



Citizenship Report 2007

Citi's 7th Annual Citizenship Report

As a global financial institution and industry leader, Citi* takes pride in its Citizenship efforts. Citizenship encompasses our priority focus areas of microfinance and microentrepreneurship, financial education and the environment, as well as our outreach to communities, diversity efforts, employee volunteerism and the work of the Citi Foundation. We value this opportunity to share with you this report, which covers our Citizenship performance across all business lines and geographic areas of operation in 2007.

In order to improve readability and accessibility, we have this year combined our Citizenship and Diversity Reports, as well as the Citi Foundation Report, into this Citizenship report. We have also reduced report length and focused specifically on our Citizenship priority areas and those topics of greatest interest to our stakeholders.

Our Citizenship brochure, available at [www](#), highlights our Citizenship focus areas and key accomplishments. We encourage readers to visit our website [www](#) for more information on all our Citizenship programs and initiatives.

We expect to revisit and refine the content of the Citizenship report over the course of future reporting cycles by enhancing our internal data tracking and collection processes, incorporating stakeholder feedback and responding to new Citizenship issues and challenges as they arise.


* 'Citi' as used in this report refers to Citigroup Inc., its subsidiaries and their affiliates.

Application of the GRI Guidelines

In developing this report, we have applied the Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3) and are self-declaring a "B" GRI Application Level. We also included disclosures and indicators suggested under the draft GRI Financial Services Sector Supplement. The full GRI G3 content index for the report is posted online at our website. [www](#) Further information on the GRI Guidelines is available at the GRI website. [www](#)

This year we combined our Citizenship and Diversity Reports, as well as the Citi Foundation Report, into one Citizenship report.

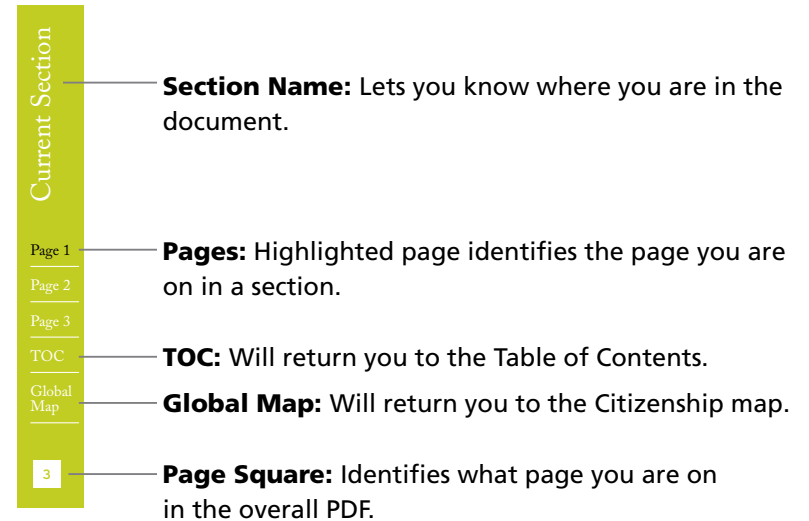
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Navigation and Special Features of this Report


To enhance your experience with our Citizenship Report, please take a moment to review some key features.

The navigation in the left-hand green bar is described below:



Report icons

 This icon will open a weblink in your preferred browser. (Note: A dialog box may appear when you click this icon. Click “allow” to open the website.)

 This icon will take you to additional information in the report on the relevant topic. Use the navigation in the green bar to return to the original section.

Printing

If you need to print this PDF, please only print the pages you need and, if possible, print double-sided. To maximize printable area, set your orientation to “landscape” in “page setup” and set “page scaling” to “none” in your print dialog box.

Our Shared Responsibilities

Citi's goal is to be the most respected global financial services company. As a great institution with a unique and proud history, we play an important role in the global economy. Each member of the Citi family has three Shared Responsibilities:

We have a responsibility to **OUR CLIENTS.**

We must put our clients first, provide superior advice, products and services and always act with the highest level of integrity.

We have a responsibility to **EACH OTHER.**

We must provide outstanding people the best opportunity to realize their potential. We must treat our teammates with respect, champion our remarkable diversity, share the responsibility for our successes and accept accountability for our failures.

We have a responsibility to **OUR FRANCHISE.**

We must put Citi's long-term interests ahead of each unit's short-term gains and provide superior results for our shareholders. We must respect the local culture and take an active role in the communities where we work and live. We must honor those who came before us and extend our legacy for those who will come after us.

Message from Vikram Pandit

I am very proud to share with you this report on Citi's Citizenship activities. In spite of a very challenging year for Citi in 2007, our company and our employees continued to play a leadership role in addressing some of society's most pressing problems in the communities where we do business across the globe.

Although we are making changes in those parts of our business that are not performing to our expectations, our commitment to Citizenship remains an important part of our business strategy. We focus our resources on areas that align with our business goals and enable us to leverage our strengths: our financial services expertise, our global network and our local presence in communities all over the world. We do this through our philanthropy and our employee volunteerism, but even more importantly through our business practices and our business franchises. Embedding Citizenship initiatives in our business is what makes them ultimately sustainable.

We are particularly proud of our leadership role in promoting the extension of financial services to many of those in greatest need through our support for and engagement in microfinance; our environmental initiatives, particularly those that address the urgent challenge of climate change; and our support for financial education that enables consumers, including the poor, to have better lives for themselves and their families. As a global company, our support for the diversity of our employees, clients and suppliers is also a key strength.

We are working with our partners to proactively and aggressively respond to the unprecedented disruptions in the U.S. housing markets. Starting with a local government partnership two years ago and the formation of our Office of Home Ownership Preservation in July, we have developed programs and partnered with community groups and non-profit organizations to help customers stay in their homes and to maintain healthy, viable communities. We were also the first financial services institution to release our mortgage lien information to help the industry develop scalable solutions around housing market issues.

Citi is committed to making a positive difference in the communities where we live and work while serving our investors and clients. We thank you for your interest and look forward to continuing this conversation with you.



