

Governance and **Ethics**

Board of Directors

The Board of Directors' primary responsibility is to provide effective governance over the Company's affairs for the benefit of its stockholders and to balance the interests of its diverse constituencies around the world, including its customers, employees, suppliers and local communities.

- Citi's standard is that at least two-thirds of the members of Citi's Board of Directors should be independent directors
- 12 of 15 directors (80 percent) are independent*
- Two directors (13 percent) are female, 13 are male*
- Six directors (40 percent)—including the Chief Executive Officer—are Asian, Black or Hispanic*

There are four standing board committees, including Audit and Risk Management, Personnel and Compensation, Nomination and Governance and Public Affairs.

* As of December 31, 2008

Committee charters

A written charter for each committee outlines the mission, membership qualifications and duties for committee members. The Public Affairs Committee reviews and advises on

- the state of the Company's relationships with external constituencies, how those constituencies view the Company and the issues raised by them;

- the public policy and reputation issues facing Citi;
- political contributions made by the Company and charitable contributions made by the Company and the Citi Foundation;
- Community Reinvestment Act performance and compliance with fair lending practices;
- shareholder proposals, management responses and other shareholder activism issues;

- the Company's policies and practices regarding supplier diversity; and
- the Company's sustainability policies and programs, including environment and human rights.

All members of the Audit and Risk Management, Nomination and Governance and the Personnel and Compensation Committees are independent directors as defined by the New York Stock Exchange

corporate governance rules and Citi's Corporate Governance Guidelines, which are available online. [www](#)

For more information on Citi's Board of Directors Committee Charters, please visit our Corporate Governance webpage. [www](#)

In light of the company's performance in 2008, Citi's Chairman, its Chief Executive Officer and its Chief Financial Officer asked not to be paid bonuses for that year.

Changes in 2008

The Board of Directors disbanded the Executive Committee in August 2008. Previously, the Executive Committee held the authority to act on behalf of the Board of Directors when the full Board was not present. This responsibility has since been delegated to the Nomination and Governance Committee, which comprises entirely independent directors.

The Board also transferred the responsibility for CEO succession planning from the Personnel and Compensation Committee to the Nominating and Governance Committee and amended the charters of both committees to reflect this change.

Sir Win Bischoff stepped down as Chairman of Citi's Board of Directors in February 2009 and was succeeded by Richard Parsons (former Lead Director).

Executive compensation

Our approach to executive compensation is based on the principles outlined below:

- **Pay for performance.** We are committed to paying for high-performance people at all levels of the organization at competitive rates.
- **Meritocracy requires differentiation in pay.** Compensation will vary based on each person's performance, relative to the overall performance of the company.
- **The most senior leaders should be most affected.** We have instituted a policy under which we can recoup executive compensation that over time proves to be based on inaccurate financial or other information. We also have placed significant new limitations on the amount of severance compensation that can be awarded to executives.
- **Alignment.** Compensation should align the long-term interests of management with stockholders.

Citi Code of Conduct

Citi's Code of Conduct, updated in 2007, affirms, informs and reinforces the belief that maintaining ethical standards is critical to maintaining world-class business standards. The Citi Code of Conduct outlines the laws, rules, regulations and Citi policies that govern the activities of Citi and sets the standards of business behavior and ethics that apply across Citi.

The Citi Code of Conduct applies to every director, officer and employee of Citi and each of its subsidiaries. All employees, directors and officers are required to review and comply with the Citi Code of Conduct. In addition, other persons performing services for Citi may be subject to the Citi Code of Conduct by contract or agreement. A copy of the Citi Code of Conduct is available in 25 languages on our website. [www](#) Click on "About Citi," then "Corporate Governance" and then "Code of Conduct."

Code of Ethics for Financial Professionals

This Code of Ethics is intended to supplement the Citigroup Code of Conduct. It applies to the principal executive officer of Citi, all its subsidiaries and all professionals worldwide serving in finance, accounting, tax or investor relations—even though such a wide application is not required by law. [www](#)

Citi's global anti-money laundering program

Citi has joined with governments, international organizations and other financial services organizations to close off the financial channels used by money launderers and terrorist organizations. Citi has adopted an anti-money laundering policy (AML) that requires every Citi business to develop and implement effective programs to comply with applicable laws and protect Citi from being used as a conduit for money laundering. Citi's Global Head of AML and Sanctions Compliance and a team of more than 300 Compliance Officers around the world foster compliance and help to train employees in proper practices and controls. To learn more, please visit our webpage. [www](#)

Citi and human rights

Citi supports the protection and preservation of human rights around the world and is guided by fundamental principles of human rights, such as those set forth in the United National Universal Declaration of Human Rights and the International Labour

Organisation (ILO) Core Conventions. Citi's support for these principles is reflected in our policies and conduct regarding our employees, suppliers, clients and the countries where we do business. Citi's Statement on Human Rights, released in 2007, is available on our webpage. [www](#)

The Statement is cross-referenced in and supports our ESRM Policy, which states that ESRM-covered transactions in developing countries are expected to comply with the International Finance Corporation's Performance Standards on Social and Environmental Sustainability. These Performance Standards include policies on Indigenous Peoples; standards related to the involuntary resettlement of affected people; harmful child labor, forced labor and other labor standards;

and policies related to public consultation with affected communities.

To better understand different human rights issues and how they intersect with Citi, in January 2009 Citi hosted a stakeholder dialogue on human rights, attended by 11 external stakeholders and 19 Citi participants, including senior bankers and environmental staff. Participants discussed topics including Sudan, human rights safeguards in our ESRM Policy and the human rights challenges associated with operating our international franchises.

Public policymaking

Citi participates in public policy debate in the United States to further the strategic and Citizenship

goals of the company. Among other activities in 2008, Citi

- worked with members of Congress and the Administration to develop policies aimed at preventing distressed borrowers from losing their homes;
- consulted with policymakers and other private student lending institutions regarding proposed legislative and regulatory changes that would have a dramatic impact on the private student lending market and, by extension, student access to credit; and
- organized a strategic campaign regarding credit card practices in order to dispel myths about the industry and further educate stakeholders on the importance of access to credit.

Political contributions

Citi makes political contributions in accordance with applicable federal, state and local laws, and Citi's Political Contributions Policy, which can be viewed online. [www](#) To ensure compliance with these provisions, all political contributions are reviewed and approved by Citi's General Counsel's Office and by Citi Global Government Affairs.

A list of all political contributions made by Citi or its Political Action Committees is available on our Corporate Governance webpage. [www](#) This list is updated annually.