



CITI AUSTRALIA

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MODERN SLAVERY  
STATEMENT **2021**

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# Purpose of Statement

This statement is made by Citibank N.A. (Sydney Branch), Citigroup Pty Limited, Citigroup Global Markets Australia Pty Ltd and Citigroup Global Markets Australia Holdings Pty Ltd. For the purposes of this statement, the aforementioned entities shall collectively be referred to as “Citi Australia.”

This statement is made pursuant to section 16 of the Modern Slavery Act 2018 of Australia (“**Australia MSA**”) and covers the financial year from January 1, 2021 to December 31, 2021 (“**FY2021**”).

This statement summarises Citi Australia’s current approach to modern slavery and sets out the actions that we undertook in FY2021 and plan to take in the future to address the risk of modern slavery in our operations and supply chain. We know that eradicating slavery, human trafficking, servitude and forced labour, including the worst forms of child labour (“modern slavery”) presents a global challenge for governments and business.



As a financial services organization with a professional workforce, Citi considers the risk of modern slavery within its direct business operations to be low. However, Citi recognizes that through its supply chain, investments and customers, it can be indirectly exposed to the risk of modern slavery and human trafficking. As a global financial institution, we recognise our responsibility to be aware of the risks of modern slavery within our own organization and supply chain, including those exacerbated by the COVID-19 pandemic, and to do our utmost to contribute to its eradication wherever we have effective leverage to work towards that goal.

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# 2021 Key Actions Delivered

In the past year, Citi have further developed our understanding and management of key risks associated with modern slavery. Actions taken to embed our obligations include:

- 1** Citi Australia updated its standard contractual terms for new suppliers for goods and services by including specific provisions prohibiting all forms of modern slavery. Similar provisions were also included in all purchase order templates used in Australia. During 2021, the Australian Procurement team have continued to work toward ensuring that new or renewed contracts contained these provisions. Several examples occurred during 2021 of contract renewals being delayed due to (a) suppliers not wishing to adopt the Citi Australia modern slavery clauses; or (b) Citi Australia taking time to have its legal team thoroughly assess the suppliers own modern slavery clauses against the Act.
- 2** Building on training provided to Citi's Sourcing and Human Resources teams in EMEA, in 2019 Citi developed a comprehensive modern slavery awareness training module that provides a broad introduction to the topic as well as a particular focus on supply chain risks. Over the course of 2019 - 2021 over 1,600 Citi supply chain personnel completed the training.

During 2021, Citi Australia instructed its external legal counsel to assess Citi's global modern slavery awareness training to ensure that this global training sufficiently met the requirements of the Australian Act. This assessment found that the training was fit for purpose. The course content will be reviewed periodically. Further work will be completed during 2022 to expand the training audience and to incorporate it into annual refresher training.
- 3** Modern slavery risk has been included into the scope of escalation criteria for the Business Risk and Controls Committee ("**BRCC**").

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# Impacts of COVID-19

Citi's focus on staff safety and wellbeing has continued during COVID-19, with additional learning and support resources being made available to staff and managers. Particular focus has been placed on supporting staff working remotely and encouraging staff to take leave and make use of available resources in order to maintain their wellbeing.



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# Citi's structure, business operations and supply chain

## A. CORPORATE STRUCTURE AND BUSINESS OPERATIONS

Citi is a leading global bank, with approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, capital markets and corporate advisory, markets and securities services, commercial banking and treasury and trade solutions. In August 2021, Citi announced that it will sell its entire consumer business to National Australia Bank. The sale is expected to be completed in the first half of 2022.

For more information about our business, please see our [website \(Citi at a glance\)](#).



## B. CITI'S SUPPLY CHAIN

As a global firm, Citi has a large and diverse supply chain. We transact with approximately 300 suppliers in Australia. Further details about Citi Australia's supplier relationships are set out below in [Risk Assessment Section F. Supply Chain](#) as well as on our [Resource Management Organization \("RMO"\)](#) website, which covers Citi's global supply chain function.

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# Risk assessment, due diligence and preventive action processes

This section identifies the risks of modern slavery practices in Citi Australia's operations, supply chain and financing client activities and describes the actions we have taken to assess and address these risks. Reflecting the approach of the UN Guiding Principles, we have focused on areas in which Citi could be causing, contributing to or directly linked to practices constituting modern slavery.

Based on a high-level assessment of our operations, our assessment is that the overall risk of modern slavery occurring in Citi Australia's own hiring practices and engagement of workers is likely to be low, mainly due to the use of a predominantly high-skilled, professional workforce that is mostly recruited directly by Citi Australia. Employees are employed in accordance with applicable local legislation.

We have identified our primary risks of modern slavery as present in (1) our supply chain, particularly the procurement of products and services involving low-skilled labour or sourced from countries with weak governance or labour standards; and (2) our clients' activities, depending on the sector and country of operation. As described below, we have existing processes in place to address risks in both areas, which we continued improving upon in 2021 and expect to continue enhancing in the future.

The table below summarises Citi's assessment of risk in our business activities, including our operations, supply chain and provision of financial services and products to corporate clients and consumers. A range is provided for supply chain and client activities because of the sheer number of third parties involved, which fall on a spectrum of potential risk.

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Business Activities	Risk Assessment
<b>Operations</b>	
Engagement of workers	Low
Managed or operated joint ventures	Low
Charitable activities	Low
Distribution, purchasing, marketing, branding and sales	Low
<b>Other business activities</b>	
Equity and other investments	Low
Supply Chain	Low-High
Clients' and customers' activities	Low-High

A detailed description of these risks, as well as the due diligence and preventative action Citi has undertaken to address them, is set out below.