Vikram Pandit

Chief Executive Officer
Citigroup Inc.





Message from Pamela Flaherty

2007 was a year of significant focus on Citizenship at Citi. The initiatives described in this report are not add-ons or nice-to-haves—they are embedded in the way we do business and they provide business value. That these initiatives were undertaken in a year of extremely challenging market conditions underscores Citi's commitment to sustainability.

Our Citizenship values and priorities reflect our core competencies as a company. Our business activities help stimulate economic development in 100 countries, where we employ approximately 370,000 people. We also support the communities where we do business through our philanthropy and volunteerism and by applying the power of our business to make a difference on critical sustainability issues such as climate change. Governance of our Citizenship efforts rests at the board level with the Public Affairs Committee.

In the long term, our goal is to become the most respected financial institution in the world, and our Citizenship efforts contribute toward that goal. What this means is that we will seek to do complex and challenging transactions in the most sustainable way possible, even in difficult geographies or resource-intensive industry sectors. We have been recognized for our efforts through our inclusion in the Dow Jones Sustainability Index and FTSE4Good for the last six years, and more recently through our ranking on the Climate Disclosure Leadership Index, which in 2007 named Citi as one of the top global banks in terms of our climate change disclosure.



Our three core Citizenship areas are microfinance, financial education and the environment. We have unique expertise to bring to these issues, and we also believe that we can make a significant contribution in these areas through our core business activities.

- **Microfinance** – Central to our approach to microfinance is that in addition to our significant philanthropy in this area, we have a separate Microfinance Group that pursues revenue-generating business opportunities. For example, in May 2007 we announced a \$44 million groundbreaking local currency financing program involving Citibank India and SKS Microfinance that is facilitating financial access through micro-loans to more than 200,000 women residents of rural villages in 11 Indian states.
- **Financial Education** – In 2004 Citi and the Citi Foundation announced a 10-year, \$200 million commitment to financial education. Four years into this commitment, we have spent approximately \$121 million funding initiatives in 72 countries and have reached more than 3.5 million people. One such program was the National Urban League Financial Education Program, which was developed using Citi's financial education curriculum.

Our business activities help stimulate economic development in 100 countries, where we employ approximately 370,000 people.

- **Environment** – Citi is taking major steps toward combating climate change. In February 2007 Citi released a Position Statement on Climate Change, which called for a market-based U.S. policy to reduce greenhouse gas (GHG) emissions. In May 2007 we announced a \$50 billion, ten-year initiative on financing solutions to climate change. Although market conditions caused us to fall short on our first-year internal goal, we have no doubt that we will reach and even exceed our total commitment. And in February 2008, following nine months of discussion with power sector clients and non-governmental organizations, Citi announced the Carbon Principles, which provide a due diligence framework for financing electric power plants that emphasizes energy efficiency.

There are many other important Citizenship efforts going on throughout the company. We created a Citi Dialogues forum to expand our efforts to reach out to communities and understand their concerns. These dialogues were held in 12 cities across the United States and in Warsaw, Poland. Also, Citi's response to the subprime mortgage crisis was a key Citizenship focus area in 2007. Among many efforts, Citi founded the Office of Homeownership Preservation (OHP) to help distressed borrowers avoid foreclosure and stay in their homes. The OHP launched a 25-city tour in the United States to focus on foreclosure prevention outreach, education and counseling.

Underpinning our Citizenship initiatives is a firm belief in the value of stakeholder engagement. Our stakeholders are important in helping to form and implement our Citizenship activities. As part of this focus, we are new members of Ceres and will work with them to develop additional stakeholder engagement opportunities. In addition, Mindy Lubber from Ceres has provided us with candid feedback on Citi's performance, and her interview is printed on page 9.  We have also included a statement from the National Council of La Raza on page 11. 



Pamela Flaherty
 Director, Corporate Citizenship
 President and Chief Executive Officer, Citi Foundation

Message from Ana Duarte McCarthy

Diversity is a core value and a source of strength for Citi and it is also a key competitive advantage. A diverse workforce understands clients better and is more creative and innovative on their behalf. In turn, this can translate into greater market share and greater returns for our shareholders. Our strong commitment to diversity continued in 2007, as we made progress toward achieving our company goals to be the employer of choice, service provider of choice, business partner of choice and neighbor of choice.

Citi's major lines of business share the same approach and philosophy when it comes to accountability, attracting talent, developing people and creating an inclusive work environment so our employees can reach their full potential.

Senior managers develop diversity plans incorporating these elements and conduct reviews on a quarterly basis to chart progress. We continue to embed mentoring programs to support career development and build peer relationships with senior members of our company. In 2007 more than 5,000 employees participated in formalized mentoring programs; 80% of our Management Committee members formally mentored Citi employees, with 89% mentoring a diverse mentee.

Employee Networks are a core element of our diversity strategy. Initiated and led by employees, Networks are organized based on affinity, open to all employees and offer opportunities for networking, mentoring, coaching and community involvement. At the end of 2007 there were 42 Networks, with more than 14,000 employee members supported by dedicated senior business sponsors and human resources advisors.

Our global women's initiative focuses on building a talent pipeline for current and future business needs. The women's initiative creates champions and role models for women, leveraging our existing women's councils and networks globally to share best practices.

Citi's diversity efforts were again recognized in 2007. Among other global diversity awards, Citi was named an "Employer of Choice for Women" by the Equal Opportunity for Women in the Workplace Agency in Australia and ranked as a top company for diversity by *DiversityInc Magazine*, *Hispanic Business Magazine* and *Working Mother Magazine* in the United States. Citi received 100% on the Human Rights Campaign Corporate Equality Index in the United States and ranked on the Stonewall Workplace Equality Index in the United Kingdom.

We are honored by the external recognition of our efforts over the years—nonetheless, we have more work ahead and remain strongly committed to this important mission. We applaud our employees for committing their time and talents to supporting our diversity efforts and moving our strategy forward.



