

Conduct, Culture and Governance

As articulated in our Mission and Value Proposition, Citi serves as a trusted partner to clients by responsibly providing financial services that enable growth and economic progress. We strive to earn and maintain public trust by constantly adhering to the highest ethical standards in all of our dealings with clients, business colleagues, shareholders, communities and each other.



WHAT'S HAPPENING

Eight years after the financial crisis, public trust in banks and financial institutions remains low. Just over half of people across 24 countries trust the industry as a whole, and many say operating ethically is the most important issue for banks to address.¹ People expect banks to be open, accountable and responsive to societal needs.



WHAT CITI IS DOING

Citi continues to work hard to rebuild the public's trust, but we know it takes time. We are dedicated to improving our culture by building on our values and adhering to the high expectations of ethical and professional behavior and standards we set for ourselves. Our *Mission and Value Proposition*, which was developed by Citi's senior leadership and distributed throughout the firm, asks all employees to ensure their decisions pass three tests:

- They are in clients' interests
- They create economic value
- They are always systemically responsible

We believe business decisions that pass each of these tests have a positive and lasting effect, economically and socially, on the millions of people and hundreds of communities we serve. For this reason, our senior leaders frequently communicate our Mission and Value Proposition and encourage employees to use all three tests in every decision they make.



2015 HIGHLIGHTS

We revised our
Code of Conduct
available in
26 languages

We trained over
213,000 employees and non-employee workers
on anti-money laundering, sanctions and anti-bribery and corruption

More than
123,000 employees
were trained on Citi's Global Consumer Banking Fairness Policy and Treating Customers Fairly Program

Approximately
35,000 employees
were trained on ethics and leadership

¹"Seven Years On From The Financial Crisis: Trust In Banks Remains At All Time Low", GlobeScan, July 2015.

To equip employees to make systemically responsible decisions that are in our clients' interests and create economic value, Citi has championed a series of firm-wide initiatives that promote ethical conduct and enhance our culture.

The Ethics and Culture Committee, a standing committee of the Citigroup Inc. Board of Directors that was established in 2014, oversees senior management's efforts to reinforce and enhance a culture of ethics throughout the firm.

To equip employees to make systemically responsible decisions that are in our clients' interests and create economic value, Citi, with the Ethics and Culture Committee's oversight, has championed a series of firm-wide initiatives that promote ethical conduct and enhance our culture. For example, in 2015, we:

- Revised our Code of Conduct to help employees better understand their responsibility to make the right ethical choices, promptly report actual or suspected misconduct and know to whom concerns should be reported.
- Issued a firm-wide Escalation Policy, under which employees are required to promptly escalate issues that pose or may pose significant risk, including violations of Citi's Code of Conduct.
- Redesigned our Leadership Standards to reflect our Mission and Value Proposition, and are working to embed them into our hiring, performance evaluation, promotions and talent development decision-making processes.
- Delivered training on ethical business decision-making and leadership to approximately 35,000 employees.
- Delivered training to align leaders with our firm's common purpose and know which behaviors and standards we accept and which ones we do not.
- Completed a year-long video series in which Citi's senior management told personal stories of difficult decisions they faced in their careers to emphasize the importance of acting with integrity; the videos have been viewed nearly 600,000 times at Citi.

- Supplemented our annual Voice of the Employee Survey with additional items related to ethics and leadership. We performed strongly on our ethical culture index, an average score comprised of items predictive of an ethical culture, with an 89 percent favorable score this year.
- Continued to implement Citi's Conduct Risk Program, which focuses on reducing the probability that behavior by Citi employees or agents may, intentionally or through negligence, harm customers, clients or the integrity of the markets and thereby the integrity of the firm; and Citi's Treating Customers Fairly Program, which promotes fair outcomes for consumers.