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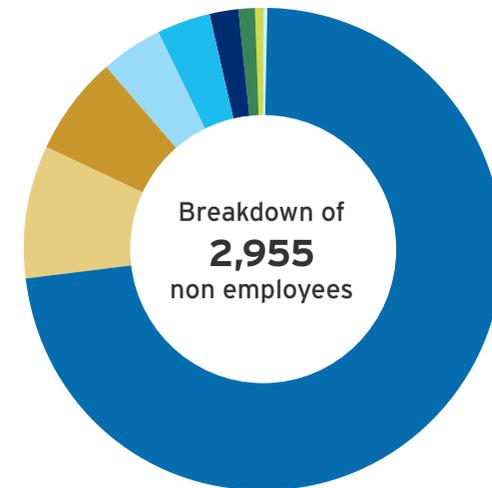
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### A. OPERATIONS: ENGAGEMENT OF WORKERS

As of the end of 2021, Citi Australia has approximately 1,604 employees in Australia. The vast majority of our employees are recruited directly. In addition, Citi Australia may engage external supplier personnel (i.e. 'non-employees') for a variety of different business purposes, including project-based work for a defined period of time, securing specialized or niche skill sets that are not readily available, or obtaining professional services and outsourced services. This consists of personnel in a wide variety of roles, which can include IT developers, legal, risk or compliance support resources, auditors, security guards and medical staff. These non-employee resources can be assigned to Citi premises or operate from supplier sites. As of the end of 2021, Citi Australia had approximately 2,955 non-employees, primarily engaged in operations support, with some in facilities management and general service providers, working both on-site and offshore in support of the Citi Australia business.

**Description and assessment of risk:** The risk of modern slavery occurring across our employee population as a result of Citi Australia's hiring practices and employment practices is low, mainly because Citi Australia adheres to a strong set of global policies and procedures to ensure fair and equitable treatment and remuneration of employees and non-employees. This includes the Citi



Code of Conduct, internal recruitment policies across our businesses and internal recruitment efforts as described below. The identification and management of risks of modern slavery for supplier personnel are covered by Citi's Requirements for Suppliers and Corporate Responsibility Questionnaire ("**CRQ**") (See [Risk Assessment Section F. Supply Chain](#)). Citi's policies support the value we place on workforce diversity and the lack of tolerance for unlawful discrimination across the employment lifecycle.

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**Due diligence and preventive action:** Citi Australia take the way our employees and non-employees are treated in the workplace seriously, including in the recruitment process. The candidate screening process includes review of individuals' proof of identity, employment history, and right to work in the country where the job is located, among other items. For Citi Australia employees, this is conducted by Citi and a third-party provider, and for non-employees, the supplier, as the employer, is similarly responsible for screening their resources assigned to Citi Australia. Before joining, Citi Australia employee candidates are informed as to how they will be compensated for their work, and the specific terms and conditions of employment. Similarly, prior to starting assignment with Citi Australia, non-employee personnel are informed of their compensation and terms of engagement from their supplier. As stated above, Citi Australia complies with applicable legislation in relation to employees' wages and working conditions.

Employees are encouraged to provide feedback and suggestions for improvement through various channels including Citi's global annual anonymous Voice of the Employee survey. In the 2020 survey additional questions were added relating to employee wellbeing and COVID-19. Responses are reviewed by businesses locally and globally, with action plans implemented for areas of improvement.

Suppliers have primary responsibility for performing background checks on their personnel and may be asked to validate that screening was performed according to Citi Australia's standards, as outlined in the Citi Requirements for Suppliers. Recruitment and placement agencies used by Citi must comply with Citi Australia's third-party requirements, including Citi's Supplier Principles and Requirements for Suppliers (refer to [Risk Assessment Section F. Supply Chain](#)).

Once engaged, employees and non-employees are subject to our global Code of Conduct, which is publicly available in 21 languages. Under the Code of Conduct, all members of Citi's workforce are 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 assist in identifying and remedying any unacceptable workplace practices and misconduct, members of Citi Australia's workforce are expected to immediately report unacceptable conduct, and promptly escalate violations or potential violations of law, regulation, rule, or breaches of policy, standard, procedure, or our Code of Conduct. For more details of our process for reporting, escalating, and investigating employee and third-party concerns, (refer to [Raising Concerns](#)).

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## B. OPERATIONS: MANAGED OR OPERATED JOINT VENTURES

**Description and assessment of risk:** Citi Australia has a number of partnerships, joint ventures and commercial relationships with business partners in the markets where we do business. Treasury and Trade Solutions (“**TTS**”) has commercial arrangements with several outsourced vendors that provide Citi with products and services, including payments platforms and related technologies. Similarly, the Institutional Client Group (“**ICG**”) Markets business has commercial arrangements with brokerage firms to provide Citi Australia customers with access to investment products. Given the nature of the services being provided to Citi Australia by the TTS vendors and brokerage firms, i.e., payments platform and related technologies, transactional investment and / or financial services, the risk of modern slavery in both the TTS and ICG Markets businesses is low because workers in these sectors tend to be predominantly highly skilled and located in jurisdictions with strong worker protections.

Brokerage firms, which are on-boarded as Citi Australia clients, rather than as third-party vendors, i.e., suppliers, must also be screened during on-boarding pursuant to client on-boarding protocols to mitigate risks. This screening includes an anti-bribery and corruption questionnaire; anti-money laundering and

sanctions screening; negative news checks; and annual broker reviews.

