



CITIZENSHIP REPORT 2003

citigroup 

Letter from the Chairman

Let me begin by restating one of my most fundamental beliefs:

Financial services can be a force for tremendous good in the world. By providing access to capital and investment products, financial services firms enable people and their enterprises to grow and fulfill their potential.

This fact—in addition to our industry leadership—has given Citigroup a unique responsibility in every community we touch, and I am glad to say that we have a long and proud tradition of contributing positively to the lives of people in those communities. And I'm also pleased that our efforts have been recognized. In 2003, we were again named to the Dow Jones Sustainability World Index and the FTSE4Good Index, which recognize companies that are leaders in setting standards in sustainable growth and in demonstrating superior environmental, social, and economic performance.

In terms of the quality of life of a community, there are few things that have as positive an impact as home ownership. In 2003, we announced our commitment to provide \$200 billion in affordable housing loans to low- and moderate-income, minority and underserved families in the U.S. by 2010.

Another area where we have been able to make a positive difference is in the environment. In recent years, we have addressed critical environmental issues that have been of concern not only to the communities in which we operate, but also to our customers and shareholders—an effort inspired, in part, by our dialogue with shareholders, clients, and non-governmental organizations. I have taken a personal interest in these issues and have been persuaded that we are in a position to lead our industry in taking new measures to preserve our environmental inheritance.

We helped develop and spearhead the adoption of the Equator Principles, a voluntary set of guidelines for managing social and environmental issues related to the financing of development projects. In January 2004, we extended those principles to create what some former critics have called the strongest environmental policies of any private financial institution in the world. Our new initiatives include a program to look globally

for investments in sustainable forestry and renewable energy and to take actions to reduce our own environmental impact.

These developments show the positive role the corporate sector can play in protecting the environment and how much more can be accomplished by working with responsible companies rather than against them.

Another area of leadership for Citigroup has been microfinance. There are about 500 million low-income entrepreneurs around the world, but only five percent of them have access to financial services. Microfinance offers capital to these entrepreneurs, and Citigroup has been providing that capital for more than 30 years, helping many thousands of the world's poorest people start new and productive enterprises. As part of our commitment, we are supporting the United Nations' International Year of Microcredit 2005.

Education, of course, has been an area of community service in which I have been intimately involved throughout my life. The clear link between education and financial and personal success was the inspiration for launching the Academy of Finance in 1982. In the more than two decades since, the academy has grown into the National Academy Foundation, which prepares thousands of students every year in the U.S. and abroad for rewarding careers.

The National Academy Foundation is a wonderful example of what long-term commitments can accomplish, and with the same kind of dedication, Citigroup is now strengthening its efforts in behalf of financial education. Financial education is a natural extension of the work we do every day and it will be a major focus of our philanthropic efforts in the years ahead.

Affordable housing...the environment...microfinance...and education, including financial education—these are just a few of the many ways in which Citigroup is working to improve the quality of life in the communities we serve throughout the world. This commitment to use our resources, personal and professional, to help our communities is an important part of our culture and identity, and it is practiced by many of our employees, from the mailroom to the boardroom.

Let me close on a personal note. Being involved in Citigroup's very active work in the community over the years has been one of the most rewarding and fulfilling aspects of my job. While my wife Joan and I will focus on our personal philanthropy in the years to come, we will continue to support our company's efforts.

Sincerely,



Sandy Weill
Chairman,
Citigroup Inc.



SANDY WEILL

CEO and President's Letter

On behalf of Citigroup and its 275,000 employees

located in more than 100 countries around the world, we are pleased to share with you our third *Global Corporate Citizenship Report*. Throughout this report, you will find examples of how Citigroup continues to strengthen its role as a corporate citizen in hundreds of local communities where we do business.



CHUCK PRINCE



BOB WILLUMSTAD

We know that our global business leadership position requires us to conduct our business according to the very highest standards. We are proud of our many accomplishments in 2003, including the enhancements to our environmental policies and programs. We understand that the key is our ability and willingness to implement them; that will be our focus in 2004 and our efforts will include communication with our employees and our clients.

After the many challenges of 2002, we are pleased with the steps our company took to ensure the integrity of our business operations. We introduced a revised *Citigroup Code of Conduct* and helped our employees understand and apply the code through a special online training program called "Know the Code" in 13 languages.

As in the past, our efforts to help make communities better in 2003 focused on providing access to financial resources. We did this in microfinance to enable the poor to start their own businesses; in homeownership to create more affordable opportunities; in financial education to ensure the availability of quality education so people can use their financial resources wisely; and in volunteerism to strengthen our employee volunteer programs.

And, once again, Citigroup's strong financial performance, combined with our community engagement and attractive career possibilities, made us an employer of choice in many of the countries in which we operate. As described in this report, we enhanced our diversity programs in the last year.

We believe that our global diversity is one of the key strengths of our company and strengthening it is a continuing priority for all of us.

In 2003, we built on our past corporate citizenship initiatives by creating new partnerships with a broad group of global stakeholders—investors, clients, NGOs (Non-Governmental Organizations), employees, shareholders, regulators, multilateral agencies, and government officials. We listened, learned, and responded to their concerns by changing and enhancing our policies and business practices.

Finally, we're very proud that the Citigroup Foundation and our businesses awarded a record amount of grant money to organizations around the world, strengthening our commitment to financial education, educating the next generation, and building communities and entrepreneurs.

As always, while we take pride in our accomplishments, we know we have more work to do. We look forward to continuing and strengthening our commitment to making communities better and helping people around the world live better and more productive lives.

Chuck Prince
Chief Executive Officer,
Citigroup Inc.

Bob Willumstad
President and Chief Operating Officer,
Citigroup Inc.

Citigroup and Globalization

The impacts of globalization continue to be hotly debated.

Many of those who care deeply about global poverty and inequity have expressed great skepticism about the benefits of globalization and open markets. I believe that what is sometimes framed as a divide between those who care about poverty and supporters of globalization is a false debate. Globalization and market-based economics are central to growth and have contributed greatly to significant increases in living standards for many nations and vast numbers of people. The transition, however, can often cause immense dislocations and these must be addressed.

But growth and markets on their own are not enough. Governments also need to put in place policies to promote the broad-based sharing of growth and to address many important needs that markets will not deal with adequately, which is a challenge in many poor countries. For example, long-term economic growth requires a sensible environmental policy, but extreme poverty makes it very difficult for some states to deal with environmental issues such as the loss of biodiversity.

The private sector plays a vital role in the development process primarily by doing what it does best—running its businesses well, providing employment and introducing innovation. There is increased attention to removing barriers and increasing incentives to the expansion of the private sector in emerging markets, especially smaller and medium-sized companies, and the engagement of large companies as well—not as philanthropy, but core business.

The U.N. Commission on the Private Sector and Development convened by the UNDP is one example of an organization that is addressing these issues.

The emergence of well-functioning capital markets and banking systems is another essential ingredient, and

industrial country expertise can help developing countries create strong banking and capital market institutions. This is a role that Citigroup can and does play around the world, training bankers and helping to build local capital markets. Citigroup has also been a long-time supporter of microfinance institutions—with philanthropy, technical expertise, volunteers and, increasingly, banking services. Lack of access to capital in developing countries is a particular problem for small and medium-sized companies, which are key to growth. Microfinance institutions are examples of ways to make capital markets work better for the benefit of the world's poor.

Governments, individuals, businesses and civil society organizations all have an important role to play in pushing to reduce global poverty, improve the environment and create meaningful opportunities for people to lead productive and healthy lives.



ROBERT E. RUBIN

A handwritten signature in black ink, appearing to read 'R. E. Rubin', with a long, sweeping underline.

Robert E. Rubin
Director,
Chairman of the Executive Committee;
Member of the Office
of the Chairman at Citigroup

CITIGROUP

Citigroup (NYSE symbol: C), the preeminent global financial services company, has some 200 million customer accounts and does business in more than 100 countries. It provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage, and asset management. Carrying Citigroup's trademark red umbrella is a family of companies that includes Citibank, CitiFinancial, Primerica, Smith Barney, Banamex, and Travelers Life and Annuity. At the heart of these companies are 275,000 employees who are based in virtually every part of the world and who are committed to maintaining a standard of excellence in serving customers and their local communities.

Citigroup began operations in the U.S. in 1812. It has been a global company for more than a century, opening banking branches in China, Hong Kong, Japan, the Philippines, Singapore and London in 1902. Citigroup is the largest international financial institution operating in Africa, with offices in 17 countries. The company also has a wide presence in Latin America and Asia, as well as Europe and North America. Additional information may be found on our website at www.citigroup.com.

Citigroup publishes an annual report for shareholders with detailed financial information on the company. Annual reports are also published by Citigroup's Diversity Department and the Citigroup Foundation containing more information on some of the programs highlighted in Citigroup's *Global Corporate Citizenship Report*. These reports are also available on Citigroup's website.

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Our 2003 Global Corporate Citizenship Report is organized so that our readers will be able to easily find topics of greatest interest to them. We lead off with a list of our major accomplishments, each of which is described in greater detail elsewhere in the report. The "Corporate Citizenship at Citigroup" section outlines our citizenship vision and strategy—how we fulfill our role as a corporate citizen, the importance we place on dialogue with our stakeholders relating to community issues, and how we report on our citizenship activities. We organize our citizenship efforts into three categories: Community, Environment and Workplace. Each contains data that we use to quantify and identify results on specific programs, excerpts from our policies and Code of Conduct, and personal statements by our senior management, employees and various individuals from the NGO community. In the "Community" and "Environment" sections, we show how good corporate citizenship is embedded in our operations with examples of how our businesses are making a difference. And the "Workplace" section focuses on how we achieve an environment in which diversity and a work/life balance are embraced and nurtured through specific employee and recruitment programs.

Major Corporate Citizenship Accomplishments in 2003

Citigroup is included on Dow Jones Sustainability Indexes and FTSE4Good Index

for 2004. Dow Jones Sustainability Indexes (DJSI) recognize companies ranking among the top ten percent in environmental, social and economic performance; and FTSE4Good, of the *Financial Times* and London Stock Exchange, measures criteria relating to environmental sustainability, corporate citizenship, shareholder returns and support of human rights.

Community

After only six years, lent and invested more than \$140 billion to low- and moderate-income (LMI) communities and LMI families and small businesses throughout the U.S.

Announced a new commitment to make \$200 billion available for affordable mortgages in the U.S. through 2010.

Introduced the Access Account, to help unbanked households in the U.S. to become part of the financial mainstream; and the Tricolor Account to enable people in Mexico without bank accounts to receive funds from their families in other countries using Banamex ATMs.

Launched “Citi Loan Finder” in Taiwan, the country’s first online tool for consumers, which features more than ten mortgage products and allows multiple banks to compete for their business.

Debuted a new Citi-branded financial education curriculum, available online and through local U.S. community nonprofit organizations.

Adopted a new “Customer First” sales process at CitiFinancial to ensure and document that customers make a fully informed choice regarding optional credit insurance protection.

Awarded more than \$88.8 million in grants to nonprofits and NGOs around the world through the Citigroup Foundation and our businesses.

Implemented Junior Achievement’s “Personal Economics” program in 168 middle school classrooms in Germany.

Environment

Led a coalition of financial institutions in developing and adopting the Equator Principles, guidelines based on the policies of the World Bank and the International Finance Corporation for managing social and environmental issues related to financing development projects.

Adopted a new Global Corporate & Investment Banking Group Environmental and Social Risk Management Policy.

Initiated a new program to invest in sustainable forestry and renewable energy.

Signed on to the Business Roundtable (BRT) Project Climate RESOLVE to voluntarily reduce, offset, sequester or avoid Greenhouse Gas (GHG) emissions.

Underwrote 158 environmentally beneficial projects in the U.S. totaling more than \$8.3 billion.

Enhanced our Environmental Database system and established a website to better execute our global monitoring and management of energy systems.

Began using recycled copy paper at all Citigroup U.S. facilities and worked with Environmental Defense to help other companies and government offices take similar action.

Developed a policy and programs to help prevent the financing of illegal logging.

Workplace

Launched five new employee networks: an African Heritage Network, a Hispanic Network, a Women’s Network, a Working Parents Network, and a Pride (gay and lesbian) Network.

Opened new child care centers in San Antonio and London, maintaining our leadership in making child care available to more employees than any other corporation in the world.

Introduced an Elder Care Management Services program through Citigroup’s U.S. LifeWorks program.

Corporate Governance

Rated recently by the *Corporate Governance Quotient* published by Institutional Shareholder Services as outperforming 79.4 percent of all companies in the S&P 500, and 97.2 percent of all companies in the diversified financial sector.

Issued a *Citigroup Corporate Governance and Business Practices Report*.

Began reporting earnings in the first quarter of 2003 using only GAAP (Generally Accepted Accounting Practices) income measures.

Filed our 2002 10-K, complying with the SEC 60-day reporting requirement two years earlier than required.

Made our statement of values—“Our Values Add Value”—available in nine languages on Citigroup’s intranet site.

Made a “Know the Code of Conduct” tutorial available in 13 languages on Citigroup’s intranet site.



Corporate Citizenship at Citigroup

We believe that we have a responsibility to make a positive contribution
in communities where we do business.



Pamela P. Flaherty

is Senior Vice President at Citigroup and is responsible for corporate citizenship, environmental affairs, and addressing globalization issues that the company faces.

We do this in four ways by:

- Operating a profitable business that provides employment and career opportunities for 275,000 employees (98 percent hired locally), serves our clients well and builds shareholder value;
- Engaging in philanthropy and volunteerism, often partnering with community leaders and organizations;
- Applying the power of our businesses—which, because of their size and reach and the power of the marketplace to make initiatives self-sustaining, can have a major impact; and
- Maintaining business practices that reflect high ethical standards.

Our businesses view their responsibility to the community as part of their mandate. Citigroup's Country Officers (CCOs) and business managers ensure that we are leaders in corporate citizenship in their markets through partnerships among our local businesses, the Citigroup Foundation, NGOs and, on occasion, our clients and local governments.

SOLUTIONS THROUGH OUR BUSINESS

Because corporate citizenship is an extension of who we are, we focus on issues that are relevant to our business. This includes supporting

MFIs (microfinance institutions) that provide access to credit to very low-income entrepreneurs, primarily in emerging markets; lending and investing in LMI communities in the U.S. where we have extensive retail operations; adopting new environmental and social risk policies for our Global Corporate & Investment Banking Group; using our purchasing power to increase our use of recycled paper, thereby driving down the cost for other companies; and supporting programs that foster financial education, as well as general education to help people build assets and realize their dreams.

We also play a role in helping to build a robust and ethical financial sector in many places around the globe. We do this by sharing our expertise through training and advice, as well as by innovating in these local markets and expanding employment and the businesses of our clients. In some instances, we experiment to learn if there is a business opportunity. For example, over the years we have improved our capacity to originate consumer mortgages in U.S. LMI communities and, in 2003, our efforts culminated in a multiyear, \$200 billion commitment. Another example is investing globally in sustainable forestry in emerging markets and renewable energy. In late 2003, we initiated a program to identify investments that yield market rates of return in these two areas. Staff have been identified to lead this effort and have begun to learn about and seek out viable investments.



Throughout this report, we offer examples of how our businesses are making a difference in communities around the world. As we did last year, we try where we can to quantify or summarize the impact we are making.

CORPORATE GOVERNANCE AND ETHICS

We recognize that good corporate citizenship begins with ethical behavior and the highest standards of corporate governance. These were high-profile issues for the financial industry and Citigroup in 2002. In response to criticism of the industry and of Citigroup and our own desire to have the highest standards, we implemented changes to both our corporate governance policies and our business practices. These were summarized and published in *Corporate Initiatives: Corporate Governance and Business Practices*, which is available on our website.

In addition, Citigroup has a clearly stated code of conduct, also revised and reissued in 2003, that is applied company-wide. It is available on our intranet site for all employees, who are required to sign an acknowledgment that they have received it and

understand it. We provide explicit guidelines and rules on a wide range of topics such as our community and workplace responsibilities, commitment to the environment, anti-money laundering, privacy of customer information, insider trading, political contributions and many others. Just as important, we articulate our philosophy of adhering to the highest standards: “Citigroup expects all representatives of the company and its subsidiaries to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, regulations and company policies.”

STAKEHOLDER ENGAGEMENT

At Citigroup, we have an expansive and diverse group of stakeholders around the world. These include employees, clients, shareholders, elected officials, community organizations, NGOs and socially responsible investors. Because of our size, global presence and highly recognizable brand name, we understand that many people will have opinions on how we run our business. We also recognize that many stakeholders have valuable information, perspective

and knowledge that we need. We interact with our stakeholders in many ways, including one-on-one conversations, group meetings, written communications, surveys, our *Global Corporate Citizenship Report* and our website. These ongoing interactions foster the exchange of ideas, allowing us to better understand our stakeholders and their interests.

Addressing expectations up front helps us discover solutions or at least narrow our differences. While we fully expect that there will always be areas where we disagree on specific issues, these interactions help develop relationships that build trust on both sides. And in some cases, we find a “win-win” solution.

We continue to learn enormously from our stakeholders, some of whom are partners, some of whom are critics, and some of whom are a combination of both. We view our interactions with them as an opportunity to explain what we do and how we do it. In the U.S., we have continued to meet with community leaders to discuss our consumer finance business practices and our lending in LMI communities. We have also continued to meet with a group of shareholders and with a number of NGOs to discuss our environmental stewardship, particularly the incorporation of environmental and social considerations into our risk assessment process for financing large infrastructure projects. Finally, we continue to operate the Business Practices Committees that were established in 2002 to examine and ensure that Citigroup’s business practices reflect the company’s core values and the highest standards of practice.

