WHAT’S HAPPENING
In 2011, the United Nations (UN) Human Rights Council endorsed the UN Guiding Principles on Business and Human Rights, creating a global framework for preventing and addressing the risk of adverse impacts on human rights linked to business activity. Since then, companies have engaged with stakeholders, human rights experts, clients and peers to find practical ways to uphold the guidelines. Human rights regulations have increased, violators are more exposed and companies are being pressed to publish their policies and report on their progress.

We believe all industries share responsibility for preserving human rights, and it has been an increasing focus of financial institutions in recent years. Since we first established our Environmental and Social Risk Management (ESRM) Policy in 2003 we have gone beyond a narrow focus on the activities we finance to also evaluate the impacts of those activities on people and the environment. At Citi, we assess how our business and operations may affect human rights. Our policies related to human rights are clear and each of us has a responsibility to adhere to them. We recognize, however, that these policies do not cover some of the indirect ways we can affect human rights. We are determined to find and manage human rights risks across our company, our supply chain and anywhere else we can influence the human rights agenda.

WHAT C ITI IS DOING
We first published our Statement on Human Rights in 2009. We updated it in 2014 to incorporate the UN Guiding Principles and address evolving societal, regulatory and ethical issues. During this process, we assessed our human rights impacts and identified issues across our employee population, supply chain, client and community engagements and the countries where we do business. We work to support human rights across our operations and expect everyone we work with, inside and outside Citi, to do so as well. We are guided by principles such as those in the UN Universal Declaration of Human Rights and the International Labour Organization (ILO) Core Conventions regarding child labor, forced labor, freedom of association, the right to organize and bargain collectively, equal pay and nondiscrimination in the workforce.

We adhere to and regularly update the policies that underpin our Statement on Human Rights, communicate our approach externally and engage with stakeholders on issues of concern.

2015 HIGHLIGHTS
We reviewed transactions covered by our ESRM Policy for human rights risks as a part of our due diligence.

We have been named a 100% Corporate Equality Index Company by the Human Rights Campaign annually since 2004.
While diversity and inclusion are not always discussed in human rights terms, they are critical in our business, especially in countries where there is no legal protection based on characteristics such as gender, gender identity, race, age or sexual orientation.

Our Employees
Our Code of Conduct prohibits unlawful discrimination, harassment and other behaviors that infringe on individual rights. Diversity and inclusion are of particular concern. While these issues are not always discussed in human rights terms, they are critical in our business, especially in countries where there is no legal protection based on characteristics such as gender, gender identity, race, age or sexual orientation. We provide diversity training to our employees to foster a respectful and inclusive work environment, and we investigate and take action on all violations. For more information on Diversity at Citi, download our Diversity Fact sheet.

Freedom of association is another important human rights issue. While the financial services industry is not heavily unionized, we do have unions or work councils in approximately 30 countries, representing approximately 10 percent of our employee population. We engage directly with our employees and through these associations, and strive to provide fair compensation, benefits and working conditions.

Our employees are encouraged to use Citi’s Ethics Hotline to raise and resolve concerns, questions and grievances. The hotline is open to external parties and available in several formats and languages.

Our Suppliers
Our suppliers are expected to adhere to Citi standards, including those related to human rights, as outlined in our Statement of Supplier Principles. This expectation is reinforced by our Corporate Responsibility Questionnaire, which helps our procurement team determine how well potential and current suppliers manage corporate citizenship, environmental sustainability, diversity and human rights in their businesses. For more information on our supply chain work, download our Sustainability Fact sheet.

ADDRESSING HUMAN RIGHTS ABUSES IN THE THAI FISHING INDUSTRY
In 2014 and 2015, investigations by journalists and human rights organizations found labor and human rights abuses in the Thai fishing industry, which is part of several Citi clients’ supply chains. Our policies expressly prohibit forced labor and we responded immediately. Our Environmental and Social Risk Management team and senior regional risk officers engaged clients to understand the situation. We found them working hard to address these issues – auditing operations to ensure their supply chains were free of forced labor, raising awareness of human rights and sustainability in their companies and developing policies and systems to track input and product sources. Where subcontractor labor violations were detected, clients hired those workers directly. Concurrently, the Thai fishing industry started a task force to share solutions and increase accountability. The Thai government mandated registration of all Thai fishing vessels and audits for labor protection. Companies intend to implement a tracking system that, by the end of 2016, will allow consumers to scan the barcode on a can of tuna at the supermarket and see the location, vessel and legal status of the vessel that caught the fish. We are monitoring this issue and helping clients address human rights risks.