Finally, the Global Consumer Banking (“**GCB**”) Branded Cards business offers private label credit cards and payment platforms to various commercial partners. Any clients or transactions that utilize Citi systems would be covered by Citi Australia’s Know Your Client (“**KYC**”) and Anti Money Laundering (“**AML**”) screening negative news checks.

**Due diligence and preventive action:** To mitigate potential risks with commercial partnerships, new products or services, complex transactions, and new business or expanded business lines undergo a documented and auditable review and approval process to identify and evaluate significant risks to Citi Australia and its clients, including economic, operational, regulatory, compliance, reputational and conduct risk. In addition, any commercial arrangement with a vendor who interacts directly with customers on behalf of Citi Australia is covered by global policies and standards, including the New Products or Services, Complex Transactions, and Business Line Review Policy and the global Standard on New Products, Services and Lines of Business (Global Consumer Approval Committee Standard), which provide the standards and approval framework for new products, services, business or expanded business lines.

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Given the general low-level of risk inherent to the types of companies in which Citi Australia enters into managed or operated joint ventures, the current level of screening has been deemed appropriate for now.

### C. OPERATIONS: CHARITABLE ACTIVITIES AND SPONSORSHIP ACTIVITIES

**Description and assessment of risk:** Citi Australia and the Citi Foundation, a separate legal entity headquartered in the United States, engage in charitable activities globally, including in Australia. In addition, Citi Australia and its affiliates sponsor various cultural and community organizations. Potential modern slavery risks could arise when Citi Australia or the Citi Foundation select not-for-profit partners or sponsorship opportunities. However, the risk is considered to be low because charitable giving by both Citi Australia and the Citi Foundation is directed only to registered charities and other organizations that have been vetted in line with the policies and procedures set out below. The funding for both charities and sponsorships is typically for designated programs, which by their nature tend to be low risk for modern slavery as they are in industries

with a lower risk of modern slavery, such as cultural organizations.

**Due diligence and preventive action:** There is a thorough due diligence process in place as part of Citi's Charitable Contributions Policy and related standards and procedures that must be followed with respect to all charitable and not-for-profit partners that Citi Australia or the Citi Foundation may consider engaging with as part of grant making or prospective sponsorship opportunities.

Citi Australia has developed a modern slavery checklist to be completed by potential Citi Foundation grant applicants. This checklist is used both for: (i) selecting programs to apply for Citi Foundation funding; and (ii) selecting entities for grant making. The checklist covers questions similar to those in Citi's CRQ that focus on entities more exposed to higher-risk practices based on their geography and the nature of their business, the way they recruit workers and the suppliers they utilize. Citi Australia has also developed a standard modern slavery clause to be included in any prospective sponsorship contracts.

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### D. OPERATIONS: DISTRIBUTION, PURCHASING, MARKETING, BRANDING AND SALES

The Digital Sales and Marketing team is responsible for managing the Citi consumer brand, for new client acquisition for Citi branded cards and loans, for managing marketing technology for Citi's consumer franchise, and for managing consumer and market research for the consumer franchise. The team works with various stakeholders across the GCB and external parties including media, creative, web services, research and sponsorship agencies, brand and co-brand partners and dining agencies. Some of these relationships would be managed as part of Citi's supplier management program described below.

There could be some risk of modern slavery in offshore agencies depending on the country where the services are being carried out and the nature of the work. In this reporting period, Citi Australia made enquiries via a questionnaire to establish whether the agencies have appropriate policies and processes in place to mitigate modern slavery risks and no red flags were identified.

### E. EQUITY AND OTHER INVESTMENTS

**Description and assessment of risk:** Citi Australia's businesses hold certain equity and equity-like investments in various entities. The equity stake in these investments is typically well below ownership or control of the entities. Therefore, for reporting purposes those entities do not form part of Citi Australia's operations. However, as a shareholder Citi Australia can still be directly linked to modern slavery risks through its investments. Of Citi's global portfolio of investments, the vast majority are in sectors that are considered to have a lower risk of modern slavery such as finance, insurance, management of companies, utilities, real estate, and professional scientific and technical services.

#### **Examples of Citi Australia's equity investments include:**

- **Yieldbroker** - the leading licensed electronic trading platform for Australian and New Zealand debt securities and derivatives.
- **Experian Holdings Pty Limited** - the credit bureau joint venture formed between Experian Holdings Pty Limited and some of the largest credit providers in Australia.

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- **GROW** - a technology company focused on the wealth management and financial services sector.
- **APP** - Australian Payments Plus, a company that combines three leading domestic payment platforms - BPAY Group, eftpos and NPP Australia.

**Due diligence:** All proprietary equity and equity-like or other investments are covered by the Citi Equity Investment Policy and Citi Standard on New Products, New Services, and Complex Transactions for ICG. The Environmental and Social Risk Management Policy applies to equity investments of USD 5 million or more. All investments covered by the Citi Equity Investment Policy must be reviewed and approved by the sponsoring business and all relevant control functions, including approval by the appropriate regional and/or global New Product Approval Committee ("NPAC"), global Consumer Product Approval Committee ("CPAC") and / or equivalent committee with the primary purpose to ensure that control-related or other support issues (e.g., bank regulatory, legal, risk management, finance, compliance, etc.) are addressed. This includes AML due diligence and other assessments of risk, including those associated with

any potential franchise. Where necessary, additional control functions such as Environmental and Social Risk Management ("**ESRM**") or the Sustainability & Environmental, Social and Governance ("**ESG**") team can be brought into the NPAC process to consider modern slavery risk.