OUR GLOBAL CORPORATE CITIZENSHIP REPORT

As in previous years, we received feedback on our *2002 Global Corporate Citizenship Report* from a group of socially responsible investors and NGOs. They were complimentary about a number of improvements to our report, such as the inclusion of more facts and numbers, the identification of Global Reporting Initiatives (GRI) and Organization for Economic Cooperation and Development (OECD) indicators, major accomplishments, how we manage corporate citizenship and examples of how we apply environmental screens to risk assessments. They also identified areas for improvement, such as the context for reported data and the need to include more goals, more straightforward discussions of the areas where Citigroup faces criticism and more examples of how we apply our environmental and social risk management policies. We take this feedback seriously and have tried to respond to some of these suggestions.

REPORTING ACCORDING TO GRI AND OECD GUIDELINES

For the second time, we have used GRI and OECD guidelines in our *Global Corporate Citizenship Report*. The intent of the GRI guidelines is to enhance the quality, rigor and utility of sustainability reporting and to provide standardized definitions; the OECD guidelines provide a framework for responsible business conduct for multinational enterprises in the rapidly changing global economy. Our goal is to use as many of these indicators as we think are useful in reporting on our corporate citizenship efforts.

Citigroup as a Participant in Local and Global Markets

We are focused on responding to our customers' needs

at Citigroup International, while playing a positive role in the development of local economies. We support hundreds of development programs, primarily in the areas where we think we can do the most good: financial education, microfinance, training and technical assistance programs and management expertise. We train bankers, hire local staff and introduce new products that are targeted to the communities where we do business.

We recognize that educating financial professionals is one of the most effective ways to improve banking services, develop better banking standards and practices, and enhance investor confidence worldwide. Financial education is currently a top priority for Citigroup, and we are spearheading a large variety of financial education initiatives around the world.

In 2003, Citigroup held a Credit Analysis Training workshop in Johannesburg, attended by 20 representatives from commercial banks throughout Africa, and hosted anti-money laundering workshops in Tanzania that were attended by more than 50 local financial industry professionals. Citibank has also been instrumental in leading financial industry reforms taking place in Afghanistan. Since 2000, more than 900 staff from the Central Bank and 40 local commercial banks have participated in Citibank's training initiatives.

OUR COMMITMENT TO HIRING AND NURTURING LOCAL TALENT

At Citigroup, we place enormous value on our individual customers, as well as the individuals who work

for our organization. We are committed to hiring and training local talent, aligning our hiring practices with the needs of the countries where we do business, treating our employees with respect at all times and implementing best practices in regard to all employee issues.

We are at the forefront of global staff development and career training, as demonstrated by our award-winning UAE nationalization (or Emiritization) program. Citigroup's efforts were recognized by the UAE's National Human Resources Development Committee, citing our responsiveness to the nation's policy of increasing the ratio of nationals to expatriate workers in key strategic sectors, such as banking. By aligning hiring practices with the local policy, we contributed positively to the growth of the local workforce—increasing by 189 percent between 1997 and 2002.

MAKING THE GLOBAL FINANCIAL SYSTEM MORE TRANSPARENT

At Citigroup, we recognize that we benefit from operating in open economies with clear rules and regulations and strict standards of good governance for all participants.



Sir Deryck Maughan

Chairman and CEO,
Citigroup International;
Vice Chairman, Citigroup

“Our long history in the more than 100 countries where we serve clients provides Citigroup a unique advantage—not only in business, but in helping local communities. We are in each country for the long term and think of ourselves as a local bank. We are deeply conscious that our work in each country is a privilege. We are actively committed to the economic and social development of these countries. We hire and train local residents, transfer technology and make capital investments. We also rely on our local staff to help us build the community programs most needed. With tens of millions of customers throughout Asia, Europe, Latin America, the Middle East and Africa, our connections to local communities are powerful—we respect that and use it to the benefit of millions more.”

We have been active in many ways to protect the global financial system from abuse. Knowing that our business benefits from a global financial system perceived as honest, transparent and efficient, we have taken a leadership role in adopting and promoting global anti-money laundering principles. We have also continued to be at the forefront of efforts to identify the role that financial institutions can play in the war against financing terrorism.

Citigroup's broad-based Global Anti-Money Laundering Policy, available on our website, covers all its businesses worldwide. The policy sets forth our stringent customer due-diligence requirements, as well as policy and procedures designed to ensure compliance with U.S. laws and regulations and the laws and regulations of the jurisdictions in which we operate outside the U.S.

Several years ago, Citigroup played a crucial role in organizing an informal group of international financial institutions that came together to devote resources to developing specific guidance to perceived global money-laundering risks. This group, now known as the Wolfsberg Group, has issued guidance with regard to several relevant money-laundering and terrorist-financing risks. This guidance has been universally adopted by financial institutions and recognized by many government officials.

Our involvement in private sector anti-money laundering initiatives, such as those with the Wolfsberg Group, the American Bankers Association and the New York Clearing House, has helped provide needed guidance to the financial community.

However, Citigroup also maintains an even deeper commitment to ensuring that the private and public sectors understand the risks associated with money laundering and terrorism financing. Over the last year, our staff has provided training and technical assistance to governments and financial institutions across the U.S. and in countries throughout Europe, Asia, Africa and South America.

Recognizing the complexity and global nature of the fight against money laundering, fraud, terrorist financing and information security, Citigroup also works with law enforcement, administrative and regulatory agencies as well as a broad range of financial industry organizations to foster cooperation, share information on best practices and promote consistency in these ongoing efforts. These organizations include: Transparency International, the Overseas Security Advisory Council, the International Security Management Association, the International Banking Security Association, the American Society of Industrial Security, the International Association of Credit Card Investigators, the Bank Industry Technical Secretariat, and Business Executives for National Security.

THE **CORPORATE GOVERNANCE QUOTIENT** PUBLISHED BY INSTITUTIONAL SHAREHOLDER SERVICES RECENTLY RATED CITIGROUP AS OUTPERFORMING 79.4 PERCENT OF ALL COMPANIES IN THE S&P 500 AND 97.2 PERCENT OF ALL COMPANIES IN THE DIVERSIFIED FINANCIAL SECTOR.

AS OF MARCH 17, 2004

Leadership in Business Practices

We undertook initiatives to address the financial industry standards

that had come under sharp scrutiny by the U.S. Congress, regulators and investors in 2002. We understand that this is by no means a static process and that we need to be vigilant in working to ensure compliance with existing efforts and to ensure that our policies and procedures adhere to the very highest standards.

To chart our progress, in 2003 we issued the *Citigroup Initiatives Corporate Governance Business Practices Report*. This report discusses the changes that the company has made, including those relating to assuring the independence of our research analysts, ensuring transparency, disclosing structured finance transactions, expensing stock options and affirming the stock ownership commitment for company directors and Citigroup senior management.

The report also highlights the new structures that have been put into place at the Board level and throughout our businesses to embed into our company's culture our commitment to the highest level of integrity and professionalism. One such structure was the creation of forums consisting of the senior-most managers for raising and resolving business practices issues.

With Citigroup's earnings reported in the first quarter of 2003, we began using only GAAP income measures, which makes it easier for investors to compare our results with those of other companies and further enhances the clarity of our reporting.

On March 3, 2003, we also filed our 2002 10-K, complying with the new SEC 60-day reporting requirement two years earlier than required.

Our senior management also believes that our company will grow faster and create more opportunities for our clients, shareholders and communities if employees have a common focus and follow consistent principles. In 2003, Citigroup made its statement of values—"Our Values Add Value"—available in nine languages on its intranet site for employees worldwide. This statement reflects our business philosophy and provides day-to-day principles, priorities and values that can be applied to decisions made on the job.

In 2003, Citigroup updated its *Code of Conduct*, which expresses the values that drive its businesses. All employees worldwide are required to read the *Code* and sign and return a form acknowledging their understanding of the content. Our *Code of Conduct* is now available online in 11 languages. We also offer an online tutorial called "Know the Code" so employees can test their knowledge.



Todd Thomson

Chief Financial Officer,
Citigroup

"The message the industry got in 2002 was that it was time to get back to integrity and good disclosure and good corporate governance. And frankly, I think everybody feels better about that. At Citigroup, we feel we should help lead that process. We should lead by example, because we have some influence on how the rest of the business community acts."

Excerpted from an
Interview in *CFO Magazine*,
November 1, 2003



Community

HELPING TO MAKE COMMUNITIES BETTER

“We aspire to be known as a company dedicated to community service, taking a leadership role in every local community around the world in which we operate, and making a positive difference in the communities where we live and work.”

—Excerpt from Citigroup's *Values Add Value*

Helping to Make Communities Better

Citigroup has a long-standing commitment to helping make the

communities where we do business better places to live and work. In 2003, we continued to strengthen our participation in a broad range of community-building initiatives that help foster healthy economies, such as financing affordable housing, helping to create and sustain microlending programs, helping NGOs and nonprofits strengthen their operations, and supporting financial education, small business development and savings incentive programs. Our approach to serving the community is threefold:



Michael Weitzman, President of Citibank West, delivers a lesson to local school children on National “Teach Children to Save” Day.

- We provide consumers, businesses and community organizations with access to financial education and technical assistance so they can make informed financial choices;
- We offer best-in-class products and services tailored to meet customers’ needs; and
- We form comprehensive partnerships with key organizations spanning financing, technical assistance, grant support and volunteerism.

gain a better understanding of issues impacting communities. Through these relationships, we have also worked to develop financial programs, products and services that strengthen the economies of local communities and enhance the personal financial situations of those who live there. In doing this, we have sought opportunities for collaboration across our businesses.

Our success is measured in a number of ways, including acknowledgement of our good work by advocates, academics, our community partners and others, recognition by U.S. regulators in the form of “Outstanding” Community Reinvestment Act (CRA) ratings, and increased business generated from our community involvement.

Financial Education

CITIGROUP INTRODUCES A NEW FINANCIAL EDUCATION CURRICULUM—

Citigroup’s businesses offer a variety of financial education programs to help benefit their target markets. Our businesses and the Citigroup Foundation in the past two years have supported financial education initiatives and organizations in more than 40 countries. In 2003, responding to a critical need identified by community leaders, we introduced a new *Citigroup Financial Education Curriculum Guide*. Produced in both English and Spanish, the curriculum aims to help individuals from kindergarten through adulthood develop the skills necessary to make informed financial decisions. It is available in a binder, on CD-ROM, and at www.citigroup.com/citigroup/financialeducation/curriculum.

CITIGROUP’S COMMUNITY EFFORTS IN THE U.S.

Over the past three years, Citigroup’s Global Consumer Business in the U.S. has considerably expanded its community efforts. We have increased the number, depth and diversity of our partnerships with local and national community groups and advocates to

Strengthening Our Financial Education Commitment

Financial education is a natural extension of the work we do every day and a major focus of our effort to make a difference in the communities where we live and work.

In 2004, we will significantly increase our commitment in this area. We will add more resources to help build broader and stronger partnerships with people and organizations, and mobilize our 275,000 employees to provide increased access to financial education throughout the world.



Marge Magner

Chairman and CEO, Citigroup Global Consumer Business

“Financial institutions can play a key role in helping communities grow, and we believe that we can make a difference through our presence and through our products and services. At Citigroup, we take very seriously our commitment to help make communities where we do business better. We aim to ensure that communities and their residents have easy access to financial education, a variety of financial products and services, and job opportunities. Whether through grants to non-profit organizations or through our people going into neighborhoods to build Habitat homes, we strive to make a real and tangible difference.”

In developing the curriculum, Citigroup worked with leading financial education teachers in conjunction with Topics Education Group, a national organization dedicated to promoting education. The curriculum is adaptable for schools, after-school programs and community-based organizations; the kindergarten–8th grade lessons are mapped to U.S. national educational standards in math, social science, language arts and economics.

Citigroup is working with selected community groups to ensure that the new curriculum is widely available. Several organizations received grants for trainers and facilities so they can offer their clients the curriculum. These included a total of more than \$1.4 million in grants to nonprofits, including the National Urban League for programs in six markets, ASPIRA for programs aimed at Latino youth in six markets, the Unity Council in Oakland, CA, to benefit local residents, and Operation HOPE for programs targeting youth in New York, NY; Washington, DC; and Oakland, CA.

Beginning in 2004, we will report on the number of individuals who have completed lessons from our curriculum. Our goal is to help educate thousands of people about the financial opportunities available to them and to roll out our curriculum in the more than 100 countries served by Citigroup.

IDAs LEADERSHIP—Citigroup has taken a leading role in establishing Individual Development Accounts

(IDAs), which are financial education-based savings programs that help low-income individuals work toward financial independence. Participants commit to a series of financial education seminars that help them effectively use their savings to build their personal assets.

In 2003, Citigroup strengthened its support of IDAs by establishing ten new programs with local nonprofits, bringing its total number of programs to 42 and total number of accounts to more than 3,500.

CITIBANK OFFERS 1,200 SEMINARS—

Citibank’s Financial Center (FC) Financial Education Seminar Series in the U.S. helps educate consumers of all ages about personal finance. During 2003, more than 24,000 consumers attended 1,200 seminars at the bank’s retail locations and other sites through Citibank’s Bank-at-Work program. Along with these seminars, we offer consumers and business entrepreneurs Citipro, a free financial-needs-analysis tool available in English and Spanish. More than 200,000 Citipros were conducted in 2003.

Two of Citibank’s most popular seminars are “First-Time Homebuyer” and “Small Business Administration (SBA) Lending.” During 2003, approximately 1,318 consumers attended one of our 194 “First-Time Homebuyer” seminars, and since the Citibank “SBA Lending” seminar was launched in 2002, 677 consumers have attended one of 93 sessions.

Arabella Martinez

Chief Executive Officer,
The Unity Council

“We are thrilled to join with Citigroup to help educate our community on the fundamentals of sound financial management. We appreciate their generosity and their commitment to helping to build a healthy community in the Fruitvale neighborhood of Oakland.”



Elizabeth Garza, Citibank's Director of Community Mortgage Lending, addresses representatives from organizations who are participating in a program to become U.S. Department of Housing and Urban Development-certified homebuyer education counselors.

Addressing Identity Theft

Identity theft, the unlawful capture and use of another's personal identifying information, has reportedly become the U.S.'s fastest-growing white-collar crime. To allay our clients' fears and to protect ourselves from financial losses from this crime, Citigroup has developed a comprehensive identity theft program that spans all of our businesses, including credit cards, retail banking, lending, investments and insurance. Recently, we introduced a free personalized assistance program, Citi Identity Theft Solutions, to help consumers recover from identity theft. We also have launched a nationwide print and television ad campaign to raise consumers' awareness of identity theft.

OUTREACH GROWS THROUGH AMERICAN BANKERS ASSOCIATION PARTNERSHIP

—During 2003, Citibank continued its American Bankers Association Education Foundation (ABAEF) partnership and participated in two ABAEF financial education programs, "Teach Children to Save" and "Get Smart About Credit." Using kindergarten–12 grade-specific lessons from the ABAEF's "Teach Children to Save" resource kits, 518 Citigroup employees reached 19,000 students—up from 5,000 students in 2002—through presentations at local schools and nonprofits nationwide. As part of the ABAEF's "Get Smart About Credit" program, more than 150 employees delivered credit management lessons to more than 800 employees of 50 nonprofit organizations throughout California and Nevada.

CITI CARDS' FOCUS ON USING CREDIT WISELY

—Citi Cards, the world's leading credit card provider, has a longstanding commitment to credit education. Its "Use Credit Wisely" program, found at www.usecreditwisely.com, provides the latest resources to consumers to help them achieve their financial goals. Topics covered include maintaining good credit, gaining financial control, and fraud prevention. The program also offers tools such as life-stage calculators to help develop budgets.

Specifically for Hispanic adults, Citi Cards also offers "Hablando de Crédito" ("Let's Talk About Credit") at www.cuidatucredito.com, with resources and information that dispel common credit myths. And for college students, Citi Cards' award-winning Credit-ED website, www.students.usecreditwisely.com, offers all the resources and information that a college student needs to manage credit responsibly and maintain lifelong financial good health.

SMITH BARNEY CONTINUES SUCCESSFUL INVESTOR EDUCATION PROGRAM

—In 2003, Smith Barney continued its highly successful Target Market Initiatives Investor Education Program, which gives women, African-Americans, Hispanics, parents, young professionals and young investors greater insight into investing and the financial markets. Each initiative is designed around a marketing program that includes educational symposia in major U.S. cities featuring high-profile guest speakers, prominent local speakers and our own financial experts. Smith Barney's Target Market Initiatives serve to further educate investors and expand their participation in the financial markets. Since the inception of these Initiatives, more than 25,000 clients and prospects have participated.

COMMUNITY DEVELOPMENT SERVICES STRENGTHEN NONPROFITS' OPERATIONS

—Citigroup aims to help strengthen nonprofits' operations so they can serve more clients and become more self-sufficient. In 2003, Citigroup's Community Development Institute in the U.S. sponsored technical assistance and training programs attended by hundreds of nonprofit organizations. The Institute covers the cost for our nonprofit partners who wish to attend courses offered by organizations such as the National Development Coalition (NDC). Citigroup also hosted "Nonprofit Days" in 13 markets across the U.S., with more than 1,300 attendees.

In Puerto Rico, the Citibank Community Groups Network Program, known as La RED, brings together groups that focus on housing and economic development. La RED has 18 member organizations that meet to share common issues and develop strategies to improve relationships with the government, banks and private sector. La RED began as a program of Citibank and in 2002 was incorporated as an

independent nonprofit organization. In 2003, Citibank and La RED participated with the Puerto Rico Senate in structuring the Third Sector Initiative, which includes 15 legislative actions related to nonprofits, most of which were developed based on La RED documentation and input.

Businesses Strengthening Economies of U.S. Communities

At Citigroup, we recognize that applying our products and services to strengthen the economies of local communities makes good business sense. Through 2003, we have loaned and invested more than \$140 billion in LMI communities and to small businesses throughout the U.S. as part of the ten-year, \$115 billion commitment we made at the time of the Citicorp/Travelers 1998 merger. We are making good progress in the first year of the ten-year, \$120 billion commitment to lend and invest in underserved communities in California and Nevada. Under this commitment, made in 2002 at the time of our Golden State Bancorp (California Federal Bank) acquisition, Citigroup made \$19 billion in loans.