Ana Duarte McCarthy
Chief Diversity Officer



Interview with Mindy Lubber

Ceres is a coalition of investors, environmental groups, and public interest organizations working with companies to address sustainability challenges. [www](#)

Citi has engaged with Ceres since 2004 on a range of topics, including public reporting on environmental and social issues, engaging with external stakeholders and climate change. In early 2008, Citi was approved by the Ceres board of directors as a Ceres network company.

Citi asked Ceres President Mindy Lubber to provide feedback on Citi's sustainability performance over the last year.



Mindy Lubber
President, Ceres

What are your thoughts on Citi's citizenship efforts—where have we excelled, and where have we fallen short?

Citi is elevating environmental and social challenges, what we call sustainability issues, into its core mission. You are tackling these challenges as aggressively as any Fortune 500 company. Sustainability issues such as climate change, diversity, and others, are integrated throughout your business units, so that your initiatives are not just symbolic.

Citi's \$50 billion, 10-year commitment on climate change is especially noteworthy. During this time of market upheaval, and as Citi navigates a difficult business environment, the company's continued focus on climate is encouraging. Too often in the past, these kinds of programs would be the first to get cut when belt-tightening was needed.

Citi's global policy on human rights is another positive initiative. We are looking forward to seeing more details on the implementation, especially on training and monitoring in countries where human rights are viewed differently. Having a process to review and improve the policy over time is important and it's something on which we look forward to engaging.

What do you consider to be the appropriate level of transparency for all businesses to meet, particularly with regard to climate change? How is Citi doing?

Citi has been publishing sustainability reports and engaging stakeholders for a number of years, more so than many other companies. You have the opportunity to take reporting from good to great, by setting specific targets and goals and explaining your performance. Citi is a company that understands financial targets and accountability, and your citizenship efforts should be managed in the same way.

In our recent report/benchmarking study evaluating how banks are responding to climate change, we highlighted how Citi should be managing its own operational carbon footprint and the footprint from its investments and lending practices. The Carbon Principles, which require more rigorous scrutiny of loans for carbon-intensive projects in the power sector, is an important step. We'd also like to see Citi use the Global Framework for Climate Risk Disclosure to examine and disclose its own risks and to have Citi make a commitment to go "carbon neutral."

We encourage Citi to take additional steps, including:

- Develop a board structure that focuses on climate and other sustainability issues
- Tie executive compensation to priority sustainability issues
- Increase disclosure of climate change and other sustainability risks in your 10-K filings
- Enhance disclosure around greenhouse gas (GHG) emissions from lending and set carbon reduction targets for Citi's overall loan portfolios

During Citi's recent stakeholder dialogue on climate change, there was a lot of conversation about the Carbon Principles and whether they go far enough. Some environmental advocates think they are a good step forward, while others say that Citi should stop financing coal projects altogether. What are your thoughts?

The Carbon Principles aren't the answer to everything, but they are a good first step. I could easily say, "Citi should stop financing coal projects," but I think that the framework of the Carbon Principles is critical in making these kinds of broader systemic changes.

The Carbon Principles must be fully implemented. Citi should disclose the results, including impacts on clients, changes in investment patterns and metrics such as "loans not made." Citi should also be developing training sessions for employees on implementing the Principles.

The Carbon Principles need to be improved over time, and applied to municipal utilities as well as private investments. Citi should continue working with its partners to do this.

Given the complexity and scale of climate change, what else should Citi be doing to catalyze low-carbon climate solutions?

Citi is doing a lot. That said, given the enormity of the problem and the substantial reach of a company such as Citi, here are some specific suggestions for further action:

- Speak with a louder voice in favor of strong climate change legislation and stronger energy-efficiency policies, as a matter of smart economic policy
- Influence your supply chain, and require suppliers to assess and disclose their GHG emissions
- Develop new products, particularly those that scale-up energy efficiency, which is the easiest, fastest and cheapest way to reduce GHG emissions right now
- Educate and motivate your employees on climate change and actions they can take

**What are some other areas where financial institutions can have a big impact?
How should banks prioritize these kinds of issues?**

Catalyzing our capital markets to place more value on sustainability should be a top priority. The world is plagued by a singular focus on quarterly financial results, what I call "short-termism." This blinds us from factoring in activities that have long-term detrimental impacts and costs. Society's blind eye to GHGs—harmful, unregulated pollutants that companies can now emit for free—is an obvious example of this.

As risk management experts, banks such as Citi need to adjust their risk processes to explicitly include sustainability issues to account for longer term, but clear and calculatable risks.

Lastly, Citi should use its reach and ability to engage with consumers to make a difference on sustainability issues.

I don't expect all these actions to happen tomorrow, but Citi has been a leader in the past on a number of sustainability initiatives. We are looking for Citi to take the necessary steps to hold on to your leadership position.

Statement from the National Council of La Raza

One of the critical areas of work for the National Council of La Raza (NCLR) is helping to build healthy communities through the creation of social, political and economic wealth. NCLR—the largest national Hispanic civil rights and advocacy organization in the United States—works to improve opportunities for Hispanic Americans. [www](#)



NCLR brings considerable resources to this issue, a strong track record in community development, and the largest Hispanic Community Development Financial Institution (CDFI) in the United States—the Raza Development Fund. [www](#) NCLR also complements this work with considerable public policy expertise on issues that influence the ability and opportunity of Latino families to build wealth and protect their assets.

Latinos hold fewer assets than other Americans, proven by virtually every tangible standard. Our work in this area is especially timely. Trouble in the subprime housing market has tested all of us to find effective ways to help families stay in their homes. Citi has demonstrated a commitment to the same goal and is taking steps to help community organizations respond to the growing need for assistance at the local level.

We firmly believe that by working together with Citi we can strengthen institutions that serve Latino families and provide much-needed housing counseling assistance to Hispanic families in danger of foreclosure. We can also improve the quality and quantity of asset-building programs as well as deepen the impact of strategic community development initiatives targeted to the Hispanic community.