Citi Australia will take steps to confirm whether each investment entity has appropriate policies and processes in place to mitigate modern slavery risks.

## F. SUPPLY CHAIN

As noted above, Citi Australia's management of modern slavery risks in its supply chain is guided by its Supplier Principles and Requirements for Suppliers. The Requirements prohibit specific practices that are indicators of forced labour or human trafficking. Suppliers are expected to adopt policies consistent with the Requirements and to affirm that they have received and read the Requirements upon on-boarding to Citi Australia. The CRQ described below, assesses supplier conformance with these practices.

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### i. Description and assessment of risk of Citi Australia supply chain

Beginning in 2019, Citi Australia conducted a risk assessment of its supply chain to identify potential areas where it could be exposed to modern slavery and human trafficking risks. The methodology used closely mirrored a previous Citi regional risk assessment that covered its Europe, Middle East and Africa operations and supply chains (EMEA Risk Assessment), drawing on the [Global Slavery Index](#) to create a matrix of sector risks and country risks. As an initial step, suppliers were identified as either “very low risk” or “additional assessment required.” Suppliers were identified as “very low risk” if what they provide to Citi Australia involves (i) services provided by people requiring high levels of professional qualification, background checking or professional licensing; or (ii) software licensing or subscriptions only; or (iii) purely technology services without the provision of hardware or infrastructure. Of these active and inactive suppliers, 532 were identified as needing further assessment. Inactive suppliers were included in the risk assessment to mitigate against potential future use.

Based on the risk matrix developed, the more detailed risk assessment identified the following breakdown of

the 532 suppliers across the following sectors (high-medium-low):

- » **High Risk: 6 suppliers** in electronics (electronics includes laptops, computers and mobile phones); information technology; call centre operations (2 of these suppliers are no longer active for Australia for reasons unrelated to the risk assessment).
- » **Medium Risk: 16 suppliers** in business operations and services; information services, information technology, network and communications services; non-employee insurance and HR services; office equipment and supplies; professional services; real estate; travel services (4 of these suppliers are no longer active for Australia for reasons other than the risk assessment).
- » **Low Risk: 510 suppliers** in business operations & services; employee benefits; information services; network and communications services; professional services; insurance and HR Services.
- » During 2022, this risk assessment will be reviewed to ensure it remains best practice and to ensure alignment with Citi Australia structural business changes occurring in 2022.

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### G. CLIENTS' AND CUSTOMERS' ACTIVITIES: AML AND ESRM

Citi Australia's work in engaging clients on these issues takes the form of setting policies, conducting risk assessments, engagement in financial sector initiatives and specific industry platforms, as well as client screening and transaction-specific interventions pursuant to Citi's global AML and ESRM policies.

**Description and assessment of risk:** While modern Slavery can occur in every sector and anywhere in the world, it is more prevalent in certain regions and countries. As a global bank, Citi must remain vigilant for the risks associated with human trafficking, the proceeds of which could be laundered using Citi's global transactional network that moves trillions of U.S. dollars a day around the world. The risk is captured as part of Citi's global AML policies and KYC 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's ESRM Policy prohibits Citi from directly financing projects or activities involving modern slavery, human trafficking, forced labour, or harmful or exploitative forms of child labour. The ESRM Policy applies across the firm to (i) transactions above certain financial

thresholds for the financial product type in question where there is an identified use of proceeds directed to a specific physical asset or project (which includes, when relevant, application of the Equator Principles); (ii) client relationships covered by sector standards on; and (iii) transactions that trigger one of the ESRM Areas of High Caution.

The ESRM Policy's Areas of High Caution describe risk factors in client activities that can lead to elevated human rights risks that require enhanced due diligence. These factors can include when a transaction supports a project in countries or regions with a history of known human rights abuses relevant to the sector and weak enforcement of labour laws, especially occupational health and safety and freedom of association or projects involving in- migration of large labour forces, which can lead to a higher risk of human trafficking or forced labour.

**Due diligence and preventive action:** Citi's client and customer due diligence activities to address the risks of modern slavery are risk-based. For example, in 2021, Citi conducted an extensive client portfolio review related to forced labour risks in manufacturing and agribusiness in Southeast Asia. For other case studies of transactional and client relationship reviews by the ESRM team, see our [FY2020 Global ESG Report](#).

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Citi's AML risk due diligence is also risk based, with a focus on detecting, managing and mitigating financial crimes associated with money laundering and terrorism financing. Modern slavery is closely associated with money laundering, as human trafficking creates significant profits that must be laundered. Banks have a role in using financial information to detect, disrupt and dismantle human trafficking networks. Citi has an obligation to report any information that may be relevant to the investigation of or prosecution of a person for a money laundering offence and other crimes. Any information that may be of assistance in the enforcement of proceeds of crime is also a key criterion for reporting suspicious activity.

Modern slavery risks associated with money laundering are identified and mitigated through: (i) customer due diligence ("**CDD**"); (ii) red flags and key indicators, including big data mining and analysis; (iii) transactions analysis; (iv) key partnerships, including with law enforcement and civil society; and (v) training.

### **i. AML customer due diligence**

AML regimes, including the Australian AML regime, require financial institutions to conduct CDD at the beginning of a commercial relationship, during the process of on boarding a new client, and then

periodically thereafter while a relationship remains in place. CDD can reveal modern slavery risk indicators in one of three areas: 1) through client behaviour; 2) through KYC processes; and 3) during the business relationship, for example through transaction pattern analysis. CDD is performed on all customers in accordance with our global AML Policy. As part of this process, new customers are assessed through a model and assigned a risk rating. Enhanced CDD is performed on customers where Citi determines that the customer presents a high money laundering risk.