NEW ACCESS ACCOUNT TO BENEFIT THE UNBANKED—In 2003, Citibank introduced its new Access Account, which is designed specifically to help bring into the financial mainstream U.S. households that do not currently have bank accounts. The Access Account includes “checkless” checking, which allows unlimited bill payments through Citibank Online and through the bank’s automated phone system. Account holders may also receive a MasterCard debit card for cash withdrawal and point-of-sale transactions.

The Access Account also features easy and low-cost remittance and funds transfer options. For example, Citibank partners with fellow Citigroup business Banamex so the Access Account can be used to send money between the U.S. and Mexico.

CITIBANK COMMUNITY DEVELOPMENT SURPASSES \$1 BILLION—Successful community development products and services are a major catalyst in fostering economic development. By centralizing and expanding the Citibank Community Development group (CCD), we have surpassed \$1 billion in community development lending and investing in each of the past three years. Drawing resources from across Citigroup’s businesses, CCD provides innovative, comprehensive and cost-effective financing packages to nonprofit and for-profit organizations engaged in community development in LMI communities.

During 2003, CCD loaned more than \$1 billion. Among its many projects were North Beach Place in San Francisco, CA; Columbia Gardens in Arlington, VA; the Bradhurst Revitalization Project in New York City’s Harlem community; and Fruitvale Village in Oakland, CA. These four projects alone will create more than 1,000 new homes for LMI individuals.

Ileana Cintrón

Executive Coordinator, Red de Apoyo a Grupos Comunitarios en Desarrollo Socioeconómico, Inc.

“La RED is a result of Citibank’s consistent investment in capacity and coalition building among community organizations in Puerto Rico. We believe that the foundation that has been created to formalize our work as a coalition serves as a model for social organization that will benefit citizens in the communities we serve.”

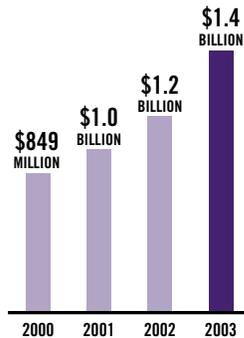
Citibank Receives CRC Community Reinvestment Excellence Award

The California Reinvestment Committee (CRC) is a coalition of more than 200 nonprofit and public agencies that advocate for increased access to credit on behalf of California’s low-income communities. In 2003, CRC’s Board of Directors presented Citibank with its Community Reinvestment Excellence Award for its tax-exempt bond financing of nonprofit affordable housing. CRC’s award recognizes innovative community reinvestment products or programs that have significantly impacted California’s underserved communities.

REPORT ON OUR COMMUNITY COMMITMENTS

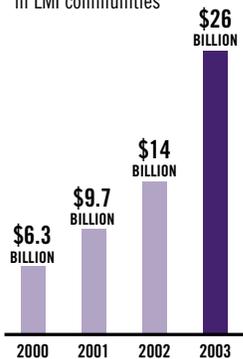
COMMITMENT	COMPONENTS	RESULTS
Ten-year, \$115 billion national community commitment made in 1998	\$115 billion in community lending and investing Insurance availability Financial and technology literacy	Through 2003, more than \$115 billion in loans and investments were made. All elements of this portion of the commitment have been met. The Office of Financial Education is expected to open in the first half of 2004.
Ten-year, \$120 billion California and Nevada community commitment made in 2002	\$120 billion in community lending and investing \$35 million in community giving and outreach efforts in California during first year of commitment	In 2003, we already lent \$19 billion. We achieved this component of the commitment.

ANNUAL U.S. COMMUNITY DEVELOPMENT LENDING AND INVESTMENT RESULTS



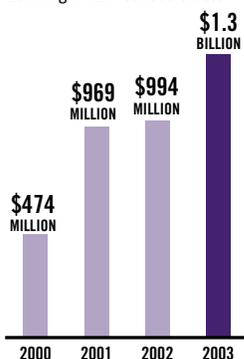
ANNUAL U.S. COMMUNITY MORTGAGE LENDING RESULTS

U.S. Community Mortgage Lending to LMI individuals or those buying homes in LMI communities



ANNUAL U.S. SMALL BUSINESS LENDING RESULTS

U.S. Community Small Business Lending in LMI census tracts



CCD also made \$398 million in CRA-qualified community development investments.

In 2003, we established a new national partnership to foster neighborhood revitalization with the La Raza Development Fund (RDF), the National Council of La Raza's (NCLR) affordable housing development arm. This partnership will result in up to \$100 million of new affordable housing and community facilities that will be created and financed in U.S. markets where Citibank has a presence. In addition, the Citigroup Foundation made a \$5 million grant to support RDF's efforts. Projects under way as a result of this partnership include:

- **Tiburcio Vasquez Health Center (TVHC) in Hayward, CA** operates a centralized system of licensed medical providers and offers community health education, social work and nutrition services. Through the Citibank/RDF partnership, TVHC has secured \$4.8 million in financing to acquire a new, larger site for the Miranda Health Center.
- **Mujeres Latinas en Action in Chicago, IL**, is the country's oldest continuously operated Latina organization. Its services include providing programs covering numerous topics such as homelessness prevention, youth crisis intervention and leadership development. Our RDF partnership has enabled Mujeres to finance the \$1.3 million renovation of a new program center, which will serve as its headquarters.

COMMUNITY MORTGAGE LENDING UP 60 PERCENT—

Citigroup believes that owning a home is an important factor in building wealth and financial security, and that is why we commit significant lending resources to affordable home purchase lending. Our efforts have paid off with lending to LMI borrowers growing more than 60 percent in 2003.

In June 2000, CitiMortgage launched a five-year, \$12 billion affordable lending commitment, which it met ahead of schedule in January 2003 by delivering \$12.4 billion in affordable mortgages. More than 87,000 LMI households benefited from these dollars and from 28 first-time homeownership seminars.

In September 2003, CitiMortgage announced a new commitment with Fannie Mae to provide \$200 billion for affordable housing to LMI, minority and underserved families across the U.S. through 2010. Mortgages made under this commitment are part of a program that includes all of the information, resources, and products and services that the business offers potential homebuyers. To achieve its \$200 billion goal, we will work with new and existing community organizations.

The Neighborhood Assistance Corporation of America (NACA) is one of the country's largest housing services organizations. In 2003, Citigroup expanded its relationship with NACA to create a loan program that helps enable more LMI borrowers and borrowers in LMI communities to purchase homes. The program includes a \$3 billion commitment to affordable mortgage lending over ten years, features no fees, points or costs, and affordable interest rates for eligible borrowers.

SBA LENDING AND RESOURCES FOR SMALL BUSINESSES—

Small businesses contribute significantly to the economic well-being of local communities, in many cases by providing jobs. Along with offering our own credit products, we are a preferred lender for U.S. government SBA loans and SBAExpress lines of credit. Citibank also provides small businesses with a full array of cash management services and educational resources through seminars, The Resource Network and

CitiBusiness online. Despite continued weak economic conditions in 2003, we increased our small business lending by approximately 29 percent versus 2002.

Small business owners find it convenient to obtain capital for their enterprises using credit cards. In response to this need, we developed a suite of small business card products for our clients. Due to a strong response to this product set, our small business cards have grown to comprise approximately 90 percent of our small business lending. In order to diversify our offerings, we are now working on developing our noncard small business lending and SBA programs. In 2003, we increased our noncard volume by close to 20 percent.

CITIBANK'S CRA RESULTS				
LEGAL VEHICLE	BUSINESS REGULATOR	ASSESSMENT AREA(S)	RESULTS	DATE OF LAST REVIEW
Citibank Delaware	FDIC	Wilmington, DE	Outstanding	2003
Citibank, FSB	OTS	Portions of CT, DC, FL, IL, MD, NJ, TX and VA	Outstanding	2003
Citibank (Nevada), N.A.	OCC	Las Vegas, NV	Outstanding	2003
Citibank (South Dakota), N.A.	OCC	Sioux Falls, SD	Outstanding	2003
Citibank USA, N.A.	OCC	Sioux Falls, SD	Satisfactory	2003
CA Commerce Bank	FDIC	Los Angeles, CA	Outstanding	2002
Universal Financial Corp.	FDIC	Salt Lake City, UT	Outstanding	2002
Citicorp Trust Bank (formerly Travelers Bank & Trust)	OTS	National	Outstanding	2001
Citibank, N.A.	OCC	Downstate and Upstate NY, Guam, Puerto Rico	Satisfactory	2000
Associates Capital Bank	FDIC	Salt Lake City, UT	Outstanding	1999
Citibank (CA/NV), FSB	OTS	CA and NV	N/A	N/A

Serving the Growing Hispanic Community

Citigroup is committed to serving the unique needs of the growing U.S. Hispanic community by developing products and supporting initiatives that help Hispanics enter the financial mainstream, buy homes and send money to relatives abroad. In 2003, we:

- Introduced the new Citibank Access Account (described on page 17);
- Established a new national partnership with the La Raza Development Fund to foster neighborhood revitalization (described on page 18);
- Introduced Banamex's Tricolor Card, making it easier and less expensive for people in Mexico to receive funds from their families via a Banamex ATM;
- Leveraged our branch network in California and Nevada and our Banamex branches in Mexico to expand our affordable funds remittance services from the U.S. to Mexico;

- Sponsored the LATINA Style Magazine National Business Series, which reached 1,200 Latina business owners in six U.S. cities; and
- Supported the U.S. Hispanic Chamber of Commerce's "Franchising Today: Exploring New Markets and New Opportunities," a program for small businesses held in five U.S. markets and Puerto Rico.

Our CRA Record in the U.S.

Citibank's Community Reinvestment Act (CRA) performance in the U.S. is assessed periodically by various regulatory agencies. Lending in underserved communities allows us to expand our customer base and helps lead to increased business opportunities. Our reputation for serving LMI communities is strong. Currently, eight of our 11 legal vehicles have "Outstanding" ratings and two have "Satisfactory" ratings. We strive to achieve a rating of "Outstanding" in all our markets across the country.



William (Bill) R. Rhodes

Chairman, Citicorp/Citibank, N.A.;
Senior Vice Chairman, Citigroup

William Rhodes announced Citigroup's \$105 million commitment to the National Council of La Raza (NCLR) at the organization's 2003 Capital Award Dinner (described on page 18). "We view our partnership with NCLR as a bridge to increase access and investment in Hispanic neighborhoods and create opportunity for U.S. Hispanics. This historic partnership, combined with the grant from the Citigroup Foundation, is part of our continuing commitment to serve this dynamic community."

“CONSUMER APPLICATIONS FOR LOANS MUST BE TREATED CONSISTENTLY WITH CITIGROUP’S FAIR LENDING POLICY AND U.S. FAIR LENDING STANDARDS, WHICH MANDATE FAIR, EQUITABLE AND CONSUMER-FRIENDLY TREATMENT.”

—EXCERPT FROM CITIGROUP’S CODE OF CONDUCT

**NACA
(National Assistance
Corporation
of America)**

“We are pleased with the initiatives that CitiFinancial has undertaken to implement significant policy changes and to raise the bar in the consumer finance industry.”

Issue:

While responsible subprime lending enables individuals who may have difficulty meeting conventional underwriting criteria to obtain credit, the industry has been under scrutiny since the late 1990s due to reports of abusive practices by some lenders.

**CONSUMER FINANCE
LEADERSHIP**

Citigroup’s community commitment extends to our leadership in implementing changes in the consumer finance industry. We responded to the concerns of community and advocacy groups by developing the CitiFinancial Real Estate Lending Initiatives in 2001, a series of changes that ensure that CitiFinancial, our consumer finance business, leads the industry in the disclosures of rates, terms and features so that borrowers may choose the best product. Many of our competitors have since implemented similar changes.

Our Initiatives included developing programs to ensure that qualified borrowers are aware of and have access to lower-cost credit alternatives, discontinuing the sale of single-premium credit insurance on real estate-secured loans, revamping of our broker-based operations and suspending numerous foreclosures.

Although we implemented all of our Initiatives in 2002, as detailed in the *CitiFinancial Real Estate Lending Initiatives Progress Report* (available on our website), we continued to make modifications in 2003.

“Customer First”—In June 2003, we implemented “Customer First,” a new sales process designed to ensure and document that customers have made a fully informed insurance choice. Credit insurance has always been completely optional. The purchaser can cancel the coverage at any time and, if applicable, receive a refund. CitiFinancial provides information about credit insurance in a number of ways, all of which occur only after applicants have been advised that their loans have been approved. A financial education brochure also is being developed to help consumers decide if the

terms of a specific mortgage loan are appropriate for them. Along with the implementation of “Customer First,” CitiFinancial discontinued all sales of personal property insurance.

Branch Self-Assessment and Training—CitiFinancial branch managers are required to test their branches monthly for a variety of consumer, compliance and policy issues. Corrective actions are taken for any deficiencies. Beginning in 2003, district managers also are required to test each branch quarterly to verify branch managers’ results. By moving to an online environment, reporting and tracking these results was simplified.

Starting in 2003, all CitiFinancial network field and home-office employees also are required to complete an Annual Compliance Refresher Course focusing on federal regulations and CitiFinancial’s consumer protection policies and procedures. An independent consultant also was retained to improve existing training programs.

Pricing—In response to input from regulators and community groups, we have worked to reduce rates in our nonprime businesses, thereby narrowing loan pricing differences among our channels. In 2003, we significantly lowered our real estate pricing. For example, first-mortgage rates range from 6.99 percent to 12.25 percent; second-mortgage rates range from 8.99 percent to 14.25 percent.

In an effort to improve our consumer finance business, we have shared our experiences with our various stakeholders and have learned much from our dialogues with them. As a result, we believe that we have greatly improved the quality of products and services for our customers and have helped drive the industry toward greater consumer protections.

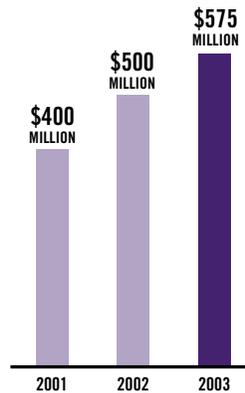
CITIGROUP SUPPLIER DIVERSITY SOURCES NEW FIRMS

Citigroup's Supplier Diversity initiatives continue to actively identify and use businesses owned by minorities, women, service-disabled veterans and the physically challenged, as well as increase opportunities for these businesses through educational seminars and mentoring programs. Since 2001, our reported diversity-supplier spending has increased by 38 percent, and our business with women-owned and minority-owned firms in 2003 reached more than \$575 million. There are several contributing factors to the growth of our Supplier Diversity initiatives: greater use of diverse suppliers, greater focus in our procurement and participating businesses, and enhanced awareness and reporting procedures.

"The Citigroup Supplier Diversity Mentor Protégé Program" (MPP), launched last year, was developed to build working relationships between established companies and less-experienced diverse suppliers. The program's purpose is for experienced companies to act as mentors and share their knowledge and help identify business development opportunities. Diverse firms compete to be part of our "Protégé Program."

U.S. SUPPLIER DIVERSITY PROGRAMS GROWTH OVER THREE YEARS

Citigroup's supplier diversity spending



Citigroup is one of ten Charter Member companies of a European-based research firm called the Migration Policy Group (MPG). The group formed the European Supplier Diversity Project (ESDP) to explore supplier diversity in five European countries and help promote it. The project is committed to fostering an environment that will offer under-represented businesses the same opportunity to compete for the supply of goods and services as established suppliers. An initial pilot to identify women-owned businesses in the U.K. will begin in 2004.

Additionally, Citigroup Supplier Diversity was recognized by the Selective Corporate Internship Program (SCIP) as "Corporation of the Year" in 2003 for its leadership and participation in the SCIP summer internship program for promising high school juniors from underprivileged backgrounds. The SCIP internship program provides its students with training and exposure to careers and opportunities in corporate America.

Businesses Strengthening Economies Outside the U.S.

Citigroup also seeks innovative ways to apply its products and services to strengthen communities outside the U.S. Highlighted below are just a few examples of our initiatives in 2003.

SUPPORTING SMEs—As emerging-market economies develop and grow, so do small- and medium-sized businesses (SMEs). In Hungary, where more than 10,000 SMEs are Citibank customers, we are committed to expanding our loan offerings and focusing on providing our clients with the financial products and services they need to succeed. In the Czech Republic, Citigroup recently introduced an international debit Visa Card with attributes tailored to making the transactions of SMEs more secure.

\$70 MILLION TRADE ENHANCEMENT FACILITY HELPS IMPORTERS—Citigroup is also committed to supporting regional and local economies through trade agreements in the countries where we do business. In the Middle East, Citigroup and the International Finance Corporation (IFC) signed a \$70 million trade enhancement facility providing financing for importers of capital goods and raw materials in Jordan and Lebanon. This investment will help develop the financial sector, increase overall trade and support businesses by enabling local commercial banks to extend longer tenor trade credit.

TAIWANESE SHOP FOR MORTGAGES WITH "CITI LOAN FINDER"

Citigroup recently launched the "Citi Loan Finder" in Taiwan, making a powerful new tool available to customers for the first time ever in the country. "Citi Loan Finder" brings together more than ten mortgage products online and allows multiple banks to compete for the individual's business in "real-time."

AT CITIGROUP, WE KNOW THAT MICROFINANCE CAN HELP POOR FAMILIES IMPROVE THEIR LIVES AND BUILD A VIABLE PRIVATE SECTOR IN COUNTRIES AND REGIONS WITHOUT SUFFICIENT EMPLOYMENT OPPORTUNITIES. AND AS A FINANCIAL INSTITUTION, WE HAVE THE CAPACITY TO HELP EXPAND ACCESS TO FINANCIAL PRODUCTS AND SERVICES AROUND THE WORLD.