Demographic projections reveal that by 2050 more than one-quarter of the U.S. population will be Latino, and yet today about the same share of Latinos have no financial assets. Citi is in the business of providing Americans with products and services that help them build wealth and financial security for their families. By working together, NCLR and Citi can effectively tackle the barriers to asset development that Latino families face and eliminate the racial-ethnic wealth disparity.

Janet Murguía
President and CEO




Founded in 1968, NCLR is the largest constituency-based Hispanic organization in the United States. Through its network of nearly 300 affiliated community-based organizations, NCLR reaches millions of Hispanics each year in 41 states, Puerto Rico and the District of Columbia.

The Citi Foundation has provided grants to NCLR over the past seven years. Citi’s Salvador Villar, Chairman and CEO of Citibank (Banamex) USA serves on the NCLR Corporate Advisory Board.



Global Citizenship Map

Our global presence brings with it a global responsibility to our clients, partners, communities and employees. The programs highlighted on this global Citizenship map reflect just a few examples of our efforts across our Citizenship priority focus areas: microfinance and microentrepreneurship; financial education; and the environment, including climate change.

-  Citi Microfinance Business Initiatives
-  Financial Education
-  Environment
-  Foundation



Citi Microfinance Business Initiatives



INDIA

Citi and SKS Microfinance entered into a groundbreaking, \$44 million financing program in 2007. The program is a risk-sharing finance structure whereby Citi India will purchase loans originated by SKS and share in the credit risk of each transaction.

PAKISTAN

Citi arranged the first-ever local currency syndicated loan (\$22 million) to any microfinance institution in Pakistan for Kashf, a leading microfinance institution based in Lahore.

ROMANIA

Citi is the sole arranger for the first-ever local currency syndicated loan in Romania (\$54 million). This transaction was structured for microfinance lender ProCredit Bank.

UNITED STATES

Citi launched the first of Citi's remittance partnerships with Banco Solidario in Ecuador to offer immigrants convenient, economical remittance and banking services.



Financial Education



AUSTRALIA

Citi Australia issued the *Money Survival Guide for Women*, a book offering practical solutions to the unique challenges women encounter in learning to effectively manage their finances.

MEXICO

Banamex's Office of Financial Education offers a variety of programs to help individuals grow and manage their assets, entrepreneurs start and grow businesses and communities manage their resources.

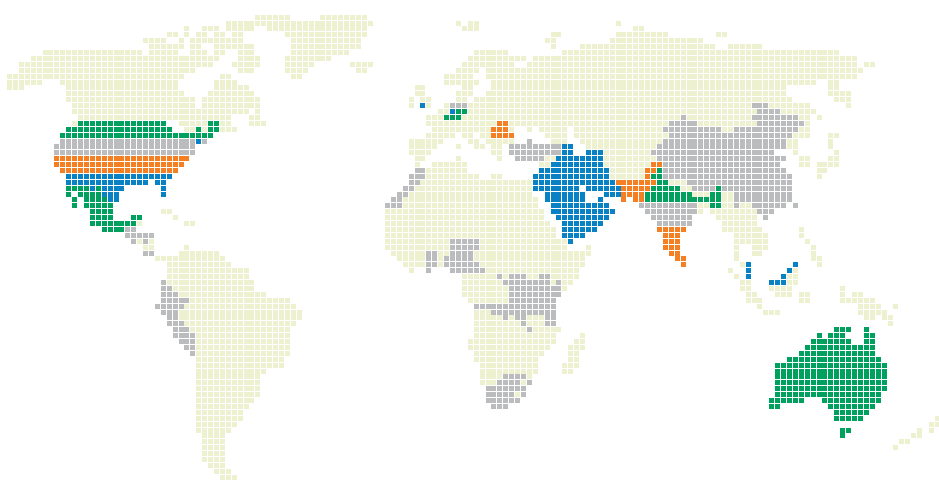
ASIA PACIFIC

In 2007 the 4th annual Citi-FT Financial Education Summit was held in New Delhi, India and brought together more than 220 delegates from 27 countries to focus on financial education for adults, especially those coming from underprivileged and low-income households. The Summit was funded through a \$325,000 grant from the Citi Foundation.

UNITED STATES

Citi volunteers participate in Junior Achievement and implement the Citi Financial Education Curriculum in programs such as the American Bankers Association Education Foundation's Teach Children to Save Day.





Environment

[www](#)


LONG ISLAND CITY, NEW YORK

Citi received a Leadership in Energy and Environmental Design (LEED) Gold certification for its new office tower.

FRANKFURT, GERMANY

Citi is constructing a “green” data center.

LONDON, ENGLAND

Citi hosted a two-day conference on the investment implications of a changing climate.

UNITED STATES

Citi was a lead developer of the Carbon Principles, announced in February 2008. The Carbon Principles are a set of enhanced diligence guidelines for financing electric power projects in the United States.

MIDDLE EAST

Citi’s role as an advisor of a large-scale aluminum complex helped add significant value by ensuring compliance with the Equator Principles.

KUALA LUMPUR, MALAYSIA AND NEW YORK CITY

Citi’s Environmental and Social Risk Management Unit partnered with Rainforest Alliance to develop and deliver full-day Forestry and Finance Workshops to Citi bankers.



Foundation

[www](#)


Microfinance and Microentrepreneurship

GLOBAL

The Citi Network Strengthening Program is a three-year, \$11.2 million grant program initiated by the Citi Foundation in collaboration with the Small Enterprise Education and Promotion (SEEP) Network. The program will strengthen the operational, technical and financial capacity of 12 national and regional microfinance networks serving nearly 60 countries.

AFRICA

The Citi Foundation granted \$100,000 to ProLiteracy to help enhance and expand its microfinance and microenterprise program *How to Start and Grow Your Own Business* in Cameroon, Democratic Republic of the Congo, Ghana, Kenya, Morocco, Nigeria, Pakistan, South Africa, Tanzania and Uganda, reaching 3,900 participants in 119 communities.

TURKEY

The Foundation for the Support of Women’s Work received a Citi Foundation two-year grant of \$170,000 to train more than 3,000 women in the basics of entrepreneurship and financial education and to build a national network of women microentrepreneurs.