Citi clients are subject to KYC name screening at various points throughout the client relationship, including during new customer on-boarding; scheduled reviews (when client information and activity is analyzed on a periodic basis); and when material change events occur (for example, if key information has been updated within the client's KYC profile).

A core component of this screening is a search for negative news, which is required to reasonably discern a customer's reputation and/or involvement in any criminal or risky activities. Citi has created three categories of reputational risk that are classified based on the severity and type of derogatory information concerned. Under Citi's Name Screening Standard, "trafficking of human beings and migrant

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smuggling, including the trafficking of human organs and sexual exploitation, including sexual exploitation of children and child pornography” are categorized as Category A crimes, the most severe financial crimes. Under the Standard, Citi should not do business with individuals or entities involved in Category A crimes and any client triggered for such risk would need to be escalated for further due diligence and approval.

### ii. Red flags - key indicators and detection scenarios

Potential financial red flags have been identified by regulators, law enforcement and other international organizations dedicated to preventing money laundering, terrorist financing and other crimes. While there are no scenarios specifically calibrated exclusively for the detection of modern slavery, to help identify potential risks of modern slavery, Citi applies general detection scenarios designed to identify red flags indicative of any type of illicit activity. The existence of odd patterns of linkages in demographic, business, and/or transaction data may signify attempts to disguise or hide relationships and thus criminal syndicates and their collective financial activity. Upon detection of activity suggestive of potential human trafficking, AML intelligence units will submit a Suspicious Matter Report to regulators in accordance with local laws and regulations. The

investigative unit will also undertake additional post-investigation actions, including recommending exit of client accounts to the business.

### iii. Key Partnerships and associations

To advance the financial sector’s collective ability to combat money laundering linked to human trafficking and modern slavery more broadly, Citi has participated in or contributed to a number of industry-wide collaborative initiatives, discussions and publications at both the global and local levels with peers, regulators and civil society, led by Citi’s Global Financial Crimes Investigations & Intelligence team (“**GFCII**”), among others in Independent Compliance Risk Management (“**ICRM**”). The GFCII has a broad skillset in its teams, including attorney’s, former law enforcement, forensic accountants, banking compliance professionals and a dedicated team of data analytics experts in our GFCII Data Intelligence team. Also, the GFCII, which counts bankers, former financial crimes law enforcement personnel, attorneys and data science experts among its senior leaders, maintains partnerships with various nonprofits and law enforcement agencies globally, which allows for a robust dialogue regarding human trafficking and the development of ideas that stimulate industry-wide engagement to help address this important issue.

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## WITH LAW ENFORCEMENT

- GFCII's global teams engage with law enforcement agencies in their appropriate regions to obtain specific intelligence and typologies relating to modern slavery and human trafficking threats that exist in region and globally.
- **In Australia:** GFCII's APAC team regularly engages with law enforcement agencies ("**LEAs**") in the region, in particular the international LEA representatives in the region from the US, UK, Australia and Interpol. Citi has participated in financial services industry and LEA engagement through the Asia Pacific Group on Money Laundering's typology workshops on human trafficking and modern slavery, which brings together LEAs and financial services firms from across the region. Citi has also participated in similar workshops hosted by the Joint Centre for Law Enforcement Cooperation ("**JCLEC**"), a law enforcement training college co-hosted by the Australian Federal Police and the Indonesian National Police. This engagement includes the sharing of specific intelligence and typologies by these LEAs.

## WITH PEERS AND OTHER STAKEHOLDERS

- **The United Nations' Finance Against Slavery and Trafficking (FAST) Initiative's Survivor Inclusion Initiative:** The GFCII team is engaged in this ongoing program initiated by the United Nations that supports survivors of modern slavery and human trafficking in accessing financial services by providing financial institutions, service providers, regulators, governmental actors and other key stakeholders a framework to match identified survivors with basic financial services, such as checking and savings accounts and/or debit cards.
- **The Asia Pacific Banks Alliance/Mekong Club:** The GFCII's APAC regularly engages with the Mekong Club, an NGO based in Hong Kong dedicated to fighting modern slavery. In addition to having contributed to The Asia Pacific Banks Alliance Toolkit developed in 2019, the APAC GFCII team attends the Mekong Club's regular training sessions, including a session in 2020 on COVID-19 and its impact on the hospitality industry, which is very vulnerable to modern slavery and sexual servitude.

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- **Financial Coalition Against Child Sexual Exploitation:**

The GFCII NAM team participates in this working group, which consists of various members including the International Centre for Missing & Exploited Children (“**ICMEC**”), the National Center for Missing & Exploited Children (“**NCMEC**”), and representation from the financial sector. This working group participates in a “Rapid Response” program where the financial sector obtains information from law enforcement related to Amber Alert cases via **NCMEC** in order to review for bank touchpoints and provide information back to law enforcement in accordance with legal/regulatory requirements.

- In 2021, GFCII partnered with ICMEC to host a three-part virtual training program series that was designed to enhance information sharing between law enforcement, financial institutions, and non-governmental agencies in order to improve the ability to identify, detect, and report child sexual exploitation.
- **NGOs:** The GFCII partners with several NGOs on a global scale, including, but not limited to, Polaris, Stop the Traffik, the ICMEC, and Liberty Global. These organizations provide typologies, trainings and red flag indicators that support Citi Financial Crimes’ proactive work on human trafficking, including data mining and analytics and transactional reviews. Given that these partnerships exist across the globe, this

allows for region or country-specific information to be shared and explored by Citi Financial Crimes on a global basis.