MICROFINANCE HELPS WORLD'S POOR ACCESS FINANCIAL SERVICES

During 2003, we continued to support the expansion of microfinance

to ensure that more of the world's poor have access to financial services.

Issue:

Sustaining the growth of microfinance institutions (MFIs) around the world to reduce poverty.



Stanley Fischer

Vice Chairman, Citigroup;
President, Citigroup International

“Microfinance is beginning to move into the capital markets. Together we can ensure that future collaborations between those of us in the financial sector and those in the microfinance industry are profitable and productive and more importantly, that they truly benefit poor men and women around the world who need access to financial services.”

Citigroup's Strategic Approach in Supporting Microfinance

- Work with microfinance intermediaries and networks to ensure that community-based partners have access to the best know-how.
- Partner with leaders in the field to support the emergence of uniform standards and to increase efficiency and transparency.
- Seek to support microfinance institutions to achieve greater scale, outreach and financial sustainability.
- Use our strengths to establish deep, multifaceted relationships with microfinance institutions and networks.

Our commitment to the development of microfinance began nearly 40 years ago with a \$5,000 grant. Since then, our support has grown substantially. Over the past five years alone, the Citigroup Foundation has made \$17 million in grants to 178 microfinance partners in 50 countries. Our employees continue to volunteer their time and talents to microfinance through board service, technical assistance and teaching banking principles to microfinance leaders around the world. Finally, and very importantly, we are beginning to view MFIs as a business opportunity. Citigroup businesses have supported significant bond transactions for MFIs in Peru and Mexico.

ACCESS TO THE BEST KNOW-HOW— MORE LOCATIONS

China, where 530 million citizens live on less than \$2 a day, is an ideal environment for microfinance growth. With Citigroup's support, the Grameen Foundation USA's Funding the Poor Cooperative has expanded four of its branches that provide microfinance services in China.

Our support also enabled Grameen to offer branch management training to close to two dozen Chinese MFI executives.

ACCESS TO THE BEST KNOW-HOW— MORE PRODUCTS

Among the programs that Citigroup supports in Africa, FINCA (Foundation for International Community Assistance) Uganda is especially important. FINCA began operations in Uganda in 1992 and now serves more than 36,000 predominantly poor women clients with an average loan size of \$256. Recognizing the need to save as well as borrow, FINCA has been instrumental in crafting legislation that will allow Village Banks and other MFIs to accept savings deposits. FINCA is also working to apply technology to create safer transactions for its clients, including smart cards, fingerprint recognition and pocket PCs.



Richard Stanley

Chief Country Officer for China, Citigroup

“Supporting microfinance enables Citigroup to do what it does best—to expand access to financial services and enable people to take control of their own future through access to capital.”

ACCESS TO THE BEST KNOW-HOW— MORE PEOPLE

Young entrepreneurs—a new audience—are the focus of our support in Latin America. Our goal is to engage them in entrepreneurial activities to strengthen the future economies of their countries. With the YMCA of Trinidad and Tobago, we are supporting a series of training programs to prepare youth for business activity; with Fundacion Corona in Colombia, we are assisting in the development of entrepreneurship courses in nine universities; and with Fundacion Esquel in Ecuador, we are engaged in activities designed to foster innovative young entrepreneurs.

BUILDING MULTIFACETED RELATIONSHIPS— CITIGROUP VOLUNTEERS

Citigroup employees worldwide take great pride in their volunteer support for MFIs. They serve on MFI boards and committees, and lead training programs and evaluate business plans for both MFIs and borrowers. In Pakistan, Slovakia and Vietnam, to name just a few places, our staff helps to strengthen and promote microfinance in vastly different economic and social systems. For example, several employees in Slovakia work with the Integra Foundation’s Mikrofond to review business plans of Mikrofond’s clients, and another staff member serves on the Foundation’s internal audit committee.

BUILDING INFRASTRUCTURE TO REACH SCALE

Along with our very local work with MFIs, Citigroup supports broad-based program development

designed to serve the regional and worldwide MFI sector. Citibank Philippines and Women’s World Banking (WWB) have continued their relationship to develop training modules for MFI executive leadership. In 2003, the partnership developed its risk management module. Two modules already in place were the focus of a regional training program for MFI executives offered in Kenya through a collaboration of WWB and Citibank Kenya.

In collaboration with the Microfinance Council of the Philippines and with the full support of the Philippine Central Bank, Citigroup Philippines launched the second Citigroup Microentrepreneur of the Year Awards program, which honors and recognizes outstanding Filipino microentrepreneurs who can serve as role models for others.

Citigroup’s most long-standing microfinance partner is ACCION International. Our support of ACCION includes an awards program in Latin America, the creation of a new banking structure in Nigeria, and service on ACCION boards and local committees. Recently, a senior Citigroup employee joined the board of the ACCION-founded Council of Microfinance Equity Funds. The council’s purpose is to address a compelling issue for the growth of the microfinance field—access to equity investment. At the council’s request, ACCION is producing a study that gathers equity investment data from more than 100 MFIs worldwide and analyzes ownership and governance structures based on questionnaires and interviews.



Weavers who belong to the Working Women’s Forum in Kanchipuram benefit from Citigroup’s microfinance support and Citigroup volunteers’ marketing advice.

GLOBAL FINANCIAL EDUCATION INITIATIVES

Over the years, we have seen the good that comes from responsible

and wise use of financial resources. We support financial education because it helps people understand how to use those resources, raises the quality of life for people, and strengthens communities around the world. Financial education is a natural extension of the work we do every day and a major focus of our effort to make a difference in the communities where we live and work.



Citibank's Product Manager Kai Kruse was one of the more than 170 employees who volunteered to introduce JA's Personal Economics program in Germany.

JUNIOR ACHIEVEMENT AROUND THE WORLD

Citigroup supports Junior Achievement (JA) programs on four continents and in more than 30 countries, bringing the world of business and personal finance to life for millions of students. Close to \$5 million has been contributed over the past five years to help expand existing programs and start new ones. In 2003, 1,411 of our employees served as JA classroom volunteers and we supported JA programs with \$1.3 million in grants.

- **Latin America**—Students representing 11 Latin American countries traveled to Uruguay for the sixth annual "Banks in Action" (BIA) regional competition, which we sponsored in 2003. BIA teaches high school students about banking through a competition in which students assume the role of bank managers and make decisions based on various business and economic scenarios.
- **Germany**—In Germany, more than 170 Citibank volunteers introduced JA's Personal Economics program in 168 middle school classrooms. During this eight-week course, students learn about budgets and personal and family financial management. The program will expand to a total of 250 schools in 2004. In addition, Citibank Germany and JA plan to launch a national "Job Shadow Day," where students get to spend a day with a business professional to learn about what they do.

AUSTRALIA'S "FINANCE FIRST"

In 2003, Citigroup Australia and YWCA New South Wales (NSW) formed a two-year partnership to implement "Finance First," an educational program aimed at creating intergenerational change within families and breaking cycles of welfare dependency. Our employees have the opportunity to participate in the program's curriculum development and training evaluation, and to serve as mentors. An advisory board oversees the project and includes representatives from Citigroup's senior management, the NSW Department of Education and Training, the Australian Securities and Investment Commission, and the Financial Counselors Association of NSW. This program is being supported with a \$337,000 grant from the Citigroup Foundation.

**HIGHLIGHTS
OF OUR FINANCIAL
EDUCATION
AND TRAINING
PROGRAMS IN 2003**

PROGRAMS	PEOPLE SERVED
FC Seminar Series—U.S.	24,000
Finance First—Australia	120 – 180
Foundations in Finance—Singapore	3,000 (over 3 years)
Junior Achievement—Global	129,022
Money for Living—Czech Republic	100
National Academy Foundation—U.S. and London	20,000
SSB Target Market Initiatives—U.S.	25,000
Teach Children to Save—U.S.	19,000

SINGAPORE’S “FOUNDATIONS IN FINANCE”—In Singapore, Citibank’s “Foundations in Finance” initiative provides experience-based financial education programs to high school and university students in wealth generation and management, budgeting, financial planning and investment. In partnership with the Learning Society of Singapore, a unique learning experience has been developed that includes the “Singapore Stock Challenge,” where students discover the fundamentals of equities and trading stocks. University Banking Seminars, taught by Citigroup business leaders, expose business students to the latest financial services industry trends. Other program components offer seminars, a financial basics survival guide for high school students, internships, job shadowing and a website for teachers.

CZECH REPUBLIC’S “MONEY FOR LIVING”—“Money for Living” is a financial education and life skills program in the Czech Republic for adolescents who have no families and are living in group homes. The Citigroup Foundation provided \$50,000 in support to pilot the program in 2003 and committed another \$150,000 for the program’s future expansion. Local Citibank employees provided technical assistance during the development of “Money for Living” and will help to deliver workshops that are part of the program. During 2003, the program reached 100 new participants and a goal has been set for at least 150 new participants in 2004.

NATIONAL ACADEMY FOUNDATION IN THE U.S. AND LONDON—During the 2003 – 04 school year, more than 20,000 students are attending Academies of Finance (AOF), which is a program of the National Academy Foundation (NAF), founded and chaired by Citigroup’s Chairman, Sandy Weill. Academies also are in operation for the travel and tourism and information technology industries.

In May 2003, the United Kingdom (U.K.) Career Academy Foundation, an NAF affiliate, graduated its first group of Academy of Finance students, and 80 percent of these students are continuing their studies at universities, mirroring the success of the U.S. program. Plans are well under way to expand the Academy of Finance in the U.K. to ten additional schools. In 2003, we supported NAF and the U.K. Career Academy Foundation with \$2.5 million in grants.



Sandy and Joan Weill attended the ribbon-cutting for a new state-of-the-art library and technology center at New York City’s High School of Economics & Finance (HSEF). Citigroup has been the lead sponsor of HSEF since its founding in 1993 and was a major contributor toward more than \$1 million that was raised to build the new library and technology center.

Veduna Bubleova

Director, Centre for Substitute Family Care

“Thanks to Citigroup’s support, ‘Money for Living’ was launched in response to the report on the compliance of the Czech Republic with the Children’s Rights Treaty, which was published by the U.N. Committee in Geneva. For the Czech Republic, the report’s results were largely unfavorable. Children who spend a substantial part of their lives in group homes need to be properly prepared to enter the world when they are ready to leave. It is of critical importance that they be given a helping hand.”

EDUCATING THE NEXT GENERATION

Knowledge enables individuals to realize their fullest potential,

and this is why Citigroup also focuses significant support on education. Our commitment provides grants to educational programs in 49 countries, including Hong Kong, Brazil, India, Spain and South Africa, that promote early literacy development, improve the quality of teaching and learning, encourage student creativity through the arts and provide access to higher education to underrepresented populations.



Chilean students join with (from left) Sergio Vitar, Minister of Education; Veronica Abud, Director of Fundacion La Fuente; Ariel Sevi, Citigroup Country Officer for Chile; and Sergio Puyol, Mayor of Macul; at a ribbon-cutting for a new “Creating Readers of Tomorrow with Citigroup” bibliomobil.

CHILE’S “CREATING READERS OF TOMORROW”—Citibank Chile and Fundacion La Fuente, a local organization specializing in reading and educational programs, have teamed up to sponsor the “Creating Readers of Tomorrow with Citigroup” program in low-income neighborhoods in Santiago. The program opens up the world of books to thousands of students and their families by providing mobile libraries that regularly visit area schools. In each community, the bibliomobil is outfitted with reading materials, computers, music and movies. Teacher training and educational workshops for children and parents are also offered. “Creating Readers of Tomorrow with Citigroup” has changed the lives of thousands of students, helping to instill in them a love of reading. Equally important, teachers have seen marked improvements in students’ reading comprehension and communications skills, the foundation for all learning.

“CITIGROUP SUCCESS FUND” IN 20 U.S. AND FIVE ASIAN MARKETS—

The “Citigroup Success Fund” program provides grants to educators to develop innovative, easily replicable grassroots programs aimed at improving student achievement. In 2003, we made grants of close to \$1 million to support “Citigroup Success Fund” programs in 20 U.S. markets, including Miami, New York, San Francisco and Tampa, and in five Asian countries, including Hong Kong, Indonesia, the Philippines,

Taiwan and Thailand. The program is customized to best serve each community’s educational priorities and needs, whether it be to encourage hands-on, project-based learning, improve reading and English-language proficiency, or develop an appreciation for cultural diversity and community involvement.

CITIGROUP TELACU SCHOLARSHIP AND MENTORING PROGRAM IN THE U.S.—

In 2003, the Citigroup Foundation reinforced its commitment to the Hispanic community by launching a new scholarship program in partnership with TELACU (The East Los Angeles Community Union), one of the premier community development corporations serving the Hispanic community. The commitment of \$515,000 over three years will create the Citigroup/TELACU Scholarship and Mentoring Program, which will provide scholarships to 40 Hispanic college students from low-income neighborhoods in the Los Angeles and San Francisco areas. Each scholar will be matched with a Citibank mentor who will act as their academic and career adviser. Students also will benefit from an array of personal and professional development workshops.

VOLUNTEERISM AT CITIGROUP—THE POWER OF OUR PEOPLE

Citigroup continued to strengthen its commitment to volunteerism

in 2003 with the launch of a new department, Global Volunteer Initiatives. This department captures the full scope of Citigroup employees' volunteer activities, ranging from company-sponsored events to hundreds of activities that individual employees take part in on their own. In addition, Citigroup has created a dedicated volunteers' home page on its intranet site that details activities and opportunities across the U.S.

During 2003, close to 600 U.S. employees received the prestigious U.S. Presidential Volunteer Service Award, which recognizes those who have given more than 100 hours to community service. In the U.S., we also held our second national day of volunteering in conjunction with the "Make a Difference Day" campaign. More than 1,400 employees representing all of Citigroup's businesses in 26 cities participated in 45 volunteer projects.

In 2003, we also began piloting a computer-based tracking system to capture the full extent of our employees' involvement. We expect to be able to report the information generated by this tracking system in our *2004 Global Corporate Citizenship Report*.

Citigroup and Habitat for Humanity International

One of Citigroup's leading volunteer activities is hands-on home building. Our U.S. "Citigroup Builds Communities with Habitat for Humanity" employee volunteer program was launched in 2000. The program continues to gain momentum and, in 2003, the Citigroup Foundation awarded Habitat for Humanity International (HFHI) a total of \$2 million in grants to support its home building program and financial education

for its new homeowner families. Our 2003 program will result in a total of 44 Habitat homes built in 43 U.S. cities and London with help from close to 5,000 employees logging approximately 60,000 volunteer hours.

In 2003, Citigroup's President, Bob Willumstad, joined with hundreds of employees to participate in the Financial Services Roundtable's (FSR) "Community Build Day" program, which united banking, investment and insurance company employees in building Habitat for Humanity homes in 13 U.S. cities and London. Mr. Willumstad, who is a member of the Habitat for Humanity International Board of Directors, also served as co-chair of the FSR's "Community Build Day."

Citigroup's businesses provide additional support to Habitat affiliates in overseas and U.S. markets. Our employees in Bolivia, Canada, Costa Rica, the Dominican Republic, El Salvador, Egypt, Guatemala, Hungary, Jordan, Kenya, Korea, Lebanon, Nigeria, Poland, South Africa, Tanzania, Thailand, Turkey, Uganda, the U.K. and Zambia, among others, were also involved in local Habitat builds. Grants made to HFHI and its affiliates around the world in 2003 totaled nearly \$2.8 million, up from \$1.7 million in 2002.



Charles V. Raymond

President, Citigroup Foundation

"We were pleased to double our support to Habitat for Humanity International in 2003, as well as add two components to our program with them. In keeping with our focus on financial education, we have targeted a portion of our support to provide Habitat families with the essential financial knowledge that they need to become successful new homeowners. We also targeted our building in ten cities where there is a large Hispanic population so that more homeownership opportunities would be available to this underserved market."



Pictured on "Make a Difference Day" 2003 are (from left) Ken Grouf, co-Executive Director, City Year New York, and Judith Binney, Director of Citigroup's new Global Volunteer Initiatives Department.

(Bottom photo) Employees from around the world attending a management meeting in Dublin took time out to help revitalize Christ the King Boys and Girls School with a fresh coat of paint.



WORKING TOWARD A SUSTAINABLE FUTURE

“Citigroup is committed to conducting business in an environmentally responsible manner that protects human health, natural resources and the global environment.”

—Excerpt from Citigroup’s *Code of Conduct*

Environment

IN 2003, CITIGROUP ADOPTED AN ENVIRONMENTAL POLICY THAT PROVIDES A LONG-TERM FRAMEWORK PROMOTING HIGHER ENVIRONMENTAL STANDARDS THROUGH THE COMPANY'S BUSINESS PRACTICES RELATED TO ENDANGERED ECOSYSTEMS, ILLEGAL LOGGING, ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE.



- I EXTERNAL LISTENING**
- II INTERNAL POLICY**
- III ORGANIZATION AND PEOPLE**
- IV OUR ENVIRONMENTAL FOOTPRINT**
- V TRAINING AND COMMUNICATIONS**
- VI RISK MANAGEMENT**
- VII NGO PARTNERSHIPS**
- VIII BUSINESSES MAKING A DIFFERENCE**
- IX EVALUATION AND FUTURE PLANNING**

Our Environmental Management System

Serving as the basis of our efforts is our

Environmental Management System (EMS). Our EMS is embedded in our operating culture, is part of our core business practice and is the responsibility of our individual businesses.

In 2003, we rationalized and broadened the description of our EMS framework. We reversed the order of “Internal Policy” and “External Listening,” a change that reflects our responsiveness to stakeholders. We combined the sections on the Environmental Affairs Unit and the Environmental and Social Policy Review Committee into “Organization and People,” and expanded that section to include additional Citigroup employees who have environmental responsibility. We also broadened Internal Efficiencies to include our total environmental footprint, and we combined “Training and Communications.” Last, and importantly, we have added a section on “Evaluation and Future Planning.”