MANAGING HUMAN RIGHTS IN THE PALM OIL SECTOR
Human rights risks exist across the palm oil supply chain. Palm oil grows in low-income, ethnically diverse tropical countries and its cultivation is both land and labor intensive. Palm oil plantation concessions often intersect with rural farmland and Indigenous communities as well. To address these issues, Citi joined the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder group and sustainability certification body that holds members accountable to environmental and human rights standards, in 2010. Our Environmental and Social Risk Management team looks into client adherence to RSPO human rights principles and actively participates in RSPO complaint panels, which manages and mediates compliance breaches. We perform annual reviews of our palm oil clients and directly engage with their senior management to ensure local community, Indigenous and labor rights are respected. When human rights risks emerge, we work with our clients to ensure they make progress towards prescribed resolutions.
As a bank, what we finance is as important as how we operate. Therefore, assessing and managing human rights related to our clients is integral to respecting human rights at Citi.

Our Clients
As a bank, what we finance is as important as how we operate. Therefore, assessing and managing human rights risks related to our clients is integral to respecting human rights at Citi. Environmental and Social Risk Management (ESRM) – the review of clients and projects we finance for environmental and social risks including human rights – is central to our human rights due diligence and a key pillar of our Sustainable Progress Strategy.

Our ESRM Policy prohibits activities we believe pose risks to us, our clients, and our stakeholders. In the area of human rights, it prohibits financing any clients or projects involved in forced labor, harmful child labor, and human trafficking. It also covers “Areas of High Caution and Special Focus” that require closer due diligence and heightened risk management, including social risks such as negative impacts to Indigenous Peoples, large-scale resettlement, and conflict risk. Wherever possible, we align our policies with multilateral and government entities as well as our financial services peers to ensure consistency in the market.

All Citi business units must comply with Citi’s ESRM Policy to assess and manage risks consistently around the globe. We review transactions covered by our ESRM Policy for human rights risks during the initial due diligence phase, and ensure prior to close that these risks are being properly mitigated and managed by our clients. For more information, download our Sustainability Fact sheet.

In 2015, Citi closed 10 transactions where we conducted due diligence under our Statement on Human Rights. One transaction may have more than one human rights risk.

Closed transactions reviewed under Citi’s Statement on Human Rights

<table>
<thead>
<tr>
<th>Human Rights Risk</th>
<th># of Transactions where Risk was Identified and Managed</th>
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<tbody>
<tr>
<td>Indigenous Peoples</td>
<td>4</td>
</tr>
<tr>
<td>Labor Risks</td>
<td>2</td>
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<tr>
<td>Resettlement</td>
<td>6</td>
</tr>
<tr>
<td>Security Risks</td>
<td>1</td>
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</tbody>
</table>

Countries Where We Do Business
Citi has operations in more than 100 countries, each with its own human rights laws and practices. While we respect government sovereignty and understand that each nation has a duty to protect its citizens’ human rights, we know the laws in some countries where we do business do not meet global standards or our own internal standards. In these instances, we increase our due diligence to ensure we manage these risks, share best practices and set a positive example to raise human rights standards worldwide.

Continuous Learning and Improvement
The field of human rights is quickly evolving. To keep pace with emerging issues, we meet periodically with human rights experts to determine where we should focus our business and due diligence efforts. At a November 2015 meeting with external experts and our regional ESRM Champions, who support our ESRM Policy implementation around the world, we discussed how Citi can incorporate a human rights risk-based due diligence approach, looking at the severity of risk not just to our enterprise, but also to human rights holders. The stakeholders noted slave trafficking in the Thai seafood industry (see previous page) and labor issues in the electronics, construction and steel sectors as areas of concern. Understanding which sectors and geographies are higher risk for human rights violations helps us refine and focus our due diligence.

WHAT’S AHEAD
Citi and other global financial institutions operate within a complex framework when it comes to human rights. We do not have the same control or influence over client activities as we have over our own workforce and suppliers. So despite our policies, due diligence and intent to do the right thing, we risk associating with companies with potential human rights challenges. We see the next step as further dissecting these risks and working more closely with clients to address them. We already consider human rights in our client portfolio reviews and acknowledge the risks for human rights violations in higher risk sectors and countries, but we recognize the need to strengthen our due diligence approach. We will also continue to communicate and apply our employee equality policies in places where equality is not the norm.

Listening to stakeholder concerns and expert views is vital to staying on top of human rights issues. At our 2015 meeting with external experts, they urged us to consider how our products can support human rights. For example, one participant asked, “Can you use your remittance payment platforms to gather data that could indicate human trafficking, such as whether employers are holding immigrant workers’ passports, or if workers had to pay a fee to obtain their jobs?” Questions like this challenge us to use our resources in creative ways to protect human rights.

Whatever we do, we must see human rights not in terms of how it affects companies or finances, but how it affects people. This requires new ways of thinking and new risk management practices to ensure more sustainable progress for all involved. We are committed to finding the right balance without compromising our commitment to universal human rights standards.

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