REINFORCING AND ENHANCING CITI'S ETHICAL CULTURE

Citi has policies, programs and other initiatives to reinforce Citi's ethical culture and put Citi's Mission and Value Proposition into action. They include, but are not limited to, the following:

Code of Conduct

Our Code of Conduct outlines the values and principles that must direct employees' daily actions. The Code is available publicly in 26 languages and applies to all Citi employees. Individuals performing services for Citi may also be subject to the Code by contract or agreement. Our Code of Conduct reinforces the message that adherence to our core values and principles is every employee's responsibility and that we each have an obligation to:

- Apply the values and principles expressed in our Code to everything we do and everywhere we operate.
- Conduct business in a transparent, prudent and dependable manner.
- Take responsibility and hold each other accountable.
- Raise concerns and ask questions.



CASE STUDY



LIVE TRAINING REINFORCES ETHICS EXPECTATIONS

Ethical behavior is every Citi employee's responsibility. To help ensure we have the right information and tools to make ethical decisions, we developed an interactive, live training program called Ethics and Leadership led by senior business facilitators. Based on an ethical decision-making framework called The Right, The Good, and The Fitting, authored by Princeton University's Dr. David Miller, it presented employees with "gray" ethics scenarios and introduced a decision tool to help them handle ambiguous situations.

The program was designed to sharpen employees' ethical competencies and prepare them to share what they learned with others. Through hundreds of senior leader-led interactive sessions around the world and a virtual version of the training, Citi trained approximately 35,000 employees - from managing directors to assistant vice presidents - on ethics and leadership in 2015.

Our Code of Conduct reinforces the message that adherence to our core values and principles is every employee's responsibility.

While there is no legal or regulatory requirement on how often an organization must revise its Code, Citi typically issues a revised Code every two years to reflect new rules, regulations and best practices. We revised it in October 2015, and launched new training on our Code for our employees in the first half of 2016. We offer separate training for non-employee workers who have access to Citi systems.

Conduct Risk Program

We established a Conduct Risk Program to manage and mitigate instances of conduct risk, or intentional or negligent actions of employees or agents that may lead to negative outcomes for customers, clients and markets. In 2015, we issued a global Conduct Risk Policy and trained employees in businesses and control functions to improve their understanding of conduct risk.

Treating Customers Fairly Program

Our Treating Customers Fairly Program promotes fair outcomes for consumers through the adoption of, and adherence to, fairness-related principles. We trained more than 160,000 Global Consumer Bank employees on customer fairness in 2015. For more information on this program, download our [Trust Fact sheet](#).

Escalation Policy

Citi issued a firm-wide Escalation Policy in December 2015, which gives our employees a globally consistent framework for determining how to appropriately escalate issues that pose or may pose significant risk. We ask employees to immediately escalate their concerns and to avoid escalating to people who have a conflict of interest that might bias their perspective or willingness to act. The policy also details what employees are expected to do if an issue is escalated to them.



ETHICS AND CULTURE EMPLOYEE VIDEO CHALLENGE



To engage employees in real-life ethics decisions, we released a 12-part Ethics and Culture Video Series highlighting ethical challenges senior leaders have faced in their careers and the decisions they made. To close the Series, Citi employees participated in a challenge by submitting videos describing how one of the Ethics and Culture videos inspired them.

"I found the Ethics series to be very powerful and inspiring, especially hearing from our senior leaders about some of the decisions that they have made with respect to ethics... It's not just about making the right decisions based on whether or not something is legal or illegal. It's about making the right decisions even when nobody is looking."

SARA KRAWLL,
Global Consumer Bank,
Global Digital Team
Miami, USA

"When making decisions, you must not jump on the bandwagon - just because something is popular doesn't mean it is right. I like how Citi is empowering and equipping everyone to have that confidence to say no when appropriate by promoting the company's ethical standards."

JONNA DONCERAS,
Enterprise Operations
and Technology - Human
Resources Shared Services,
Manila, Philippines

Our global Compliance organization protects Citi by managing adherence to applicable laws, regulations and other standards of conduct, and by promoting business behavior consistent with our Mission and Value Proposition.

Ethics Hotline

Citi's Ethics Office provides employees, customers, suppliers and other third parties with channels to report ethics concerns either anonymously or without attribution. Those who are uncomfortable raising concerns with their managers or others at Citi can contact our Ethics Office via a toll-free phone number available 24/7 that accommodates multiple languages, or by e-mail, mail, fax and website submission in 11 languages. Employees may report concerns anonymously, to the extent permitted by applicable laws and regulations. All complaints are treated as confidentially as possible, consistent with the need to investigate and address the matter, and are subject to applicable laws and regulations. Citi policies prohibit retaliation against anyone who raises a concern or question in good faith, or participates in an investigation.