I EXTERNAL LISTENING

Citigroup listens to environmental points of view from a wide range of opinion leaders and institutions. The principal responsibility for absorbing external stakeholder perspectives lies with Global Community Relations, though environmental issues are discussed regularly among our business people, their clients, peers, investors, multilateral development institutions and non-governmental environmental and social organizations.

Since 1995, Citigroup and its predecessors have been signatories to the United Nations Environment

Issue:

Protecting natural systems while lifting two billion people out of poverty and advancing economic development are the world's greatest challenges. These three pillars of sustainable development are central to the United Nations Millennium Goals, to national governments, to companies and to civil society. Citigroup believes that working to conserve and enhance the environment is sound business practice.



Robert Druskin

Chief Executive Officer, Citigroup GCIB

“As the world’s leading corporate and investment banking firm we are very much focused on providing our clients with superior service, and through our actions strive to be profitable while addressing environmental and social concerns. In 2003, we took a major step by adopting the Equator Principles, which outline the processes that we follow to incorporate environmental review into the projects we consider financing.”

Program’s (UNEP) Statement by Financial Institutions on Environment and Sustainable Development. The UNEP statement includes a commitment to sustainable development, an outline of environmental management systems, which has guided Citigroup’s policy development, and a series of commitments to openness, transparency and dialogue. Citigroup sits on the steering committee that governs this UNEP effort, which remains a source of insight and outreach.

A few years ago, several of our shareholders from the socially responsible investment (SRI) community formed a shareholder dialogue group with two environmental NGOs. The Shareholder Dialogue Group meets from time to time to discuss Citigroup’s environmental and social policies and practices and performance. This group has afforded insights into a range of environmental issues and has been a valuable sounding board for emerging policy. In addition, we discussed environmental and social issues with the Rainforest Action Network, results of which are noted in this section. In addition, our Chairman Sandy Weill was a key influence in helping us to reach a common understanding.

Citigroup engaged more people on environmental issues in 2003 than in any year of its history. The resulting policy commitments and actions, which we outline in the sections that follow, show just how closely we have been listening.

STAKEHOLDER ENGAGEMENT RESULTS IN NEW INITIATIVES

Early in 2003, Citigroup began a dialogue with the Rainforest Action Network about taking measures to protect forests and the climate. In the process, we engaged hundreds of employees across the company, as well as other environmental groups and our clients. As a result, in early 2004 Citigroup announced an enhanced environmental policy covering these topics:

- Extra caution when financing development in fragile ecosystems;
- Assistance in the prevention of financing illegal logging;
- Steps to reduce greenhouse gas emissions; and
- Investments in sustainable forestry and renewable energy.

The Rainforest Action Network and other stakeholders will be important partners in implementing these programs, which can be read in full on Citigroup’s website.

Equator Principles

By the end of 2003, 19 financial institutions, including Citigroup, had signed the Equator Principles, a set of guidelines developed by financial institutions for managing social and environmental issues related to the financing of development projects. Citigroup was one of the institutions that spearheaded the development of the Equator Principles. Citigroup is applying the principles to project financings globally in all industry sectors, including mining, oil and gas, and forestry. The 19 banks that have adopted the Equator Principles made more than 75 percent of all project finance loans globally in 2003.

In adopting the Equator Principles, a financial institution agrees to provide loans only to those projects whose sponsors can demonstrate their ability and willingness to comply with comprehensive processes aimed at ensuring that projects are developed in a socially responsible manner and according to sound environmental management practices. The specific screening and review process is described in the Risk Management section of this Report. The full text of the Equator Principles can be found at www.equator-principles.com.

Illegal Logging

Because of concerns about the general problem of illegal logging, Citigroup has developed a policy and programs to help prevent the financing of illegal logging. Illegal logging is an increasing threat worldwide to forests, economies and human rights. Many forested countries are afflicted with corrupt loggers who cut timber without government approval or knowledge. This illegal activity destroys forests and deprives government treasuries of billions of dollars a year in tax revenue. In extreme cases, illegally harvested log sale proceeds are used by insurgents to buy arms and fund civil wars and terrorism.

Citigroup is working to better understand illegal logging and to take measures to ensure that we do not inadvertently conduct business with illegal loggers. We are ensuring that our operations everywhere are aware of the issue and do not make loans to companies we know are in violation of illegal logging laws.

Citigroup will also engage government and industry in a dialogue on illegal logging, participate in policy forums and support organizations that advocate forest law enforcement and policy reform.



Cheryl Rathbun

Director of Risk Management,
Citigroup GCIB

“Illegal logging is an increasing threat not only to forests worldwide, but also destroys entire ecosystems, harms indigenous forest peoples and is damaging to economies where logs are illegally harvested. Studies done by the World Bank have estimated that illegal logging globally causes upwards of \$10 billion in losses annually. We recognize this fact at Citigroup, we are committed to engaging seriously on this issue and to ensure that we do not knowingly fund illegal logging activities.”

II INTERNAL POLICY

In 2003, Citigroup strengthened its environmental policy framework with the adoption of the Global Corporate & Investment Banking (GCIB) Group’s Environmental and Social Risk Management Policy. The GCIB policy applies a rigorous environmental and social review of financial transactions above \$50 million where the use of proceeds is known to Citigroup. The policy is a culmination of Citigroup’s increased attention over the past two years on integrating environmental considerations into its financing business.

The GCIB policy is largely based on the Equator Principles, a set of environmental and social procedures adopted by Citigroup’s Project Finance business and 19 other financial institutions. Project Finance is the financial technique often used to provide capital to large energy and transportation infrastructure projects that can present environmental and social challenges. The Equator Principles commit those banks that adopt them to review Project Finance transactions based on World Bank and International Finance Corporation (IFC) guidelines.

These new policy initiatives reflect Citigroup’s awareness of and concern for environmental issues globally. In developing them, we have consulted widely with NGOs and experts, reviewed the environmental policies of other companies, and engaged many employees within Citigroup. Further detail on Citigroup’s environmental policies can be found on the Citigroup website.

III ORGANIZATION AND PEOPLE

Environmental responsibilities are widely shared at Citigroup. The Public Affairs Committee of the company’s Board of Directors meets with



Chris Beale

Managing Director, Structured Corporate Finance, Citigroup GCIB

“We believe that the detailed evaluation process required by our adoption of the Equator Principles will help ensure that projects for which we provide financing are done in the best possible manner, respecting the environment and local populations while at the same time fostering economic development.”

Citigroup management and staff at least annually on environmental issues. The committee’s staff liaison is the Senior Vice President of Global Community Relations, whose mandate includes Environmental Affairs. The Environmental Affairs unit includes two Vice Presidents who manage Citigroup’s environmental and sustainability strategy and coordinate environmental and social policy development.

While Citigroup’s Environmental Affairs unit has been the principal source of expertise on environmental issues for the company, more and more expertise is being developed among employees in several business units. Environmental Affairs supports the businesses with advice and external relations, manages NGO relationships, advises the Citigroup Foundation on environmental grants, helps with environmental footprint reductions and is responsible for reporting results. In 2002 and 2003, other departments in the company began developing their own capability to manage environmental issues, including project finance, credit risk and facilities management.

Citigroup’s Environmental and Social Policy Review Committee (ESPRC) comprises senior managers from key internal stakeholder groups, and offers early-stage feedback and oversight to Environmental Affairs unit initiatives. ESPRC members also periodically meet with external stakeholders to gain a broader perspective on company initiatives.

Environmental Responsibility		
ORGANIZATION	STAFFING	RESPONSIBILITY
Environmental and Social Policy Review Committee	Eight to ten Senior Managers representing the Global Corporate & Investment Banking Group, Legal, Corporate Governance, and Risk Management	Consults on policy and environmental issues
Environmental Affairs	Four to five individuals led by Senior Vice President	Advises on environmental policy development, provides expertise to line businesses, manages NGO relationships, advises on grants
GCIB Credit Risk	More than 20 Senior Credit Officers supported by Environmental Risk Management Director	Responsible for implementing new environmental and risk management policy
Board of Directors	Public Affairs Committee	Briefed annually on company status, initiatives, policies and issues
Investment Group	Investment Committee for Sustainable Forestry and Renewable Energy Program	Responsible for making investments
Project Finance	Entire professional staff	Responsible for implementing Equator Principles
Consumer Bank	CitiMortgage sales and marketing representatives	Market a Fannie Mae environmental mortgage product
Consumer Bank	More than 50 Community Development lending directors and relationship managers	Identify brownfields community development financing opportunities and finance LMI housing projects
Corporate Real Estate Services	150 Facilities Managers	Responsible for reducing environmental footprint
Public Finance	More than 14 senior environmental bankers; more than ten senior housing bankers	Responsible for financing water, sewerage, solid waste, recycling and brownfields projects as well as low-income housing projects
Purchasing	Seven purchasing professionals	Identify environmentally preferable products and services, and communicate Citigroup’s environmental commitment to our suppliers

Global Consumption Report 2003			
	ABSOLUTE VALUE 2003	RELATIVE VALUE 2003	
Employees	270,000		
Surface Area Monitored	8,168,092 m ²		
Electricity Consumption	8,665,200 GJ	GJ/emp kWh/emp kWh/sq.ft	32.1 8,915 27.4
Heat Consumption (gas, steam, chilled water)	2,224,691 GJ	GJ/emp kWh/m ² BTU/sq.ft.	8.2 75.7 23,991
Fuel Oil Consumption	3,926 m ³	Lit/emp Gallon/emp.	14.5 3.8
Water Consumption	4,717,485m ³	Lit/emp/day Gallon/emp/day Lit./m ²	69.9 18.5 578
Waste Disposal	278,014	Kg/emp Lbs/emp	1,029.7 2,265.3
Rubbish 222,411 Recycled Materials 55,603			
Total Waste Disposal 278,014			
CO ₂ Emissions – Electricity UNEP Protocol	1,192,031	4,415 Kg/emp 4.41 Ton/emp 0.14 Ton/emp	
CO ₂ Emission – Gas Therms	345,715	42 Kg/emp 1.28 Ton/emp 0.04 Ton/emp	
CO ₂ Emission – Fuel Oil	30,233	112 Kg/emp 0.11 Ton/emp 0.00 Ton/emp	
Total Corporate GHG Emissions	1,567,979		
NOTES:			
1. Employees: Average number of full- and part-time employees between January 1 and October 31, 2003.			
2. Citigroup building portfolio for 2003 increased by 1,053,921 m ² .			
3. The unit Giga Joules (1000 million joules is used in accordance with GRI guidelines, 1 MWh=3.6 GJ). Other units more commonly used in Europe and the U.S. have been included in the "Relative Value" column to facilitate comparisons with other financial institutions.			
4. Because of unreliable data quality in 2002, year-on-year comparisons are not included. In future years, comparisons will be included.			

IV OUR ENVIRONMENTAL FOOTPRINT

Citigroup's Environmental Database Project

Citigroup developed and launched a major energy data collection project called the Environmental Database in 2002. This project included conducting a survey to acquire baseline consumption information for electricity, natural gas, steam, purchased chilled water, water, fuel oil for heating and emergency power, rubbish, paper recycled, and ozone-depleting substances pertaining to refrigerants. Annual data was captured for the years 2000, 2001 and 2002, encompassing more than a million data entries from 10,000 properties in 98 countries. Collecting this information was complex, since not all countries consistently recorded this type of data, used the same units of measurement, or could access the system. In spite of initial implementation difficulties, the survey in 2002 provided valuable information and led us to establish a company-wide energy management website.

In 2003, we began to evolve our surveying process into a standardized procedure. We also invested time in developing a global network of data input coordinators. In our Real Estate division, 292 employees worldwide who have extensive knowledge of local facility operations learned to use the new website.

By participating in workshops with organizations experienced in collecting energy consumption data, we learned that it has taken them a number of years to achieve the replicable, consistent enterprise-wide process that produces data that can be classified as "very high quality." Considering Citigroup's size and global reach,

our attempt to achieve this in a 12-month period was well intentioned but unrealistic. In analyzing the 2003 data, it became apparent that in 2002 data entries were missing from many input fields, which led to reporting results that were understated.

In our reporting for 2003, we have taken a conservative approach and have only classified the “Electricity Consumption” and “Fuel Oil Consumption” as good data quality, while the other categories remain medium quality. In 2004, we plan to improve the data quality of the reported 2003 numbers to ensure that we have a solid baseline for comparing future figures.

Improvements for future reporting will be realized in several ways. In 2004, data entry will be performed monthly on sites where actual consumption is known. This will allow for comparison of monthly consumption, year-to-year. With such information available, field managers can better control consumption. The tracking of consumption changes in our Real Estate portfolio also will be improved as Citigroup migrates data onto a web-based real estate management system.

Citigroup 2003 Consumption and Emissions Report

The 2003 survey results are stated in three reports.

- The *Global Consumption Report* reflects total consumption of electric, gas, fuel, oil, water, waste disposal/recycling, ozone and emissions totals. In the table that follows, there has been a 13.07 percent increase in the amount of surface area monitored for which data has been recorded in 2003.

Global Consumption Emission Report		
REGION	TOTAL MWh ELECTRICITY	METRIC TONS EMISSION
Asia/Pacific	296,057	87,891
Canada	18,246	3,690
CEEMEA	353,404	155,046
EMEA	8,529	4,389
Europe	204,748	93,026
Latin America	485,244	155,624
United States of America	1,199,650	692,365
GLOBAL TOTAL	2,565,878	1,192,031

Emission total tonnage for Gas consumption and Fuel Oil is reflected in the *Global Consumption Report*.

2003 Environmental Projects Initiated		
	PROJECTS	
Energy Projects Initiated in 2003	# of Lighting Projects	75
	# of HVAC Projects	64
	# of Operation Strategy	88
	# of New Construction Projects	3
	TOTAL # OF PROJECTS	230
Energy Projects Completed in the Last Four Years	# of Lighting Projects	253
	# of HVAC Projects	194
	# of Operation Strategy	163
	# of New Construction Projects	146
	TOTAL PROJECTS	756

- The *Global Consumption Emissions Report* indicates consumption by individual country/region and CO₂ emission totals for electric only. Emission totals for other categories such as gas and water are noted in the *Global Report* with less detail.
- *2003 Environmental Projects Initiated* lists the consumption reduction projects under way and operations initiatives under way globally.



Joseph Sprouls,

Global Head, Corporate Realty Services, Citigroup

“Citigroup recognizes the potential benefits of its environmental data collection program and how it supports and impacts emission reductions and other areas of energy management in the company. The new energy management website is also our central repository for the collection of environmental consumption data. Plans are under way for future expansion of the website and merging our database with the energy financial reporting and energy payment process so we can realize further energy and cost savings company-wide.”



Citigroup's Energy Allocation/Awareness Program

Citigroup's Energy Allocation/Awareness Program was designed to help its facilities' managers and operators reduce energy consumption within their facilities. When the program is implemented and managed properly, it has proven to be an effective tool that can reduce utility consumption as much as 25 percent. In some cases, consumption was reduced 50 percent. The program was designed mainly for “hands-on operators” whose primary responsibility is to operate a building and deliver services that maintain a healthy and comfortable working environment. A simple color-charted consumption-recording system displays daily energy consumption levels for operators, who then compare these against precalculated daily and monthly consumption targets. Monthly energy meetings are held to revise energy targets and determine new methods of defining project or system improvements that could further reduce energy consumption.

CITIGROUP COMMITS TO BRT PROJECT “CLIMATE RESOLVE”—In 2003, Citigroup committed to the BRT Project “Climate Resolve,” which involves U.S. companies voluntarily taking action to reduce, offset, sequester or avoid Greenhouse Gas (GHG) emissions. While the BRT has not set reduction targets, it has asked its member companies to consider

adopting the national goal set by the White House to lower the “greenhouse gas intensity” of the economy by 18 percent by 2012. Citigroup is developing processes and procedures to help us do our part.

WORLD RESOURCE INSTITUTE'S “CLIMATE NORTHEAST” PROVIDES LEADERSHIP OPPORTUNITY—Rapid developments in U.S. Northeast states and regional GHG programs are an opportunity for companies to establish themselves as climate leaders. Citigroup has signed onto this World Resource Institute project, recognizing that it will be an effective learning forum. The goal is to facilitate the development and implementation of corporate climate change strategies that will enable companies to thrive in a greenhouse gas-constrained world. Participants will share best practices, challenges and solutions, and create a leadership forum on corporate responses to greenhouse gas issues while becoming more-informed participants in policy dialogues.

OUR NEW ENVIRONMENTALLY FRIENDLY PROCESSING CENTER—In St. Louis, Missouri, our new 46-acre, 516,000-square-foot North American processing center was built by Citigroup's Corporate Realty Services team to be an environmentally friendly, energy-efficient space. The center, where 4,500 employees are based, contains modular workstations supplied by Teknion, whose products carry the GREENGUARD Indoor Air Quality Certification.

The building is constructed of brick-clad and painted tilt-up concrete panels, brick piers at the center core, with sunscreens on the curtain wall and prefinished metal panels, white composite metal panel roof screens and main/side-entry canopies. An underfloor HVAC system allows reduced fan horsepower, higher chiller efficiency and the ability to use economizers over a broader temperature range. This results in an approximately 20 percent decrease in energy consumption. The facility also features computerized desktop administration of building lighting, power and HVAC environmental systems, and automatic computerized manipulation of the building's three 875-ton chillers for optimal control and energy savings.

The site's grounds have been landscaped with 50 percent native, indigenous species of plants and trees. A pollinator garden has been created by using a multilevel vegetation technique, and a combination of indigenous flowers, shrubs and trees that benefit wildlife. A wide strip of land has been planted with native prairie grasses for a "no mow" zone, which reduces damage to the ozone from mowing devices and fuels.

