to organize a multi-stakeholder dialogue around issues including climate change, the impact of the economic downturn on Citi’s sustainability commitments, implementation of the Equator Principles and workforce issues. The ongoing, significant changes in the financial services sector make it more important than ever for Citi to keep communications channels open. While we don’t expect Citi to have all the answers, it is our responsibility to ask tough questions and push the company to broaden and deepen its commitment to sustainability.”

Andrea Moffat

Senior Director of Corporate Programs, Ceres

Veena Ramani

Manager, Corporate Accountability Program, Ceres

The table below elaborates on some of the specific comments made by the Ceres panel.

Ceres' feedback	Citi's response
Provide a clear statement of ongoing commitment to Citizenship	Citi remains strongly committed to Citizenship as a strategic priority. Read about our commitment in our CEO letter [link] and message from our Director of Corporate Citizenship. [link]
Discuss challenges transparently	We discuss the economic landscape in 2008 [link] and we address challenges specific to each area of performance in the relevant sections of this report.
Describe Citi's actions to help customers affected by the mortgage crisis	We are continuing our significant outreach to impacted and at-risk borrowers and communities affected by foreclosure. We are also working with regulators, peers and NGOs to develop and implement public policy solutions to the mortgage crisis. [link]
Provide more detail as to how Citi is integrating the Carbon Principles into its environmental and social risk management structure	We began implementation of the Carbon Principles in 2008, including integrating them into our ESRM Policy and credit review process, and reviewed four transactions in the period between August 2008 and the close of 2008. [link]
Discuss impacts to date of Citi's \$50 billion climate initiative	We are making good progress on our \$50 billion climate initiative. In 2008 numerous activities across our businesses were counted toward our ten-year goal. [link]
Provide clarification as to Citi's greenhouse gas (GHG) reduction goal	Our goal is to reduce GHG emissions by ten percent globally by 2011 from a 2005 baseline, measured in absolute terms. [link]
Provide information on Citi's plans to make infrastructure, sourcing and workforce practices more environmentally sustainable	Citi is integrating environmental considerations across its operations. For example, in 2008, Citi's Procurement group drafted a Statement of Supplier Principles, including sections on environment, human rights and ethics. The Statement is expected to be finalized in Spring 2009.