Spotlight on Ethics

Research shows employees are more likely to report ethical concerns when they know action will be taken. Our quarterly Spotlight on Ethics features real ethics cases and outcomes to show how concerns submitted lead to actions. To help employees take the first step in raising concerns about their behavior or that of others, or to determine the best course of action in a particular situation, we created Ask the Ethics Office, an intranet page where employees can ask if behaviors they observe are appropriate. Additionally, as part of an Ethics Awareness Program created in 2015, Ethics Officers hosted town halls and small group discussions with more than 2,000 employees in five countries to explain the Ethics Office process, ask for feedback and gather ideas on the best ways to reinforce Citi's standards and values.

MANAGING COMPLIANCE RISK

Our global Compliance organization protects Citi by managing adherence to applicable laws, regulations and other standards of conduct, and by promoting business behavior consistent with our Mission and Value Proposition. The Compliance organization has several programs and initiatives, some of which are mentioned above. The organization also has programs to protect Citi from the risk of corruption and to assist with compliance with sanctions requirements.

Anti-Bribery and Corruption Program

Citi complies with all applicable anti-bribery and corruption laws and regulations, and our Anti-Bribery and Corruption Program expressly prohibits bribery in any form. We require prior written approval before giving, offering or promising:

- Entertainment, lodging, meals or travel to government officials.
- Employment or work experience to job candidates who are senior-level government officials, relatives or referrals of senior-level government officials, or referrals of certain senior-level commercial persons.
- Certain corporate political and charitable contributions.

We conduct an annual anti-bribery and corruption risk assessment of all global business lines. It addresses many areas of risk, including gifts and entertainment, hiring practices and third-party relationships. We train our employees on anti-bribery and corruption annually, and supplement it with targeted training and communications as needed. We give employees multiple ways, including an Ethics Hotline, to escalate instances of corruption and to prompt investigations, where necessary.

Number who Completed Citi's 2015 Anti-Money Laundering, Sanctions and Anti-Bribery and Corruption Training, by Region*

Region	Number
Asia Pacific	63,865
Europe, Middle East and Africa	26,598
Latin America (including Mexico)	51,363
North America	71,497
Total	213,323

* AML, Sanctions and AB&C training is a combined online training. Numbers include all Citi employees and contingent, contractor and temporary workers who completed the 2015 training as of February 9, 2016. Employees and non-employee workers have 30 days to complete the training once it is assigned.

Sanctions Program

Citi conducts business and operations in compliance with applicable sanctions, laws and regulations, including those of the United States and other countries in which we operate. We maintain a robust, risk-based Sanctions Compliance Program that applies globally and is commensurate with our global footprint. As a financial institution organized in the United States, Citi and its subsidiaries globally comply with applicable U.S. sanctions requirements, among other requirements.

Our enterprise-wide Sanctions Program promotes compliance with increasingly dynamic sanctions requirements. The program includes policies and procedures, enterprise-wide screening, annual risk assessments and audits of sanctions control processes, employee training and a diverse team of Compliance professionals stationed around the world.

OTHER PROGRAMS AND INITIATIVES

Other programs and initiatives that help us manage our compliance risk include, but are not limited to, Citi's Anti-Money Laundering Program and Citi's taxation policies and standards.

We have more than 2,500 anti-money laundering professionals, including over 400 designated anti-money laundering officers covering every Citi business, function and geographic area.

Anti-Money Laundering Program

One of our most important obligations is to protect the integrity of the global financial system. Our Anti-Money Laundering Program helps protect our clients, businesses and the financial system from the risks of money laundering, terrorist financing and other financial crimes. It is based on our Anti-Money Laundering Policy, which provides globally consistent controls to identify and mitigate risks related to anti-money laundering and comply with relevant laws and regulations. The program centers on:

- **Prevention:** We adhere to a robust Know Your Customer program of globally consistent policies and standards, customer risk scoring and onboarding.
- **Detection:** We monitor transactions globally to identify unusual or suspicious transactions or patterns of activity. Our anti-money laundering investigations unit reviews transactions as well as new and existing clients across businesses and regions.
- **Reporting:** We proactively create, track and file Suspicious Activity Reports, Suspicious Transaction Reports and Currency Transaction Reports, as required in many countries.
- **Governance:** Our enterprise-wide controls govern the overall program including global anti-money laundering policies, processes, testing and training.