#### iv. Effectiveness of AML efforts

The activities and partnerships that support our AML Monitoring program have been in place since 2009 and are subject to periodic (scheduled) tuning and optimization, independent validation, and review by Citi’s Internal Audit group.

#### v. Financial Crimes case studies

Citi Financial Crimes, in particular the GFCII (including using data analytics techniques conducted by GFCII’s Data Intelligence team), conduct proactive projects that target modern slavery indicators and red flags across regions. As these are targeted investigations, they focus on a specific type of potential modern slavery activity exposure within the bank. Related GFCII investigations have addressed human trafficking and forced labour, resulting in client exits, regulatory escalations to authorities and feedback and training to Citi staff. Examples of recent projects ongoing through 2021 include:

- APAC GFCII Human Trafficking & Modern-Day Slavery Project: APAC GFCII has initiated the Human Trafficking Project based on the need

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to assess Citi's exposure to the financial flows associated with human trafficking, considering the APAC region's exposure to source, transit and destination countries. This has been achieved through conducting relationship searches with individuals and entities who have been suspected/charged with human trafficking related activities. GFCII have utilised a range of sources including negative news and reports published by both government and non-governmental organisations (**NGOs**). GFCII has so far identified several Citi APAC and FCB clients who have who have been involved in modern slavery typologies including forced labour and child sexual exploitation. Investigations have subsequently resulted in the recommendation of exiting client relationships; an increase in risk-ratings or recommendations for ongoing discussions/consultations with the customer, particularly concerning FCB related payments.

- APAC GFCII & EMEA GFCII Collaboration with CSIS concerning Organ Trafficking: As part of APAC GFCII's Human Trafficking & Modern-Day Slavery Project, APAC GFCII and EMEA GFCII have been working together with Citi Security and Investigative Services (**CSIS**) Global Intelligence and Analysis (GIA) to determine how organ trafficking is being solicited for APAC and EMEA based medical sites and whether

threat actors have a nexus to Citi. Specifically, if any of the recruiters/brokers or medical facilities conducting illicit organ transplants utilise Citi services. According to reports, the Covid-19 Pandemic has seen a rise in both the demand for organs and willingness for victims to donate their organs, due to ongoing financial pressures related to job losses and restrictions on movement. GIA have been conducting opensource monitoring through the use of specific keywords to identify and assess any ongoing concerns. The scope of this monitoring operation is to leverage internal resources and authorised Citi resources to monitor open sources, including social media. This monitoring is ongoing.

- APAC GFCII Collaboration with CSIS concerning Online Sexual Exploitation of Children (**OSCE**) and Modern Slavery related to Online Scams: As part of APAC GFCII's Human Trafficking & Modern Slavery Project, APAC GFCII is working with CSIS on two human trafficking related typologies: OSCE and modern slavery related to online scams. The internet and related technologies continue to be used to exploit children, as it allows predators with anonymity and accessibility. The APAC region consists of a number of destination countries for OSCE, including the Philippines and Thailand. Meanwhile, the second

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typology relates to transnational crime networks who are smuggling victims from China, through Vietnam, and into Cambodia and Myanmar. These networks, which are known mainly for running online gambling operations, kidnap their victims, hold them hostage under threat of violence, and force them to carry out scams on other unknowing victims. These scams range from websites offering live casino games for players in mainland China, to blatant digital and telephone scams run by victims under duress. Similarly, APAC GFCII and CSIS are currently in the process of putting together an opensource monitoring plan through the use of specific keywords related to these typologies, with the aim of identifying whether threat actors have a nexus to Citi. The planning stages are nearly completed, and the monitoring will begin shortly

- **China:** Citi's APAC GFCII (including the GFCII Data Intelligence team) has been focusing on a number of human trafficking and forced labour issues linked to certain provinces in China.
- **Sexual servitude and human trafficking in Hong Kong:** APAC GFCII conducted a project across Citi's Hong Kong business, seeking to identify exposure to human sex trafficking supply chain in the Hong Kong sex industry. In Hong Kong, in general, prostitution is not illegal, however running a brothel or

trafficking persons for the purpose of prostitution are illegal. Research indicated that organized crime groups - to circumvent legislation targeted at business-owned brothels - have established one-woman brothels characterized by a woman taking a lease on a small apartment in specific locations in Hong Kong and operating from that location in a situation of sexual servitude. Utilizing transactional and demographic characteristics and red flags associated with this activity, APAC GFCII identified activity consistent with this typology and appropriate action was taken.

- **Child sexual exploitation:** Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") and the Fintel Alliance (Australia's AML Public Private Partnership) issued a guidance on financial indicators and red-flags associated with child sexual exploitation for financial gain. Subsequently, Citi GFCII Data Intelligence team, with the Australian AML teams, conducted a review of Australian data utilising the specific child sexual exploitation red flags stated in the guidance. Concurrently with this review, APAC GFCII conducted an additional review of all flows through Citi originating from or involving the peer Australian bank. A separate project, conducted in coordination with ICMEC, proactively targeted Citi customers utilising known behavioural, demographic and transactional red

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flags associated with this activity. This was executed for the Philippines and Thailand in APAC.