CITIGROUP'S WILDLIFE HABITAT SITES GROW—Through a partnership with the Wildlife Habitat Council (WHC), Citigroup now has Wildlife at Work sites at four U.S. locations, including the new St. Louis facility described earlier. Nonprofit WHC is dedicated to increasing the quality and amount of wildlife habitat on corporate, private and public lands.

At our Citi Cards site in Albuquerque, New Mexico, where we have 1,300 employees, acreage was set aside for a Wildlife Habitat Trail in 2003. Despite a drought and year of record-high temperatures, our employees and local community members nurtured the new trail by seeding wild flowers, building birdhouses and bird feeders,

and arranging shrub and rock piles. Making the most of WHC's staff expertise, the local scout troops carried out a number of tests on the soil and began identifying the plants and animals that now call the trail home.

During 2003 at our habitat site in Sioux Falls, South Dakota, where 3,200 employees are based, gardens planted with native flowers thrived, attracting swallowtails and a host of colorful butterflies. In 2004, the site will add bat houses, constructed by local boy scouts. Being mosquito-eaters, bats will be a welcome addition due to South Dakota's unfortunate position as the state with the highest per-capita incidence of mosquito-borne West Nile virus in 2003.

Our Wildlife Habitat in Florence, Kentucky, continues to be a highlight for the site's more than 2,000 employees, their families and area schools. This site, which features 15 acres of preserved land and a pond for wildlife habitat and passive recreational use, received its Wildlife Habitat Certification in 2002. Activities within the habitat during 2003 included adding more nest boxes for birds and bats.

OUR ISO 14001 CERTIFICATION IN ASIA-PACIFIC REGION—International Organization for Standardization (ISO) 14001 is an internationally recognized environmental management system standard. In 2002, two of our Singapore operations, Asia-Pacific Processing Center and Asia IT Data Center, were recertified following a three-year cycle. Along with ISO 14001, our Asia-Pacific Processing Center is certified under ISO 9001:2000 (Quality Management System), OHSAS 18001 (Occupational Health and Safety System), and BS 7799 (Information Security Management System). We have also instituted a number of programs to support our ISO 14001 EMS and our commitment to improvement. Among them are reducing media tape usage by 2,800 cartridges a day, and reducing air-conditioning use, which lowered electricity consumption.

Remote Monitoring System in 230 Citibank Financial Centers

During 2003, Citigroup's Corporate Realty Services (CRS) Northeast region installed an Energy Management System in 230 Citibank Financial Centers that uses a remote satellite-driven monitoring system. This reduces energy consumption by controlling the heating, air conditioning and lighting environment using preset temperature and lighting on/off controls. In addition to reduced electrical energy consumption, the remote control features reduce maintenance and repair costs by avoiding unscheduled service calls and preventative maintenance, further extending the useful life of the equipment. To date, this initiative has decreased our electrical energy consumption by more than 20 percent. Our success has led us to pilot this program in other locations.

Recycled Copy Paper Project Reaps Rewards

Citigroup and the Alliance for Environmental Innovation, a project of Environmental Defense, established a partnership to help reduce the environmental impact of copy paper in the U.S. We chose to switch to recycled paper to reduce the water and energy consumption, air pollution and solid waste associated with paper use, and set an example for other companies.

A cross-functional team from Citigroup and the Alliance for Environmental Innovation carried out the project. The paper that we would select would have to meet our criteria for quality, appearance and performance, as well as price.

Also as part of this initiative, Citigroup Procurement in the U.S. is annually assessing our paper suppliers' environmental practices. We are encouraging employees to use less paper. We are also issuing more of our U.S.-produced research reports electronically, reducing our research paper usage from 116 million sheets in 2002 to 40 million sheets in 2003.

Timeline:

APRIL Tested 30 percent post-consumer recycled copy paper at several pilot locations.	JUNE All Citibank, GCIB group, and Global Investment Management U.S. locations adopted 30 percent post-consumer recycled copy paper.	NOVEMBER Held a workshop for other companies to hear about our success and encourage them to embark on similar initiatives.
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Results

In 2003, Citigroup used more than 7,000 tons of copy paper. Not only is the cost of the 30 percent post-consumer recycled paper we selected the same as the virgin paper we had been using, but by converting to recycled copy paper, we annually will conserve an estimated:

- 38 billion BTUs of energy
- 2,500 tons of greenhouse gases
- 23 million gallons of waste water
- 1,200 tons of solid waste
- 7,900 tons of wood
- 54,720 trees

V TRAINING AND COMMUNICATIONS

In 2003, more than 1,500 employees worldwide received some form of education on environmental issues. With the adoption of the Equator Principles and a new GCIB Environmental and Social Risk Management Policy, we shifted our focus to implementation.

The primary responsibility for implementing these new policies rests with our senior-level risk officers, who received comprehensive training. It is the responsibility of these individuals to ensure that appropriate training is delivered to their businesses' risk managers. We expect to complete this extensive training program by mid-2004.

By the end of 2003, in addition to these senior credit officers, we had trained more than 100 GCIB Project Finance bankers whose business is most impacted by the Equator Principles. We had also trained 375 Risk Management and Marketing personnel in North America, Europe, the Middle East and Africa; and new analysts and associates. Training of our Latin America and Asia-Pacific bankers and risk managers is scheduled for 2004.

We also continued to communicate with our employees so that they know these sustainable development and environmental programs have senior-level support and they can identify how they can be part of them. Our outreach includes: publishing articles in our worldwide employee newsletter and on our environmental partners' websites; issuing press releases on our environmental work and recognition on our intranet site; adding a "Social Responsibility" page to our internet Investor Relations website; developing a presentation for our Country Officers and Public Affairs Officers worldwide to help them communicate our social responsibility practices and programs; and producing a video documenting our corporate citizenship efforts.

VI RISK MANAGEMENT

The Equator Principles, which apply to our Project Finance business, were further supplemented with the January 2004 public announcement of the "GCIB Environmental and Social Risk Management Policy" that was adopted in October 2003.

The Equator Principles require that the borrower demonstrate that the project complies with the World Bank Pollution & Abatement Guidelines and, in middle- to low-income countries as defined by the World Bank, also demonstrate that the borrower has taken into account the IFC Safeguard Policies. The Safeguard Policies cover such issues as natural habitats, indigenous peoples, involuntary resettlement, forestry and cultural property. Projects are categorized as A, B or C (high, medium or low environmental or social risk). For A and B projects, the borrower must complete an Environmental Assessment addressing the environmental and social issues identified in the categorization process.

The broader policy applies a screening process similar to the Equator Principles, but applies it to large corporate transactions (loans and bonds) where the use of proceeds is known. It is only in these circumstances that specific impacts of the use of proceeds can be evaluated. This would not include transactions for general corporate purposes. For the "GCIB Environmental and Social Risk Management Policy," the focus is on Category A projects, which have the greatest potential risks. For those transactions, the deal team must conduct due diligence to determine if the borrower has complied with the World Bank Pollution and Abatement Guidelines and, in the emerging markets, the IFC Safeguard Policies, or can justify any deviations. The team also must evaluate the borrower or issuer's environmental and social risks management capacity and must obtain special approval for the transaction.

The new risk management policies and processes are being integrated into the GCIB risk policies in 2004.



Case Study—The BTC Pipeline

The Baku-Tblisi-Ceyhan (BTC) project was the first major test of the Equator Principles, and the first Category A project to be financed by banks that have adopted the Equator Principles. It is an example of a large infrastructure project with the promise of substantial benefit to people in an important area of the world, but also one involving significant environmental and social challenges. This case study describes the process Citigroup went through in considering whether or not to lend to the project.

The BTC pipeline will transport oil from Azerbaijan through Georgia to the Turkish port of Ceyhan. The principal developer and operator of the pipeline is BP, a global energy company with world-class capabilities to manage complex environmental and social situations. The pipeline will transport up to a million barrels of oil per day for more than 40 years. The long-term economic benefits for the region are enormous, including revenue of \$21 – \$58 billion for Azerbaijan, transit fees of \$60 million per year for Georgia, and transit and operating income of up to \$200 million per year to Turkey. In addition, the creation of new jobs, technology transfer and infrastructure improvements should have lasting beneficial effects on all three countries. The pipeline answers the

question of how to commercialize Caspian oil without shipping it through the fragile and overcrowded Bosphorus Straits.

The project presented a number of environmental and social challenges, including pipeline routing near potentially critical natural habitats, claims by a number of groups for special recognition and compensation, seismic activity along parts of the route and political turmoil in Georgia. The financing consortium initially included four private-sector banks: the International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), Overseas Private Investment Corporation (OPIC), and the U.S. Export-Import Bank, each of which has extensive environmental and social policies and staff experienced in environmental and social issues evaluation; and several other export credit agencies. The consortium developing BTC conducted comprehensive reviews in accordance with the explicit procedures consistent with or comparable to IFC Safeguard Policies. In addition, Citigroup and the other senior lenders engaged an independent consultant to conduct due diligence and assess compliance with the Equator Principles. An independent environmental consultant would also be used to assess the project going forward

and to monitor the project's compliance with its environmental and social management plan.

Citigroup's due diligence was based on its own evaluation of the project, including the review of objections raised by certain NGOs and environmental and social reports produced by IFC, EBRD and the independent consultant. Before confirming our financing offer, we concluded that the project was in compliance with the Equator Principles and did follow IFC Safeguard Policies.

This project was Citigroup's first major application of the Equator Principles. Because the Safeguard Policies referenced in the Equator Principles are processes and questions to be asked, they require significant judgment on the part of the banks. This means that in spite of intensive work and good faith by all participants, people can differ on conclusions. In this case, while some international environmental NGOs have different views, Citigroup, the other private-sector banks (eight of which, including Citigroup, have adopted the Equator Principles), the multilateral and bilateral agencies, the sponsors and the host governments all believe that this project incorporates significant measures to respect the environment and social concerns and should go forward.



Conservation International's "Banking on Bulbs" project in South Africa is helping protect a region with the greatest diversity of bulbous plants.



Michael Jenkins

Executive Director, Forest Trends

"Mexico faces significant water problems, particularly water-quality issues in rural areas. With Citigroup's support, Forest Trends was able to help launch a new \$20 million Forestry Fund that will pay local communities for maintaining critical watersheds in forests, ensuring drinking water in remote regions. This new fund innovatively uses financial market instruments to produce positive conservation outcomes, while at the same time improves the livelihoods of some of the poorer indigenous and other communities in Mexico. This is one of the first funds of its kind globally, and without Citigroup's support, Forest Trends would not have been able to bring its global expertise to the process of developing it."

VII NGO PARTNERSHIPS

Our partnerships with environmental NGOs are critical for understanding environmental issues and for providing us with vehicles for making contributions to environmental protection. We focus our work with NGOs on sustainable development—finding ways to promote economic growth that are also compatible with our natural systems for the benefit of all present and future generations. We are particularly focused on issues related both to biodiversity loss and the social impacts of deforestation and climate change.

Our Environmental Affairs unit works with Citigroup's businesses and the Citigroup Foundation to nurture these partnerships. Engagement and participation by Citigroup employees is a key part of our contribution and success. In 2004, we plan to continue our efforts and support additional partnership programs over time.

CONSERVATION INTERNATIONAL— CONSERVING BIODIVERSITY IN SOUTH AFRICA

Conservation International (CI) applies innovations in science, economics, policy and community participation to protect the Earth's richest regions of plant and animal diversity. These 25 areas, called biodiversity hotspots, are the richest and most threatened reservoirs of plant and animal life on Earth. Together, these lands contain over half of the plant and animal species in less than two percent of the Earth's land surface. Citigroup has supported CI since 1996 to provide economic alternatives to communities' potentially threatening environmental practices. Our recent focus has been on environmentally sound agricultural practices in Brazil, Peru and South Africa.

Our newest project with CI, "Banking on Bulbs," is located in the Nieuwoudtville community on the Bokkeveld Plateau, South Africa. The program is designed to protect a region

that boasts the world's greatest diversity of geophytes (bulbous plants). The region is an important transition area between two Southern Africa Biodiversity Hotspots, the Succulent Karoo and the Cape Floristic Region.

E+CO—FINANCING FOR CLEAN ENERGY IN LATIN AMERICA

E+Co was established in 1994 as an independent company of entrepreneurs, investors, strategists and mediators focused on bringing together technology, people and funding to create viable local enterprises that deliver affordable and clean energy to those in need. More than two billion people are "energy poor," living without access to safe and clean energy services.

Citigroup and E+Co have begun a partnership in Latin America to help develop clean energy resources. Carbon trading, which is used to reduce greenhouse gases, has emerged as a component of environmental finance. However, trading currently favors high-volume industrial-scale GHG reduction projects. With Citigroup's support, E+Co will help small and medium-sized clean energy projects access carbon-based finance.

FOREST TRENDS—INNOVATIVE MARKET MECHANISMS IN MEXICO

One of Citigroup's newest partnerships is with Forest Trends (FT), an organization that seeks to protect forest ecosystems by developing and promoting market incentives that diversify trade in the forest sector. FT subsequently convened the Katoomba Group, a group of individuals from government, business, finance, academia and NGOs around the globe, to evaluate and outline steps to create new markets for the environmental benefits and services that forests provide. The group also ensures investment growth for both sustainable forest products and services, and promotes wood efficiency and alternative materials and processes to reduce pressure on natural forests.



Citigroup made Rainforest Alliance-certified coffee available at more than 20 of its U.S. locations in 2003. (Photo far right) Citibank's Community Relations Eastern Region Director Jacqueline Arrington and members of her Community Relations team, Hector Ramirez and Edward Odom, Jr., were on hand for one of the many coffee tastings that Citigroup held to make employees aware of its significance.

In Mexico, for example, more than 1,000 communities have developed forest-based enterprises in the last 20 years. Competition with illegal wood, cheaper timber imports from the U.S. and Chile, and diminishing employment in the countryside have forced forest communities to seek new economic opportunities. In response, FT has conducted a study which, along with enterprise development training, will help local leaders to make sound decisions on their forest-based production and markets, and increase their competitiveness.

Drawing on the expertise of the Katoomba Group, FT also worked closely with two Mexican agencies, CONAFOR (National Forest Commission) and the Environmental Ministry, in supporting the development of a new \$20 million Mexico Forestry Fund. The fund will finance projects for forest conservation and restoration that contribute to hydrological services and, eventually, carbon absorption and biodiversity.

In addition to our philanthropic partnership, Forest Trends also advised Citigroup on our new illegal logging initiative by sharing its expertise and introducing us to other experts.

**THE NATURE CONSERVANCY—
PROMOTING CLEAN ENERGY AND
FOREST PROTECTION IN CHINA**

In China, Citigroup has had an opportunity to help The Nature Conservancy promote an innovative alternative energy program, the China Rural Energy Enterprise Development Project (CREED), a joint collaboration

among The Nature Conservancy, The United Nations Foundation, the United Nations Environment Program, E+Co, the Yunnan Government, the Blue Moon Fund, and Citigroup. The program is focused on the Yunnan province, one of the few places on Earth recognized simultaneously as a Global Biodiversity Hotspot by Conservation International, and a Global 200 List Priority Ecoregion for biodiversity conservation by the World Wildlife Fund.

In a dramatic effort to reduce potentially damaging deforestation and health risks stemming from using wood for fuel, CREED is promoting alternative energy sources through a \$600,000 clean energy Enterprise Development Fund, and a \$400,000 consumer credit fund that will help rural households purchase clean energy products. The Conservancy and E+Co will operate the CREED project, conduct capacity-building activities for Chinese institutions and agencies, and administer the funds through an Investment Advisory Committee.

**RAINFOREST ALLIANCE—ENCOURAGING
SUSTAINABLE COCOA AND COFFEE
FARMING IN LATIN AMERICA**

The Rainforest Alliance (RA) is a leading international conservation organization whose mission is to protect ecosystems by implementing better business practices for biodiversity, conservation and sustainability. The companies, cooperatives and landowners who participate in RA's programs meet rigorous standards for protecting the environment, wildlife, workers and local communities.



Tensie Whelan

Executive Director,
Rainforest Alliance

“Citigroup has helped the Rainforest Alliance provide working capital and technical and market assistance to cocoa and coffee farmers in Ecuador and El Salvador, and thereby is helping to expand the sustainability of these sectors. Furthermore, as a leader in the financial services sector, Citigroup is an important trendsetter in sustainable practices. When other companies see Citigroup signing the Equator Principles, buying Rainforest Alliance-certified coffee and sourcing recycled paper, they are encouraged to review their own practices. Citigroup’s ability to expand sustainable product markets with its buying practices is significant.”

Climate Change

The Intergovernmental Panel on Climate Change (IPCC) is a U.N. panel of 2,000 of the world's top climate scientists who agree that human activities are changing the climate. Citigroup is taking a proactive stance on this important issue by reducing greenhouse gas emissions from its own operations, assisting customers in developing financial solutions to help reduce emissions and investing in renewable energy.

In 2002, Citigroup collected data for the first time ever on the energy used in the more than 10,000 buildings it leases or owns globally. Beyond its own direct emissions, Citigroup is committed to publishing a carbon intensity index on new power-generating projects that it finances. From June 4 to December 31, 2003, Citigroup did not provide project financing for the construction of any new power generation facility globally, due to market capacity constraints in the major power markets.

Citigroup also is looking into investments that would have positive influence on greenhouse gases. Two immediate opportunities have been identified: investments in renewable energy technologies and residential clean-energy financing. The latter will involve our making available and marketing an energy-efficient mortgage product.

Cocoa in Ecuador—With Citigroup's support, RA has established a Cocoa Trust Fund for the cocoa producers involved in the Rainforest Alliance's Eco-Chocolate Project (ECP). Active in Southwestern Ecuador, the ECP producers grow cocoa without the use of pesticides, under the shaded canopy of the rainforest, creating a haven for wildlife. The ECP helps more than 500 producers improve agricultural practices in environmentally sound ways, and assists growers in increasing their income through direct access to cocoa markets.