Education

CHINA

The Sun Yat-Sen Library in China received a three-year, \$281,000 grant to establish two children’s libraries in underdeveloped areas of Guangdong Province, bringing books, technology and educational resources to 30,000 students in the region.

Financial Education

GERMANY

OECOMIX (Economics) has helped 3,400 high school teachers and 77,000 students learn the fundamentals of personal finance, entrepreneurship and economics. This multi-media financial education program was developed by the Institut der deutschen Wirtschaft Köln in collaboration with Citibank Germany through over \$1 million in funding from the Citi Foundation.


Environment and Sustainable Enterprise

CENTRAL AMERICA AND SOUTH AMERICA

The Citi Foundation granted \$200,000 to Rainforest Alliance to help small and growing businesses and communities engage in sustainable economic activities. The project focuses on tourism, forestry and carbon work in Costa Rica, Ecuador, El Salvador, Guatemala, Honduras and Peru.



Citizenship at Citi

Our Citizenship efforts center on the issues that directly impact our clients and those spheres where we naturally have influence and expertise as a financial services company. Therefore, our global priority focus areas are microfinance and microentrepreneurship, financial education and the environment, including climate change. As outlined in this report, we are also proud of the diversity of our employees, suppliers and clients; programs and policies that support our world-class staff; and our leadership role in community development and housing in the United States. This year in particular, as described on p. 24,  we have taken aggressive action to help address the consequences of the U.S. subprime mortgage crisis.

MICROFINANCE AND MICROENTREPRENEURSHIP

Microfinance is a concept that has recently gained widespread recognition as an effective tool to build financial inclusion and to provide increased opportunities for underserved individuals and communities. In 2005 we established Citi Microfinance as a global business initiative, working across Citi's Markets and Banking, Global Consumer Group and Global Wealth Management businesses. Citi Microfinance leverages Citi's products and client relationships with those of the microfinance sector, supporting the sector's efforts to build scale, lower costs and introduce new products in commercially sustainable models.

Citi and the Citi Foundation both support efforts in microfinance. Citi Foundation is proud of its more-than-25-year history of philanthropic support for microfinance and microentrepreneurship programs and initiatives. Today, the Citi Foundation maintains Microfinance and Microentrepreneurship as a priority giving category.

FINANCIAL EDUCATION

Individuals, families and communities that have access to financial education can learn how to manage their money, access and wisely use products such as bank cards and loans and save for the future. Citi recognizes the importance of financial education, especially as millions of people all over the world begin to access credit and other financial products for the first time. We believe that learning financial skills early in life

We define Citizenship as the positive impact that Citi has on society and the environment through its core business activities, philanthropy, diversity efforts, volunteerism and public policy engagement, as well as the philanthropic initiatives undertaken by the Citi Foundation.

“Citi has long been committed to contributing in meaningful ways to the communities in which it operates, and at the same time, setting standards for business practices and corporate values that exceed industry norms.”

Pamela Flaherty

Director, Corporate Citizenship, and President and Chief Executive Officer, Citi Foundation

is critical and have developed financial education programs that aim to teach children and youth money management skills by increasing their knowledge about spending wisely, budgeting, saving and investing. Through our Office of Financial Education and the work of our businesses, as well as grants made by the Citi Foundation, we are helping to create greater financial literacy and awareness for youth and adults around the world.

ENVIRONMENT

Fundamentally new ways of thinking and acting by consumers, governments and businesses are moving the global marketplace toward a more environmentally sustainable economy. Citi is helping to spur change and innovation to support this shift, especially as we work with our clients to develop financial solutions to environmental challenges. Our efforts to create innovative products and services and to promote more efficient and better use of resources will mean a cleaner, healthier, safer and more sustainable future for our communities and future generations.

Specifically, we are

- lessening the direct impact that our operations have on the environment;
- training our bankers on policy standards and processes;
- applying our Environmental and Social Risk Management (ESRM) Policy, including the Equator Principles and the Carbon Principles, in structuring transactions with our clients and partners;
- helping clients to invest in environmentally oriented funds and projects; and
- developing our own portfolio of environmentally focused investments.

The Citi Foundation also supports grantmaking to organizations that help establish and support environmentally sustainable enterprises.

Citizenship management structure

Leadership and accountability for Citizenship performance comes from the very top of our organization. Citi’s CEO, its Vice Chairman, the Public Affairs Committee of the Board of Directors and the Company’s business heads regularly review Citi’s Citizenship priorities, programs and initiatives as part of their standard operational evaluations.

Pam Flaherty, Citi’s Director of Corporate Citizenship, oversees global Corporate Citizenship, including Environmental Affairs, Financial Education and Global Volunteerism. In her capacity as the President and CEO of the Citi Foundation she is responsible for the Citi Foundation’s strategy, programs and initiatives. She also heads the Environmental and Social Policy Review Committee, which is composed of 16 senior managers from various business units and provides advice on environmental and social policy issues.

Ana Duarte McCarthy, Citi’s Chief Diversity Officer, develops global diversity strategy and policies to establish management accountability, attract talent, develop and retain a diverse workforce and foster an inclusive work environment.

Across our organization, our Citizenship policies are implemented and commitments are met by the work of our businesses, supported by staff units that serve as internal experts and specialists on issues such as environmental initiatives, financial education, diversity and human rights. For example:

- Citi’s Global Microfinance Business Group develops commercial relationships with microfinance institutions, networks and investors to expand access to financial products and services.

- Citi’s Regional Public Affairs Officers, Country Public Affairs Officers and Country Community Relations Officers play a key role in managing community engagement and many of the programs and initiatives described in this report.
- Citi’s Global Workforce Diversity unit focuses on developing and implementing diversity policy and practices to establish management accountability, attract talent, develop the workforce and foster an inclusive work environment. The unit also manages external partnerships that promote workforce diversity.
- Citi Community Relations focuses on fulfilling Citi’s regulatory obligations under the Community Reinvestment Act (CRA), the Home Mortgage Disclosure Act (HMDA) and Fair Lending laws and establishes and maintains relationships with key community organizations to promote asset building, financial education and economic development.