- **Data Mining Initiatives:** GFCII teams in APAC and Mexico (including GFCII's Data Intelligence team) initiated reviews related to data mining of Citi's internal transactional data, using known regional and specific jurisdictional typologies and red flags to identify transactional activity that may be indicative of modern slavery and human trafficking, including child exploitation. This work is ongoing, and additional initiatives in other regions are targeted for initiation in 2022. In APAC, this project is collectively targeting Australia, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam, primarily covering Citi's consumer and commercial portfolio.



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

## A. GOVERNANCE

Respecting human rights is a shared responsibility across the firm. Citi Australia's business implements and utilises policies and governance structures established by its parent, Citigroup Inc. Citigroup Inc.'s Board of Directors provides oversight of Citi's global approach to considering, evaluating, and integrating our response to human rights and other risks throughout the organization. The Nomination, Governance, and Public Affairs Committee ("**NGPAC**") of the Citigroup Inc. Board plays an integral role in executing the Board's oversight of sustainability issues, including human rights. The NGPAC also reviews Citi's governance and significant policies and programs for sustainability and human rights issues and oversees management's engagement efforts with investors and major external stakeholders on such as sustainability and human rights matters. For more information on the roles and responsibilities of the NGPAC, please see our [NGPAC Charter](#).

Citi's Chief Sustainability Officer ("**CSO**") leads the Sustainability & Environmental Social Governance team and develops and drives Citi's sustainability and human rights strategy across the firm, in close partnership with banking, risk, operations, and other functions globally. The CSO provides updates to the NGPAC of Citi's Board on key issues, trends and results, and reports to the Global Head of Public Affairs, who in turn reports to Citi's CEO.

Modern slavery risks related to Citi's clients are addressed both by our global Environmental and Social Risk Management ("**ESRM**") team in Risk Management which governs implementation Citi's ESRM Policy for client transactions with potential environmental and social risks, and Citi's global Anti-Money Laundering function which has responsibility across the firm for client and transactional due diligence on AML risk, including those related to modern slavery. The RMO is responsible for global supply chain practices across different regional teams and addresses modern slavery risks in Citi's supply chain.

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

To learn more about Citi Australia'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 global [Corporate Governance page](#).

### B. KEY POLICIES AND PRINCIPLES RELEVANT TO MODERN SLAVERY

Prior to the enactment and entry into force of the Australia MSA, Citi's global parent had issued statements and created global policies in relation to human rights and labour issues that encompass our commitment to contributing to the work of eradicating practices constituting modern slavery, including the following, which are periodically updated:

1. 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 labour and child labour;
2. 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 concerns from members of our workforce, supply chain participants, or the public;
3. Citi's [Environmental and Social Policy Framework](#), which encapsulates our approach and the standards we apply to environmental and social issues in the financing of our clients' activities;
4. Citi's [Statement of Supplier Principles](#), which communicates our expectations on human rights and labour issues to our suppliers;
5. Citi's [Requirements for Suppliers](#), which facilitate compliance by suppliers with Citi policies and expectations in the course of providing services to Citi; and
6. Citi's Global AML 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.

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These policies and principles are applied across Citi’s global operations, including all entities covered by this Statement. Citi is also a signatory to the United Nations Global Compact, whose Ten Principles include the elimination of all forms of forced and compulsory labour and the effective abolition of child labour. In addition, Citi supports the United Nations Guiding Principles on Business and Human Rights (the “UN Guiding Principles”) and works to implement the corporate responsibility to respect human rights. For more on our approach to human rights and our continuing efforts to implement the UN Guiding Principles, see our Statement on Human Rights and the “Human Rights” section of our annual [\*\*ESG Report\*\*](#).



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# Monitoring Effectiveness

Since 2013, the Supply Chain Development, Inclusion, and Sustainability (SCDIS) team has used a Corporate Responsibility Questionnaire (**CRQ**) to gauge how effectively our suppliers are managing critical issues, such as human rights, environmental management, health and safety, labor practices and diversity. In 2020, we rolled out an updated version of this assessment tool, which now includes all of Citi's suppliers globally and expands on our previous questions in the areas of modern slavery, supplier diversity, environmental sustainability, corporate responsibility, labor rights and workplace safety. We are continuing to enhance the way we monitor and assess performance, which will enable the SCDIS team to provide critical support where needed.

This revision further integrated modern slavery risk assessment and engagement directly into Citi's supplier engagement tools and enhanced our approach in several ways:

- We expanded the coverage of the CRQ from a core grouping of 250 top suppliers to cover all approximately 8,600 Citi-approved suppliers globally with whom we have an ongoing contractual relationship. The extension to suppliers proceeded in several tranches and was expanded in 2021 to cover all suppliers following a risk-based approach.

- We enhanced our processes to ensure that the CRQ is sent to and completed by suppliers during on boarding and periodically for ongoing monitoring depending on their risk profiles. During 2021, the CRQ was centrally tracked by our Third-Party Utility team, with non-responses or responses that generated risk flags being communicated to the relevant business manager for remediation and escalation, as required.

The goal is for suppliers to complete the CRQ every two years. This helps improve environmental and social practices across our supply chain and builds the capabilities of our suppliers in these important areas. We are currently enhancing the protocols we have in place to engage suppliers whose performance doesn't meet our expectations. Given Citi's global footprint, we rely on a strong network of colleagues around the world who serve as connections between their businesses and supply chain sustainability and diversity efforts to help implement sustainable supplier initiatives locally and adapt our CRQ to local cultures and business norms. We also translate the CRQ into 13 languages to make it easier for suppliers to complete and to enable productive follow-up.