Coffee in Ecuador and El Salvador—With Citigroup's support, RA has expanded its efforts to encourage specialty coffee companies in the eastern U.S. to source coffee produced in a sustainable manner. RA certifies coffee as sustainable, providing the guarantee that workers are treated fairly and given access to education and health care, that soil and water quality are not compromised, waste is managed efficiently, chemical use is reduced dramatically and relations with surrounding communities are mutually supportive.

Activities during 2003 resulted in greater industry awareness in the U.S., Europe and Asia, of the Rainforest Alliance's certified coffee program and have resulted in commitments by commercial and multinational coffee companies to purchase from dozens of companies who carry certified coffee. In 2003, we also made RA-certified coffee available at 20 of our U.S. locations and potentially as many as 2,000 Citigroup U.S. office pantries.

WORLD RESOURCES INSTITUTE— SUSTAINABLE ENTERPRISE DEVELOPMENT IN CHINA

In 2003 World Resources Institute (WRI) staff helped Citigroup with its new environmental initiatives by contributing to early versions of the Equator Principles and helping develop the new policy on High Caution Zones, Climate

Change and Illegal Logging. WRI has been an invaluable advisor to Citigroup, serving as a source of quality and unbiased information and expertise.

WRI's New Ventures project began in Latin America and has expanded to China with the active participation of Citigroup. By increasing financial investment and access to professional business skills, New Ventures seeks to accelerate the creation and growth of small and mid-sized enterprises that incorporate social and environmental benefits focusing on organic foods and agriculture, renewable energy and clean technology.

Since its successful launch in Shanghai, New Ventures has made great strides. In the past year, the first ten enterprises were selected through a broad-based business plan competition and received professional mentoring to improve their plans for judging at the first Environmental Investor Forum in China. Our investment in the program has gone beyond financial support to involving our local employees, including our Country Officer in China. Looking forward, Citigroup will continue its partnership with New Ventures in Asia-Pacific and focus in 2004 on expanding the program into Indonesia.

VIII BUSINESSES MAKING A DIFFERENCE

Our employees at Citigroup regularly look for opportunities where our businesses can make a positive difference in local communities. Two exciting initiatives that we became involved in recently were a new program that will help us identify potential viable global investment opportunities in renewable forestry and sustainable energy, and our participation in a \$200 million fund that will help redevelop brownfields sites.

MAJOR NEW INVESTMENT PROGRAMS IN SUSTAINABLE FORESTRY AND RENEWABLE ENERGY

—As part of our overall commitment to sustainable development, we have established a new program to target investment opportunities in the sustainable forestry and renewable energy sectors globally. As more commercially viable opportunities develop and are discovered, Citigroup can help accelerate the flow of investment capital into these more sustainable forms of business activity.

Citigroup has committed a significant level of funding to this effort, commensurate with some of the largest investment funds targeting these sectors. The investment process was approved and initiated late in 2003 and implementation is under way. Advisory and investment committees have been established that include senior members of Citigroup's Emerging Markets, Alternative and Venture Investment Groups, along with our Environmental Affairs unit. This experienced team will screen and evaluate potential sustainable forestry and renewable energy investments, and team members' commitment will ensure that opportunities in these two sectors get exposure and evaluation consistent with other investments. The advisory committee will also reach out to key players involved in the development of the targeted industries—not only for deal flow but also for industry expertise and perspective. Citigroup will have the capacity to evaluate these investments continually.

Our initial activity has been to evaluate specific investments dedicated to Forest Stewardship Council (FSC)—certified forest products from emerging markets. The FSC is an international nonprofit organization founded in 1993 to support environmentally appropriate, socially beneficial and economically viable management of the world's forests and set standards

for FSC certification and labeling of sustainably produced forest products. Targeted funds or individual companies are committed to low-impact logging, maintaining ecosystem function in forest lands and marketing branded sustainable products. Their financial success will protect more forests and employ more local people in sustainable commerce. Citigroup will have the capacity to evaluate these investments on an ongoing basis.

Citigroup also is identifying and beginning to evaluate investment opportunities dedicated to renewable energy technologies, such as wind, solar, hydrogen and biomass. Investments in these companies promote cleaner, low-carbon energy production, reducing the environmental and health impacts of the energy sector.

CITIGROUP'S U.S. PUBLIC FINANCE GROUP FINANCES \$8.3 BILLION—In 2003, our Public Finance Group financed 158 environmentally beneficial projects totaling over \$8.3 billion, including facilities for pollution control, water and sewerage, recycling and solid waste disposal. Due to market conditions, this figure fell below the previous year, but we continue to focus our efforts on identifying these types of investments. Our biggest challenge was in the water and sewerage category. Although we were still ranked as the leading water and sewerage underwriter for both 2002 and 2003, Citigroup's total volume declined from \$10.8 billion in 2002 to \$6.7 billion in 2003.

For two southern California water districts, Citigroup funded state-of-the-art water reclamation projects. Citigroup also financed the Massachusetts Water Pollution Abatement Trust's \$311 million issue that funded waste water and water treatment facilities in 58 Massachusetts communities, as well as a residential remediation program.

Brownfields Sites to Be Revitalized in New York City

In 2003, we joined a consortium of financial institutions that are investing in the New Ventures Incentive Program (New VIP), a \$200 million pool of funds targeted over the next five years to facilitate the development of 10,000 units of housing in New York City on what were formerly brownfields sites. These sites can be difficult to develop because of potential environmental contamination, which creates increased market risk and makes it difficult for developers to obtain private financing. The New VIP will provide developers with a new source of capital.

The New VIP resulted from a recommendation by the New York City Mayor's Neighborhood Investment Advisory Panel, whose chair is from Citibank's Community Development group. It was created in response to the housing needs of local communities and is a part of New York City's overall housing plan that aims to foster mixed-income communities, transform derelict former industrial areas and encourage the development of new housing and investment in existing homes.

Citigroup Asset Management

Among the many initiatives our Asset Management group participated in during 2003 were: Asset Management's Global Chief Investment Officer spoke at the Alliance of Religions and Conservation's Interfaith International Investment Group Conference; as Vice Chair of the New York Society of Security Analysts' Social Investment Committee, we helped to organize three seminars for the organization's members and the public; continued our faith-based initiatives with the Interfaith Center on Corporate Responsibility; held one-on-one meetings with social research providers, including KLD Research & Analytics, the Investor Responsibility Research Center and Institutional Shareholder Services to discuss industry trends and emerging issues; continued on the UNEP Finance Initiatives Asset Management Working Group working with 11 international investment management firms to collaborate on projects that integrate sustainability and asset management; and made presentations at the University of California and New York University.



Thomas W. Jones

Chairman and Chief Executive Officer,
Citigroup Asset Management

"Citigroup has been a leader for many years in providing social investing opportunities and associated guidance and counseling. We are engaged in a variety of activities to educate clients and other constituents on values-based investing strategies. Both the Private Bank and Citigroup Asset Management tailor product offerings to meet the needs of their clients, including the creation of socially aware portfolios. In addition, the Private Bank has been the 2002 and 2003 sponsor of the Alliance of Religions and Conservation's Ethic Investment Conference."

As the leading underwriter of municipal debt, Citigroup has designed innovative financial approaches to help its clients refinance existing debt for significant savings. We completed two such transactions for Philadelphia's Water and Wastewater System. We also completed refunding transactions for Los Angeles County, the "Florida Forever" program and the West Virginia Water Development Authority, to name a few.

Citigroup also was instrumental in designing and implementing the District of Columbia Water and Sewer Authority's second capital markets transaction, which funded a portion of a substantial capital improvement program, including an innovative nitrogen removal technology that lowers nutrient loading into the Chesapeake Bay.

Our U.S. Energy Finance Group provided funding for more than \$142 million in energy projects in 2003. These projects are known as performance contracts, where one of our Global Retail Bank clients sells and installs an energy-efficient project, such as a boiler that results in energy savings for the end user. Many times the energy savings is sufficient to cover the debt service of the project. These projects were done for public sector, commercial and industrial clients. To expand our markets, we are evaluating the possibility of financing solar energy projects.

SERVING THE SOCIALLY AWARE INVESTMENT COMMUNITY—A growing number of Citigroup's clients are seeking to manage their investment assets in a way that is consistent with their values and beliefs, an approach to investing that is commonly referred to as "socially responsible investing" or "values-based investing." In 1987,

Citigroup established one of Wall Street's first dedicated separate account programs in social awareness investing, a program that continues today in Citigroup Asset Management's Private Portfolio Group.¹

The Citigroup Asset Management Social Awareness Investment Team focuses on faith-based organizations, pension funds, endowments and foundations, academic institutions and outreach to the interested public.

BENEFICIAL PROJECT FINANCE DEALS IN LATIN AMERICA—During 2003, Citigroup served as the financial adviser to four power projects in Brazil. These included Pedra do Cavalo, a 160MW hydroplant sponsored by the Votorantim Group in the state of Bahia. It was financed through a \$50 million direct loan provided by the Brazilian Development Bank. In Rio de Janeiro, we advised on the Norte Fluminense Project, a 778 MW, combined-cycle, gas-fired power plant sponsored by Electricité de France and Petrobras. And in Minas Gerais, we advised on the Aimores and Funil hydro projects, with a total capacity of 510MW, sponsored by Companhia Vale do Rio Doce (CVRD) and CEMIG. Benefits of these projects included the implementation of several environmental programs and numerous social programs, the generation of power with reduced fuel consumption and emission of polluting gases, and the creation of jobs during the construction phase.

BOND FINANCING SPURS GROWTH IN CENTRAL AMERICA—During the past year, we provided lead management on a ten-year, \$200 million bond financing for the Central American Bank for Economic Integration's (CABEI) debut issue. This issue is making critically needed funds

¹Citigroup Asset Management's investment advisory services are provided by Salomon Brothers Asset Management Inc, Smith Barney Asset Management (a division of Citigroup Global Markets Inc.), Citibank Global Asset Management (a unit of Citibank, N.A.) and affiliated advisory entities. The Private Portfolio Group is a unit of Citigroup Asset Management's Smith Barney Asset Management business.

available to finance environmentally friendly economic growth in Central America. The main multilateral development bank in Central America, CABEL is the main source of financing for economic integration; its beneficiary countries are Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica and its nonregional members are Mexico, the Republic of China, Argentina and Colombia.

LOAN PRODUCES FIRST RECYCLED FOOD GRADE BOTTLES IN ASIA—

Citibank in Manila arranged a \$90 million loan for San Miguel Corporation, the Philippines' largest food, beverage and packaging company, under the Development Bank of the Philippines' Environmental Infrastructure Support Credit Program II and funded by the Japan Bank for International Cooperation. The loan will support the Recycling Project of Beverage Packaging Specialists, Inc., a wholly owned subsidiary of San Miguel Corporation, and will be used to purchase manufacturing and recycling facilities. The project marks the first time in Asia that used polyethylene terephthalate ("PET") bottles will be converted back to resin form to create containers for water, carbonated soft drinks and juice. Six production facilities will be used for the project, which is expected to produce 840 million 1.5 liter PET bottles annually.

IX EVALUATION AND FUTURE PLANNING

In last year's *Global Corporate Citizenship Report*, we stated that "Citigroup aspires to be a leader among financial institutions in all that we do, and our aspirations in the area of the environment and related social concerns are no exceptions. In 2003, we will continue to review and revise our financing policies and procedures regarding environmental

and social concerns to ensure that we are in the top tier among financial institutions in this critical area."

We believe we made major progress in 2003. As explained in this report, we have a number of major accomplishments. We have adopted the Equator Principles and a new GCIB Environmental and Social Risk Management Policy and have made major progress in becoming an environmentally responsible company in our own operations. After several months of discussions, we also reached a common understanding with the Rainforest Action Network, amending some of our policies and starting some new initiatives. We have engaged many more people throughout our company on these issues and are making significant progress in embedding ownership of these issues and our policies in our businesses.

Our environmental management process is not static. We learn a tremendous amount each year both from our own experience and from our stakeholders. We incorporate those lessons into our programs and policies. In 2004, our businesses will be implementing our new GCIB Environmental and Social Risk Management Policy and the Equator Principles. We have a great deal of work to do in terms of continuing and completing the training for these policies, and building and refining the appropriate mechanisms in our risk management process. We also will be communicating with interested stakeholders on the implementation of these policies. Finally, we will be doing a number of things for the first time: reporting on the GHG emissions from Project Finance power projects; engaging in public policy discussions on the issue of reducing the financing of illegal logging; and seeking sustainable forestry and renewable energy investments. We will evaluate our progress and report on it in next year's *Global Corporate Citizenship Report*.





Workplace

BEING AN EMPLOYER OF CHOICE

“Citigroup believes that diversity in our staff is critical to our success as a global organization, and we seek to recruit, develop and retain the most talented people from a diverse candidate pool. Advancement at Citigroup is based on talent and performance. We are fully committed to equal employment opportunity and compliance with the letter and spirit of the full range of fair employment practices and nondiscrimination laws. In addition, retaliation against individuals for raising claims of discrimination is prohibited.”

—Excerpt from Citigroup’s *Code of Conduct*

CITIGROUP VALUES A WORK ENVIRONMENT WHERE DIVERSITY IS EMBRACED, WHERE PEOPLE ARE PROMOTED ON THEIR MERITS, AND WHERE PEOPLE TREAT EACH OTHER WITH MUTUAL RESPECT AND DIGNITY.

Being an Employer of Choice

We are committed to being a company where the best people

want to work, where opportunities to develop are widely available, where innovation and an entrepreneurial spirit are valued and where a healthy work/life balance is encouraged. In 2003, we continued to expand our workplace programs in the areas of diversity, work/life balance and employee communications in response to needs that have been voiced by our employees.

NETWORK GROUPS EMBRACE DIVERSITY

At Citigroup, we value and embrace the diversity of thought, background and experience that is the cornerstone of our global business. As we reported in 2002, Citigroup's Office of Global Workforce Diversity officially recognizes employee network groups in the U.S. This provides an opportunity for employees with common experiences and perspectives to network and enhance their personal growth, and promote education and awareness.

In 2003, five U.S. groups sought and received recognition and launched networks—an African Heritage Network, a Hispanic Network, a Women's Network, and a Working Parents Network—which are operating primarily in the New York City area—and a Pride Network, which is organized nationally and has chapters in both New York City and Dallas/Fort Worth. Additional groups are in formation in eight other cities. The networks are open to all employees and have sponsored developmental, community service and cultural heritage activities for their participants.

They have also provided valuable assistance to the businesses in diversity recruiting, marketing and related diversity initiatives throughout the year. In 2003, the five networks had a total of 2,300 employee members.

In Citigroup's Global Corporate & Investment Banking group in Europe, the business' Senior Diversity Committee guides the activities of four employee groups focusing on sexual orientation, gender, parenthood and racial, ethnic and cultural minority status. These groups also provide a variety of initiatives for participants and support the business in its work/life and diversity programs.

FOSTERING LEADERSHIP

Throughout 2003, we continued to build on our strategic partnerships with U.S. national organizations, such as the National Black MBA Association (NBMBAA) and the National Society of Hispanic MBAs (NSHMBA), to identify top talent and support the economic



Michael Schlein

Senior Vice President,
Global Corporate Affairs,
Human Resources and
Business Practices, Citigroup

“Highly effective employee communications, especially with feedback mechanisms, are a key management priority at Citigroup. The more our people know about their colleagues and our organization—what we believe and what we do—the better they are able to serve our customers, clients, shareholders and communities around the world. We share our priorities, values and goals through credible employee communication channels every work day. That has helped us forge a common vision of what we want Citigroup to be now and in the future.”

Diversity Councils

Diversity Councils have been put into place across Citigroup's operations as a forum for employees to take leadership in the development and execution of business diversity strategy.

Citigroup has 21 Diversity Councils globally. In each, a member of the senior leadership team champions the council, working in conjunction with employees.



Maura Markus, President of Citibanking Retail Distribution, (on right) is pictured with Nicole S. Francis, Citibank Business Banking Officer at an event that celebrated the launch of Citigroup's African Heritage Network.

empowerment of the communities we serve. Citigroup was again a lead sponsor of the NBMBA and NSHMBA annual conferences and hired a total of 17 MBAs from the events for management positions. Citigroup is also a member of both organizations' strategic corporate advisory boards and works closely with their national offices and local affiliates.

INROADS is an internship program for minority students that promotes excellence, develops leadership and helps bring greater diversity to the workplace. Citigroup's participation in INROADS includes identifying and hiring interns who spend four summers of their university careers at Citigroup learning about our businesses through meaningful work assignments. This year, 48 interns were employed in Citigroup businesses.

The Robert A. Toigo Foundation seeks to foster diversity in the global marketplace and promote ethics, integrity and community service by preparing minority MBA students of high academic caliber for careers in financial services through scholarship support, mentoring, internships and job placement. In 2003, Citigroup hosted 50 new Toigo scholarship fellows at an orientation in New York and was a sponsor of the Toigo Gala event and Career Fair.

In 2003, Citigroup partnered with The American Association of People with Disabilities (AAPD) and National Business and Disability Council (NBDC) as business sponsor of Disability Mentoring Day, a program that provides people with disabilities a chance to learn about career/employment opportunities and to meet one-on-one with mentors who can offer insight and advice about career paths. Citigroup businesses in New York City and Long Island hosted and mentored 20 students and professionals with disabilities.

STRIKING A WORK/LIFE BALANCE

At Citigroup, we realize our employees regularly work to balance personal responsibilities with their responsibilities at work. We are pleased to be able to offer a wide variety of work/life programs to assist them. Our goal is to design and provide programs that will help employees excel both in their professional and personal lives.

Citigroup's LifeWorks® program is a unique resource to help employees and their dependents better manage the demands of everyday life. Open to employees, their partners and dependents in the U.S., Puerto Rico and Canada, and in Colombia where a pilot program is also under way, the program is available through a toll-free LifeWorks telephone number and via the web around the clock. It provides access to information, research and resources, along with customized referrals to help employees achieve practical solutions on a wide variety of topics. In 2003, this program was used 30,704 times by employees and their dependents. The leading reasons for use were concerns relating to child care/parenting and elder care.