- Citi Markets and Banking units advise clients on lending-related environmental and social risk management issues and policies, implement the ESRM policy and participate in carbon emissions trading.
- Citi’s Global Wealth Management conducts research into socially responsible investing.
- Citi’s Realty Services oversees the operations of Citi facilities, minimizes energy use and procures green power, implements sustainable building practices, and sets goals and targets for reducing Citi’s overall environmental footprint.



Stakeholder Engagement

The long-term relationships we cultivate with our stakeholders are a vital part of our Citizenship approach. These relationships take different forms and range from fully aligned partnerships to more challenging engagements. Yet each presents an opportunity for us to learn about the issues of top concern and priority for the many individuals, communities and organizations that are affected or influenced by our business activities.



Forms of Engagement		
Approach	Description	Example
Citi Dialogues	Citi's senior business leadership engages with national and local community stakeholders in a series of legislative, regulatory, policy and advocacy discussions that impact industry standards, Citi's business practices and clients.	In 2007 Citi Dialogue events were held across the United States in 12 cities, engaging 115 national and local partners. Citi held its first international event in Warsaw, Poland.
Consultation on proposed policy changes, programs and practices	We meet individually and in small groups with community organizations to review proposals and receive feedback and suggestions.	Citi convened focus groups to analyze the clarity and readability of its disclosure materials.
Meetings with specific interest groups	We meet with interest groups representing specific issues to hear and understand their concerns and positions.	Citi held meetings with stakeholders regarding its environmental performance and ESRM Policy implementation.
Conferences and events	Citi executives and managers present information on Citizenship programs at prominent events and listen to comments from participants.	Citi presented its climate change commitment at the 2007 Ceres conference.
Employee surveys	We conduct internal employee surveys to better understand employee concerns and gauge job satisfaction and morale.	Citi conducts "Voice of the Employee" surveys.
Daily customer interactions	We engage in direct conversation with our clients and use their feedback to improve on our customer service practices.	Citi has placed feedback kiosks in approximately 1,000 Citibank branches.
Online and print communications	We issue reports, studies, press releases and other materials to inform stakeholders about our Citizenship performance.	Citi issues an annual printed Citizenship executive summary and an annual online Citizenship report, supported by web content.

We welcome and encourage stakeholder feedback and have set up various mechanisms so that stakeholder input is appropriately captured, addressed and integrated into our decision-making processes and the development of our policies, strategies and programs. Many of these mechanisms are informal, while others, such as the Climate Change Briefing that we held in August 2007, present more focused opportunities for engagement.

Addressing stakeholders' concerns

We strive to engage in meaningful discussion with our stakeholders, as we believe that sharing information about our activities may advance mutual understanding and the ability to craft solutions to difficult problems. In many cases, we cannot share specific operational or client information because of its confidential nature. We believe, however, that our commitment to providing information in aggregate form, such as outlined in this report, can considerably advance our transparency and our stakeholders' understanding of our Citizenship performance.

Environmental and Social

- Amnesty International
- BankTrack
- Ceres
- Christian Brothers Investment Services
- Ecologic Development Fund
- Environmental Defense Fund
- Equator Principles Financial Institutions Network
- International Finance Corporation
- Natural Resources Defense Council
- Pew Center on Global Climate Change
- Rainforest Alliance
- United Nations Environment Programme Finance Initiative
- U.S. Environmental Protection Agency
- World Resources Institute

Community Relations

- ACORN
- Association for Enterprise Opportunity
- Congressional Black Caucus Foundation
- Demos
- European Coalition for Responsible Credit
- Ethos Institute—Brazil
- Habitat for Humanity International
- Local Initiative Support Corporation
- National Community Reinvestment Coalition
- National Council of La Raza
- National Urban League
- NeighborWorks America

Diversity

- Catalyst
- Center for Work Life Policy
- Diversity Best Practices
- The Executive Leadership Council
- Hispanic Association on Corporate Responsibility
- Human Rights Campaign
- National Business & Disability Council
- National Minority Supplier Development Council
- Women's Business Enterprise National Council
- U.S. Small Business Administration
- The Migration Policy Group
- Minority Supplier Development U.K.

www Click on an organization's name to open its website.

Citi holds memberships in and establishes dialogues and partnerships with various organizations. The above groups represent just a few of the organizations we regularly engage with regarding the broad spectrum of social and environmental issues that we consider part of our daily business activities.

Our past attention to diligent disclosure led to Citi being cited positively in *The Silence of the Banks Report*, issued by BankTrack in December 2007, as exceeding the minimum reporting and disclosure requirements under the Equator Principles.

Governance and Ethics

Citi Board of Directors

Citi aspires to the highest standards of ethical conduct: doing what we say; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the company’s business. The Board of Directors’ primary responsibility is to provide effective governance over the Company’s affairs for the benefit of its stockholders and to balance the interests of its diverse constituencies around the world, including its clients, employees, suppliers and local communities.

Citi’s Board of Directors is chaired by Sir Win Bischoff. Alain J.P. Belda is the Lead Director. There are five board committees:

- Executive Committee
- Audit and Risk Management Committee
- Personnel and Compensation Committee
- Nomination and Governance Committee
- Public Affairs Committee

All members of the Audit and Risk Management, Personnel and Compensation and Nomination and Governance Committees are independent directors as defined by the New York Stock Exchange corporate governance rules and Citi’s Corporate Governance Guidelines.

Board Information
■ Citi’s standard is that at least two-thirds of the members of Citi’s Board of Directors should be independent directors
■ 11 of 15 directors (73%) are independent
■ 2 are women, 13 are men
■ 6 of 15 directors are Asian, Black or Hispanic

Each board committee has a written charter that details the mission, membership qualifications and duties and responsibilities of that Committee. The Public Affairs Committee is tasked with reviewing

- the state of the Company’s relationships with external constituencies, how those constituencies view the Company and the issues raised by them;
- the public policy and reputation issues facing Citi;
- political contributions made by the Company and charitable contributions made by the Company and the Citi Foundation;

- Community Reinvestment Act performance and compliance with fair lending practices;
- shareholder proposals, management responses and other shareholder activism issues;
- the Company’s policies and practices regarding supplier diversity; and
- the Company’s sustainability policies and programs, including the environment and human rights.