We have more than 2,500 anti-money laundering professionals, including over 400 designated anti-money laundering officers covering every Citi business, function and geographic area. They help us execute the program and meet our anti-money laundering-related requirements.

Taxation Policies and Standards

Our commitment to our Mission and Value Proposition extends to our tax policies and approach to paying taxes. We operate in more than 100 countries and strictly abide by all tax laws in the United States and throughout the world. We are a current income tax payer, both within and outside the United States. Our tax profile is consistent with the locations of our business operations, and our review and escalation processes enable us to adhere to high standards of compliance with applicable tax laws.

We emphasize strong internal controls and transparency with global tax authorities and share information relevant to our tax profile. We expect to supplement this transparency with additional country-by-country reporting requirements, as contemplated under the Organization for Economic Cooperation and Development action plan to address base erosion and profit shifting.

Citi complies with reporting and withholding requirements imposed globally on financial institutions in connection with customer transactions they intermediate. We have implemented systems and processes to comply with the Foreign Account Tax Compliance Act and expect to be fully compliant with the Common Reporting Standard as it becomes law in approximately 90 countries. Similarly, we have a firm-wide policy applicable to customer transactions under which Citi will only engage in a transaction where there is a high degree of certainty that any tax aspects will be accepted by the respective taxing authorities.



Our Ethics and Culture Committee reflects our commitment to promote a strong culture of ethical conduct. This committee is highly engaged and in continuous dialogue with management.

CORPORATE GOVERNANCE

Our governance structures, policies and processes serve employee, client and community needs and promote a culture of accountability and ethical conduct across our firm. Our corporate governance documents detail these policies and structures, including our executive compensation philosophy and Board of Directors' committee charters, all of which are available on our public website.

Board of Directors and Committees

Our Board aims to have at least two-thirds of its membership as independent directors.



Additionally, the Chairman of the Board is a non-executive independent director. As of January 2016, the standing committees of our Board of Directors are:

- Audit
- Ethics and Culture
- Executive
- Nomination, Governance and Public Affairs
- Operations and Technology
- Personnel and Compensation
- Risk Management

The Nomination, Governance and Public Affairs Committee oversees Citi's Global Citizenship and Sustainability activities and performance. Our Ethics and Culture Committee reflects our commitment to promote a strong culture of ethical conduct. This committee is highly engaged and in continuous dialogue with management.

Executive Compensation

We compensate our executives fairly, based on individual and company performance, competitive benchmarking and support of our Mission and Value Proposition. Citi's proxy statement contains a scorecard with each named executive officer's financial and nonfinancial performance goals, which are approved by the Board's Personnel and Compensation Committee. We incorporate shareholder and stakeholder input on executive pay into our Compensation Philosophy.



WHAT'S AHEAD

The dynamic global business environment creates new ethical challenges every day. We must help our employees practice sound decision-making and take actions that preserve our culture of integrity. Early identification of issues and resolutions are critical to maintaining strong relationships with our clients, business colleagues, employees and communities. We provide resources for our employees and agents to promptly raise concerns and ensure our policies encourage and reward the right behaviors.

Acting according to the highest ethical standards will always be a strong focus at Citi; it is our license to do business and the key to restoring and maintaining consumer and public trust. It also requires constant diligence. Citi has approximately 230,000 employees globally and many stakeholders who influence our decisions every day. We continue to reinforce our principles with programs that are sustainable in the long term.

Our commitment to our Mission and Value Proposition not only benefits us; it also helps raise ethical standards across the entire financial services industry. As financial system stewards, we constantly enhance and strengthen our Compliance programs. We regularly review our policies, procedures and programs to ensure we have the strongest possible controls.

To find out more, go to:
citi.com/citizenship