A LEADER IN PROVIDING CHILD CARE OPTIONS

Citigroup has a variety of full-time and back-up child care programs available to employees in the U.S. and Europe, with more than 65,000 employees covered by back-up care or school holiday programs. Fourteen on-site or near-site centers are located in Florida, Maryland, Missouri, Nevada, New Jersey, New York, South Dakota and Texas, as well as in Dublin and London. More than 2,900 children of Citigroup employees receive care at these centers daily.

In 2003, the newest of these centers opened in San Antonio and London. The San Antonio facility has the capacity for 370 children full-time daily and is available to more than 4,000

employees at Citigroup's U.S. Service Center located 27 miles outside the city where convenient, quality care is difficult to find. The London facility provides back-up care at a center near Citigroup's Canary Wharf location.

U.S. Citigroup employees also can receive discounts when they use leading national child care centers that provide full-time and back-up care assistance. Employees in participating businesses in 12 states and at more than 500 work locations can also get company-subsidized back-up child care near home or work through Just in Time Care, a research and referral service that links employees and child care providers. A number of businesses also supplement child care with special on-site programs that meet the higher demand on school holidays and snow days.

ELDER CARE MANAGEMENT SERVICES INTRODUCED

Citigroup recognizes that handling the demands of caring for an older relative whose physical or mental health changes, or whose ability to handle day-to-day activities becomes impaired, can be stressful and time-consuming for employees. That's why in 2003 Citigroup began offering its U.S. employees new elder care services to further help them manage their work lives and personal lives.

The Elder Care Management Services program is provided through Citigroup's U.S. LifeWorks program. An employee may receive up to six free hours of geriatric care services from a trained professional when the employee is concerned about the needs of an older relative. Employees may have access to a wide range of services that include an in-person assessment of a relative's living situation and recommendations for services, scheduled check-in services by telephone or in-person to monitor a relative's condition, and on-site facility reviews to provide information to help choose elder care facilities.

U.S. employees can access the service through the toll-free LifeWorks telephone number.

EMPLOYEE ASSISTANCE PROGRAM

Citigroup offers Employee Assistance Programs (EAP) and consulting services to help maximize the health, well-being and productivity of our employees and their immediate family members in the U.S., Puerto Rico, Australia, Canada, Ireland and the United Kingdom, as well as to expatriate staff around the world. Access to the EAP is available around the clock via toll-free telephone numbers. Callers can receive short-term confidential counseling and, for longer-term needs, referrals to professional counselors and other qualified service providers on a wide range of personal, family and work issues. In the U.S., Puerto Rico and Canada, employees and their family members can also access an EAP website to identify resources available to assist them with mental health and stress management concerns, and can take part in interactive programs such as confidential screenings for depression and alcohol abuse.

HEALTH MANAGEMENT

The goals of the Citigroup Health Management Program are to optimize employee health and productivity, reduce or stabilize costs associated with employee illness and injury, and contribute to Citigroup's efforts to be the employer of choice.

Citigroup's Health Management Program is an organized ongoing effort geared to improve employee health and well-being. It blends health awareness, education, physical activity and behavior change with a healthy corporate culture. Given that employees may spend nearly half their waking hours at work and that nearly half the leading causes of illness are preventable through healthy lifestyle choices, the worksite is a key environment for encouraging and reinforcing personal responsibility for health.



Ana Duarte-McCarthy

Director of Global Workforce Diversity, Citigroup

“At Citigroup we are committed to providing opportunities to the people of the diverse communities where we do business and we partner with organizations that share our commitment.”



More than 65,000 employees are covered by back-up child care or school holiday programs.

Fostering Employee Development Through Training Programs

Among the many leadership and career development opportunities available for Citigroup employees is the Smith Barney Annual Women's Leadership Conference, which has been held since 1998. Participants include female branch managers and assistant branch managers, sales managers and regional administrative officers. The purpose of the annual conference is to provide these women with specific managerial and leadership skills, opportunities to learn from other leaders in the firm, and networking opportunities.

Smith Barney's 2003 conference was entitled "Ensuring Success in Challenging Times." The 70 attendees participated in panel discussions, and elective breakout sessions on a range of topics. In her keynote address before the conference, Sallie Krawcheck shared her own personal challenges and successes with the group.



Sallie Krawcheck

Chairman and Chief Executive Officer,
Smith Barney

"Success isn't born of a lonesome struggle to the top—it's a team effort. So y'all need to look around your life and pick great teammates—that includes everyone from your friends, to your spouse or partner, to the folks who give of themselves to care for your children. Without a solid foundation in these areas, success may be achieved but will likely be fleeting."

Depending upon the work location, the program may include on-site Wellness (fitness) Centers, group exercise classes, web-based education and resources, targeted health interventions, preventive health screenings and discount arrangements for commercial health/fitness clubs. More than 70 percent of surveyed members reported an improved overall level of physical fitness and an increased frequency of exercise.

GOOD HEALTH CONTRIBUTES TO STRONG PRODUCTIVITY

Health and productivity are the focus of Citigroup's medical programs. On-site facilities are located in the U.S. in New York, New Jersey and Florida, as well as in London, England and Dublin, Ireland. Services offered include: assessment, treatment, recommendations and/or referral for illness and injury, periodic medical exams for expatriate staff and their spouses and partners, periodic screening programs, immunizations for business travel, flu shots and, as directed by an employee's physician, laboratory blood tests, allergy injections and electrocardiograms. More than 60,000 visits were documented at these sites last year.

Automatic External Defibrillators (AEDs) have been placed in Citigroup locations across the U.S. AEDs are devices designed to be used by lay people to provide lifesaving technology to a person who is in cardiac arrest. To date, 203 AEDs have been placed in 40 locations and more than 500 employees have been trained in AED and Cardiopulmonary Resuscitation (CPR).

In most locations where Citigroup operates, the majority of women in the workforce are under the age of 45. Statistically, at least 40 percent will have children. Lactation facilities are available in the London, Dublin, New York and Florida medical clinics, as well as 25 other worksite locations in

the U.S. During 2003, Citigroup posted an online tutorial about the benefits of breastfeeding and a list of U.S. lactation facilities for mothers returning to work. Also featured on this section of our intranet are guidelines for establishing lactation facilities.

In addition to our on-site medical facilities, we partner with and manage International SOS to provide around-the-clock, worldwide medical access and assistance for expatriates and international business travelers. International SOS services include a global immunization program that offers timely advice and resources to help assure safe and healthy travel, pre-assignment and annual physical examinations, referrals to appropriate medical specialists worldwide and a direct telephone number. Our businesses in more than 30 countries used SOS's services last year and helped us deliver more than 10,000 e-mail medical alerts.

HONEST AND INSTANT COMMUNICATION

Honest and instant communication is a key aspect of our culture. While communicating in print, video and online to 275,000 employees in more than 100 countries presents challenges, Citigroup commits the management and resources necessary to make it work in meaningful ways. From Town Hall communication forums with our senior management and employees on our intranet to a daily global e-mail with key announcements and top news stories about the company, our communications team prides itself on sharing news about Citigroup with employees first rather than letting them hear it from other sources.

Using a small, coordinated network of communicators organized by business, region and country, our Internal

Communications Group covers the world. We make our employee newspaper and other critical communications available in nine languages. We offer working papers, on topics ranging from the Environment and Anti-Money Laundering to Child Care and Diversity, to our employees and the public under the Corporate Citizenship section of our website, where people can also read about our initiatives to continue to improve business practices and corporate governance.

Citigroup's senior management regularly solicits employee feedback worldwide on important issues through confidential electronic surveying, via the company intranet. In addition to establishing important benchmarks relative to basic human resources issues such as compensation and workloads, these surveys provide insightful data about employees' attitudes on diversity, ethics and corporate values.

VOICE OF THE EMPLOYEE

Citigroup employees worldwide are encouraged to share their thoughts and concerns using a tool known as the Voice of the Employee (VOE) Survey. Between September and December 2003 we had more than 191,000 employees participate in this survey in over 90 countries.

(This represented an approximately 80 percent overall response rate.) The majority of these employees participated via the web and we offered our survey in at least 30 languages. Employee anonymity is guaranteed because a third party administers the survey, collects all the responses, consolidates them, and produces aggregate reports for management.

Our employees rated their overall satisfaction with Citigroup positively. Generally speaking, we found that our employees believe that the people they work with cooperate to get the job done, their supervisors care about them as people and their co-workers are dedicated to providing exceptional customer service.

Although we run this process in a centralized fashion, the communications, results analysis and action planning is done at the local business level. In many businesses our line and human resources managers meet with employees to make action plans about how to improve the work environment. Some of our businesses also participate in follow-up "pulse" surveys in which they re-survey their employees on five to ten items they had been working on. In this way, the managers are taking action and measuring their progress.

Highlights of Key Minority Progress

Total minority representation in Citigroup's U.S. employee population continues to trend positively going from 27.7 percent in 2001 to 31.9 percent in 2003, a +4.2 percent representation increase.

Our largest minority group is African-American, which represents 13 percent of Citigroup's U.S. workforce, followed by Hispanic at 10.8 percent, Asian at 7.7 percent and American Indian at 0.4 percent.

Total minority representation continues to increase in almost all job categories. In looking at our officials, managers, and professional jobs, total minority representation was 16.7 percent in management positions in 2001, and has increased to 21.2 percent in 2003, a +4.5 percent growth. Representation in professional jobs goes from 26.3 percent in 2001 to 32.5 percent in 2003, a strong +6.2 percent growth.

Citigroup 2003 U.S. Workforce Information (Data effective July 2003)										
JOB CATEGORIES	MALE WHITE	MALE BLACK	MALE HISPANIC	MALE ASIAN	MALE AMER. INDIAN	FEMALE WHITE	FEMALE BLACK	FEMALE HISPANIC	FEMALE ASIAN	FEMALE AMER. INDIAN
Officials & Managers	8,762	651	702	578	27	6,867	939	762	517	35
Professionals	9,977	1,004	1,085	2,490	36	7,499	1,455	922	1,388	30
Technicians	997	149	129	182	10	661	129	63	94	6
Sales Workers	12,321	518	652	622	32	3,787	574	690	632	34
Office & Clerical	8,779	2,770	2,399	986	96	26,381	8,041	6,116	2,154	271
Craft Workers	38	12	2	2	0	5	4	0	1	0
Operatives	156	117	83	72	2	203	54	35	111	6
Laborers	3	2	25	3	0	1	0	6	0	0
Service Workers	62	35	15	5	0	27	13	7	3	0
TOTALS	41,095	5,258	5,092	4,940	203	45,431	11,209	8,601	4,900	382

Highlights of 2003 Awards and Recognition

We are proud to highlight some of the more than 100

corporate citizenship awards and recognitions that Citigroup and its businesses received in 2003.

American Chamber of Commerce—
South Africa
**Social Investment Gold
Stars of Africa Award**

Bedford Stuyvesant Restoration
Corporation—U.S.
Enlightened Leadership Award

Big Tick in Business in the
Community—U.K.
Award for Excellence

California Reinvestment Committee's
(CRC)—U.S.
**Community Reinvestment
Excellence Award**

Charities Aid Foundation—Bulgaria
Best Corporate Donor

Environmental Protection Agency—U.S.
Million Monitor Award

Equal Opportunity for Women in the
Workplace Agency—Australia
Employer of Choice for Women

Exame Magazine—Brazil
Best Company for Women to Work at

Guinness Living Dublin Awards—Ireland
**Highly Commended Award for
Business in the Community**

Habitat for Humanity—Uganda
Participation in World Habitat Day

INROADS—U.S.
**New Company of the Year (Dallas)
Business Coordinator of the Year
(San Francisco)**

ISTUD Study—Italy
**Top multinational company for
Corporate Social Responsibility**

Latin Finance Magazine—Latin America
CABEI Financing

LATINA Style—U.S.
**50 Best Companies for Latinas
to Work for**

March of Dimes WalkAmerica in
Texas—U.S.
Citibank's U.S. Service Center Top Team

Norwalk (CT) Education
Foundation—U.S.
Corporate Partner in Education Award

Parliamentary Under Secretary of State
for Employment Relations—U.K.
**Employer of the Year from
Parents at Work**

Prime Minister's Award—Australia
**Excellence in Community Business
Partnerships**

Selective Corporate Internship
Program—U.S.
**Corporation of the Year for Supplier
Diversity Mentor Protégé Program**

South Florida Hispanic Chamber of
Commerce—U.S.
Bank of the Year

TELACU (The East Los Angeles
Community Union)—U.S.
**CREO and ALMA Corporate
Support Awards**

U.S. Department of State—Chile and
Honduras
**Secretary of State's Award for
Corporate Excellence**

Wellness Councils of America—U.S.
**Gold Workplace Award for Citi Cards
Site in Jacksonville, FL**

Women's Business Development
Center—Chicago, IL
Corporate Support Award

Working Mother Magazine—U.S.
100 Best Companies for Working Mothers

Reporting Guidelines Used for 2003

Chairman, CEO and President's Letters

- 1.2 Policy statement from senior management •
- CSR 1 Policy statement from senior management •

Globalization

- 1.2 Policy statement from senior management •

Company Profile

- 2.1 Name •
- 2.2 Major products and services, brands •
- 2.3 Operational structure •
- 2.4 Description of major divisions, operating companies, subsidiaries and joint ventures •
- 2.5 Countries where we operate •
- 2.6 Nature of ownership •
- 2.7 Nature of markets •
- 2.8 Scale of organization: number of employees, products produced, services offered, net sales •
- III.1-4 Disclosures (annual reports) •

Corporate Citizenship at Citigroup

- 1.1 Vision and strategy statement •
- CSR 1 Policy statement from senior management •
- CSR 2 Organization •
- CSR 4 Management of sensitive issues •
- CSR 6 Stakeholder dialogue •
- 2.9 Stakeholder engagement •
- 3.9 Stakeholder engagement •
- 3.10 Stakeholder engagement •
- 3.11 Stakeholder engagement •
- 3.12 Stakeholder engagement •
- IV.5 Employ locally •

Participant in Local and Global Markets

- CSR 4 Management of sensitive issues •
- PR 3 Customer privacy assurance •
- VI Combat against bribery and extortion •

Leadership in Business Practices

- 3.1 Governance structure •
- 3.2 Percentage of Board that is independent •
- 3.3 Process to determine Board member expertise •
- 3.4 Board-level processes for overseeing economic, environmental and social risks and opportunities •
- 3.5 Link between executive comp and achievement •
- 3.6 Organizational structure relating to managing economic, environmental and social policies •

- 3.7 Mission and values statements •
- 3.8 Mechanisms for shareholders to provide recommendations to the Board •
- II.6 Support good corporate governance •
- VII.5 Respect consumer privacy and provide protection for personal data •

Community

- 2.14 Significant changes in size (Cal Fed) •
- CSR 1 Core social values and who is responsible •
- CSR 2 Core social values and who is responsible •
- RB 1 Core social values and who is responsible •
- CSR 3 Audits—Exams in the U.S. •
- SOC 1 Charitable contributions •
- RB 3 Lending with high social benefit •
- II.1 Seek to achieve sustainable development •
- II.3 Encourage local capacity building •
- II.4 Create employee opportunities and provide training •
- III.5 Value statements, statement of business conduct •
- II.10 Encourage suppliers and vendors to adhere to good corporate conduct standards •
- VII.3 Transparent and effective procedures for addressing consumer complaints without undue cost and burden •

Environment

- 1.1 Vision and strategy statement •
- 3.6 Our organizational structure indicating responsibilities for environmental and social policies •
- 3.11 Stakeholder groups •
- 3.14 Policies, charters, codes or initiatives which company subscribes or endorses •
- 3.15 Industry and business association memberships that address the environment and sustainability •
- 3.19 Committee •
- 3.20 ISO certification •
- II.1 Seek to achieve sustainable development •
- II.3 Encourage local capacity building •
- II.4 Education and training on environmental/sustainability matters •
- II.7 Our EMS •
- II.8 Education and training on environmental/sustainability matters •
- III.1 Disclosure •

- III.5.a Policies, charters, codes or initiatives which company subscribes or endorses •
- III.5.b Questionnaire •
- V.1.a Our EMS •
- V.7 Education and training on environmental/sustainability matters •
- V.8 Guidelines for Multinational Enterprises •

Workplace

- Social performance indicators •
- INT 1 Values and policies •
- HR 1 Values and policies •
- INT 6 Employee profile •
- INT 7 Employee profile •
- LA 1 Employee headcount table •
- LA 10 EEO Policy •
- HR 4 EEO Policy •
- LA 11 Male/Female ratio •
- LA 12 Benefits offered beyond those required •
- LA 13 Provision for formal worker representation—Voice of Employee Survey •
- II.4 Create employee opportunities and provide training •
- II.8 Provide employees with information and training relating to policies •
- II.9 Employees allowed to report practices that contravene the law without punishment •
- III.5 Value statements, statements of business conduct •
- IV.1.d EEO statement •
- IV.5 Employ locally •

Highlights of Awards and Recognition

- SO 4 Third-party recognition •
- CSR 6 Third-party recognition •

Report Scope

- 2.10 Contacts •
- 2.11 Reporting period •
- 2.13 Limits on scope •
- 2.18 Criteria for measurement •
- 2.19 Changes from measurement method in previous year •
- 2.20 New environmental measurements •
- 2.22 Additional information •

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- Global Reporting Guidelines (GRI)
 - Organization for Economic Cooperation and Development (OECD)

♻️ Printed on recycled paper with soy ink.

For more information on the community and workplace programs described in Citigroup's *Citizenship Report*, please e-mail helen.steblecki@citigroup.com. For more information on Citigroup's environmental and sustainability initiatives, please e-mail iris.gold@citigroup.com.