Citi Code of Conduct

Our Code of Conduct, updated in 2007, affirms and reinforces Citi's belief that maintaining ethical standards is critical to maintaining world-class business standards. The code provides the framework for our day-to-day behavior, is expected to be reviewed and complied with by all employees and applies to all directors, temporary workers and consultants. [www](#)

Code of Ethics for Financial Professionals

This Code of Ethics applies to executive officers of the company and all its subsidiaries and all professionals worldwide serving in finance, accounting, treasury, tax or investor relations—even though such a wide application is not required by law. [www](#)

Additional materials

CITIGROUP INC. CORPORATE GOVERNANCE GUIDELINES [www](#)

BOARD OF DIRECTORS COMMITTEE CHARTERS [www](#)

CITIGROUP INITIATIVES CORPORATE GOVERNANCE/BUSINESS PRACTICES REPORT [www](#)

Citi's Statement on Human Rights

In January 2007 Citi adopted a formal Statement on Human Rights, one of only a few global financial institutions to have done so. As part of our leadership in this area, we collaborate and share best practices on protection of human rights in financing transactions as a member of the United Nations Environment Programme Finance Initiative (UNEP FI) Human Rights Work Stream. Citi's Statement on Human Rights is also cross-referenced in and supports our ESRM Policy.

Citi supports the protection and preservation of human rights around the world and is guided by fundamental principles of human rights, such as those in the United Nations Universal Declaration of Human Rights and the International Labour Organisation (ILO) Core Conventions. Citi's support for these principles is reflected in our policies and conduct regarding our employees, suppliers, clients and the countries where we do business. We realize that the laws of some countries where we do business differ from some of the global standards of human rights. In such circumstances, we comply with local law and, at the same

time, strive to adhere to our own internal standards. We also assess the circumstances to determine appropriate ways to promote respect for human rights, mindful that our example can elevate the principles of others in the markets where we do business.

The complete Statement on Human Rights is available at our webpage. [www](#)

Citi's global anti-money laundering program

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

Protecting our clients' privacy

Protecting the confidentiality of sensitive customer data is one of Citi's top priorities. Citi follows all privacy, data protection and information security laws and regulations. Citi employees are trained on appropriate use and protection of personal information and the rights of our clients. Our third-party service providers are required to meet the same standards.

Supporting Citizenship efforts through public policy-making

Citi engages in public policy debate in the United States to further the strategic and Citizenship goals of the company. Among other policy-making activities, Citi

- worked with Senate Banking Committee Chairman Chris Dodd (D-CT) and consumer and civil rights leaders to endorse a set of lending principles aimed at addressing problems in the subprime mortgage markets;
- collaborated with the Federal Reserve Board to create a clearer, more effective disclosure regime around credit card lending to help empower consumers to make better borrowing choices;

- engaged with multi-stakeholder groups and initiatives, including the Global Roundtable on Climate Change, Pew Center on Climate, Vattenfall and 3C around environment and climate related issues; and
- released a Position Statement on Climate Change in February 2007 that affirms Citi's support for national and global market-based regulatory frameworks that reduce GHG emissions, drive innovation and opportunity and bring clarity and certainty to markets.

Citi's policy on political contributions

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

A list of all corporate political contributions and contributions made by Citi's Political Action Committee is available on our Corporate Governance web page. This list is updated annually. [www](#)

We provide our clients with resources to protect themselves from fraudulent charges and identity theft and have established a free support program: "Citi Identity Theft Solutions." [www](#)

Citi Community Relations

From affordable housing to sustainable economic development to financial education: the work of Community Relations builds upon Citi's 200-year history of service, success and leadership. Community Relations employees work across the franchise to leverage Citi's vast array of resources and closely coordinate with the Citi Foundation to make communities better—because *we are there*. We establish and nurture innovative U.S. and international partnerships that can leverage Citi's resources and technical expertise to result in sustainable and scalable change.



In the United States, our Community Relations strategy focuses on:

- **Asset building.** We provide underserved populations, including low- and middle-income individuals, with education about and access to mainstream financial products and services to encourage them to accumulate, leverage and preserve assets.
- **Neighborhood revitalization.** We spur economic growth and community development by building a neighborhood's housing, retail, social services and physical infrastructure.
- **Neighborhood preservation.** We support activities that enable a community to thrive and succeed. Programs are designed to overcome low-income individuals' main barriers to home and small business ownership, including
 - their lack of conventional banking relationships, financial management skills, understanding of the financing process and access to informational programs;

In the United States, Community Relations partners with approximately 70 national organizations and more than 1,200 local affiliates and non-profit organizations. We engage our partners in continuous dialogue so that our programs and initiatives are implemented in real time and respond effectively to community issues.

- the challenge of acquiring necessary funds, qualifying for a loan or saving sufficient resources to maintain a home or business; and
- the insufficient supply of affordable housing.

In 2007 Community Relations, in partnership with national non-profit organizations, implemented more than 350 initiatives impacting over 250,000 individuals. Thousands of Citi employees volunteered to make these initiatives a success in their local communities.

Leading efforts in foreclosure prevention

The U.S. market in 2007 suffered depressed housing prices, rising foreclosure rates and a mortgage crisis of a magnitude we have not seen in the recent past. We recognize the impact this difficult situation is having on our clients and communities, and we are working with leaders in industry, government and communities to find the best way to help borrowers stay in their homes. For complete information on our foreclosure prevention efforts, please visit our webpage. [www](#)

■ **Citi’s Office of Home-ownership Preservation (OHP)** was founded in 2007 as a collaboration between Community Relations and Citi’s real estate residential lending businesses to help meet borrowers’ needs for information and education on foreclosure alternatives. OHP’s goal is to keep distressed and at-risk borrowers in their homes and help them avoid foreclosure by reaching them early to offer foreclosure solutions and work-out options.