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# Raising concerns

There are multiple channels available to members of Citi Australia's workforce, and any third party, to raise concerns relating to modern slavery, including our global Ethics Hotline. Concerns may be reported anonymously to the Ethics Hotline to the extent permitted by applicable laws and regulations. When concerns are raised with respect to potential misconduct, Citi Australia seeks to conduct investigations thoroughly, fairly, with discretion and in a timely manner. Violations of our Code of Conduct, laws, rules, regulations, or Citi policies, standards or procedures may result in disciplinary action up to and including termination of employment.

Citi Australia 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 those who participate in a subsequent investigation of such concerns, or concerns raised under the Citi Australia Whistleblower Addendum.



Retaliation is a serious issue and includes any adverse action taken because an individual has raised a concern or question, reported a violation, or been involved in an investigation. As part of any investigation, we respect the rights of all parties under applicable laws and regulations. Employees who engage in retaliation against a colleague are subject to disciplinary action, up to and including termination of employment.

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# Enhancing effectiveness in future reporting periods

It is difficult to measure the effectiveness of Citi Australia's actions at identifying and managing modern slavery risks. However, we are committed to the continuous improvement of our processes and actions taken to address modern slavery risks within our operations, our supply chains and in our financing of client activities. 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 2021 financial year, particularly related to enhancing our initial efforts on (1) supplier risk assessment and engagement, (2) training across functions and (3) extension of risk assessments to different policies and processes, including financing of various corporate sectors.

In addition, we intend to develop the below processes to enhance effectiveness and our measurement of modern

slavery in the future, including certain pilot measures in Australia and others taken globally, such as:

- Establishing a review by Citi Australia's senior management of its response to modern slavery.
- Conducting ongoing reviews of existing policies and procedures.
- Further developing supplier escalation and support process to follow-up on global CRQ assessments and create a register for supplier modern slavery risks and actions. Within Australia, modern slavery supply chain risks are escalated to Citi Australia's Third-Party Risk Steering Committee. Work is ongoing to develop a global escalation and treatment approach to ensure consistency across Citi's global business.

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- Tracking actions taken and developing systems as proxies for effectiveness, such as:
  - The proportion of Citi Australia investments in which modern slavery due diligence has been conducted
  - The number of employees who have been provided with modern slavery training, across functions. Currently virtually all Citi employees and a large number of non-employees are required to and do take the global AML training, which includes reference to human trafficking. But further efforts will be taken to develop function-specific trainings that will help Citi employees across diverse business and operational contexts understand how these risks manifest themselves in different ways within Citi’s business.



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# Consultation between reporting entities

As part of the process to complete this FY2021 Statement, Citi's Australia Chief Administration Officer coordinated the flow of information and shared feedback between

the boards and executive committees of the relevant Citi Australia entities.

## Approval

The Citibank N.A. Board is based in New York and has oversight over 160 countries in which the company operates its banking businesses through branches that fall under the separate jurisdictional regulatory requirements applying in each of those countries. In accordance with section 14(2)(d)(iii) of the Act, this Statement has been approved by Citigroup Global Markets Australia Pty Limited, Citigroup Global Markets Australia Holdings Pty Limited and Citigroup Pty Limited (i.e., more than one reporting entity covered by the Statement). The Statement has also been approved by the Citibank

N.A. Senior Officer outside Australia (**SOoA**), on behalf of Citibank N.A, who, pursuant to the requirements under the Australian Prudential Regulation Authority's (**APRA**) Prudential Standard CPS 510 Governance, is the nominated senior officer outside Australia with delegated authority from the Citibank N.A. Board of Directors, and has responsibility for overseeing Citibank N.A.'s Australian branch operations. The SOoA position is akin to a quasi-Board and the SOoA is a designated "accountable person" under the Banking Executive Accountability Regime in his/ her oversight role.

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This Statement was approved by the Citigroup Pty Limited Board, the principal governing body for the reporting entity.



**Marc Luet**

Chief Executive Officer and Director

This Statement was approved by the Citigroup Global Markets Australia Holdings Pty Ltd Board, the principal governing body for the reporting entity.



**Marc Luet**

Director

This Statement was approved by the Citigroup Global Markets Australia Pty Ltd Board, the principal governing body for the reporting entity.



**Marc Luet**

Director

This Statement was approved by the Senior Officer of Citibank N.A. outside Australia, on behalf of Citibank N.A.

**Timothy Monger**

Senior Officer outside Australia

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## HOW CITI ADDRESSES ITS MODERN SLAVERY REPORTING OBLIGATIONS

Mandatory Reporting Criteria	Citi's Approach / Location in Modern Slavery Statement	
Identify the reporting entity	<a href="#">PAGE - 6</a>	Citi's structure, business operations and supply chain
Describe the reporting entity's structure, operations and supply chains	<a href="#">PAGE - 6</a>	Citi's structure, business operations and supply chain
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	<a href="#">PAGE 7 - 23</a>	Risk assessment, due diligence and preventive action processes
Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	<a href="#">PAGE 7 - 23</a> <a href="#">PAGE 24 - 26</a>	Risk assessment, due diligence and preventive action processes Citi's governance, policies and procedures related to modern slavery risks
Describe how the reporting entity assesses the effectiveness of these actions	<a href="#">PAGE - 27</a>	Monitoring Effectiveness
Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement), and	<a href="#">PAGE - 6</a> <a href="#">PAGE - 31</a>	Citi's structure, business operations and supply chain Consultation between reporting entities
Provide any other relevant information.	<a href="#">PAGE 28</a>	Raising concerns



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