In 2007 OHP launched the Citi 25-city tour focusing on community-based foreclosure-prevention outreach, education and counseling. OHP also offers a \$50,000 funding opportunity to one non-profit in each of the 25 cities with the most innovative approach to helping borrowers avoid foreclosure.

■ Citi is a member of the **HOPE NOW Alliance** [www](#) an alliance between counselors, mortgage market participants and mortgage servicers to create a unified, coordinated plan to reach and help as many distressed borrowers as possible.

— As a member of the HOPE NOW alliance, Citi has signed on to a subprime mortgage foreclosure prevention program for certain eligible borrowers that was unveiled on December 6, 2007 by President Bush and Secretary of the Treasury Henry Paulson. This initiative, undertaken by the Administration in coordination with servicers, investors, community leaders and others, has provided much-needed clarity for the industry and adds an important new tool to Citi’s existing foreclosure prevention solutions.

— Six HOPE NOW members: Bank of America, Citi, Countrywide, JP Morgan Chase, Washington Mutual and Wells Fargo, announced their participation in **Project Lifeline** on February 12, 2008. This program requires servicers to send letters to seriously delinquent homeowners to urge them to contact their mortgage servicers to directly “pause” the foreclosure process for up to 30 days, if eligible. Project Lifeline targets outreach to seriously delinquent homeowners currently facing the greatest risk of losing their home. If a homeowner can meet the requirements of a workout plan for three consecutive months, his loan will be formally modified.

Measuring results

As part of our continuing efforts to enhance the effectiveness of our initiatives and identify best practices, we are using the “London Benchmarking Group Model” to measure the inputs, results and impacts of our Community Relations programs. We are currently piloting the model in four countries (Poland, Russia, Turkey and the U.K.) and in four states in the United States (Connecticut, Pennsylvania, South Dakota and Texas); if these pilots are successful, we will implement the model worldwide, allowing for global standardization and comparisons.

- Citi has partnered with the **NeighborWorks Center for Homeownership Education and Counseling (NCHC)** [www](#) to provide capacity-building training for Citi's non-profit partners located in markets deemed at risk of increased foreclosure or with high delinquency or foreclosure rates. The goal of this partnership is to increase the capacity of Citi's non-profit partners engaged in foreclosure prevention outreach, education and counseling to help preserve homeownership. Citi businesses provide funding for rental of space, catering, and participant travel costs, while the Citi Foundation provides grants and scholarships to cover course tuition and materials.

Since the program's inception, Citi's support has facilitated the training and certification of 493 homeownership counselors. Based on estimates supplied by NeighborWorks America, each certified counselor helps 15 new clients each month (180 new clients per year). Thus, Citi's support has indirectly resulted in providing homeownership education and counseling to 88,740 individuals.

Building Sustainable Communities

SUPPORTING AFFORDABLE MORTGAGE LENDING

Citi continues to provide capital in a way that is both aspirational and responsible. We take a long-term view of what is in the best interests of our clients and the communities in which we live and work. In 2007 Citi Community Capital provided financing up to \$5 billion for affordable housing and community revitalization projects in locations around the country. These funds were part of our commitment (established in 2003) to finance \$200 billion in affordable mortgage lending through 2010. We have surpassed that goal three years ahead of schedule, lending approximately \$221.7 billion to date.

REVITALIZING NEIGHBORHOODS

Citi and the Citi Foundation's innovative work with Social Compact and the Partnership for America's Communities has yielded positive results. The Partnership's 2007 "drill down" study of three key marketplaces—

Washington D.C., New York, and Houston, Texas—will inform strategies around retail attraction and economic development initiatives, with particular emphasis on highlighting market strengths of underserved neighborhoods in those cities. Phase II of the project will be dedicated to testing such market potential in 10 additional cities.

SUPPORTING MICROENTERPRISE DEVELOPMENT

In partnership with the Association for Enterprise Opportunity (AEO), Citi and the Citi Foundation support an entrepreneur equity award project known as the Women and Company Microenterprise Boost Program. In 2007 this program enabled 125 women from low- and moderate-income communities to build and develop small businesses in their community.

A \$500,000 Citi Foundation grant also provided support to two initiatives of the ASPEN Institute's FIELD program, an AEO partner. The Citi Microenterprise Researchers Program is designed

Conference addresses gaps in affordable housing

On June 4, 2007, leaders in the fields of banking, government and housing development convened in New York City for a groundbreaking conference sponsored by Citi and the Office of Thrift Supervision. The conference focused on the future of affordable housing in high-cost urban areas across the United States, with a particular emphasis on the importance of responsible lending and borrowing. Speakers and participants explored problems such as the rise of irresponsible lending and the loss of government-assisted units, but also discussed new models for collaboration between the public and private sectors.

For a full transcript of the conference proceedings please visit the webpage. [www](#)

Citibank's CRA Results

Legal Vehicle	Business Line	Regulator	Assessment Areas	Results	Date	Next Exam
CITIBANK, N.A.	Retail Bank	OCC	Multiple	Pending	2006	2009
CITIBANK (BANAMEX USA)	Retail Bank	FDIC	Multiple in CA	Outstanding	2005	2008
CITICORP TRUST BANK, FSB	Mortgage Trust	OTS	Wilmington, DE	Outstanding	2007	2010
CITIBANK (SOUTH DAKOTA), N.A.	Bankcards	OCC	Sioux Falls, SD	Outstanding	2006	2009
DEPARTMENT STORES NATIONAL BANK	Bankcards	OCC	Sioux Falls, SD	N/A	N/A	2008

to measure the impact of microfinance institutions in the United States while providing opportunities for the next generation of leaders in the field of community development to participate in a significant research program. Our other initiative, the Scale Academy, is designed to enhance the capacity of eight, high-performing, U.S.-based microenterprise organizations to significantly expand their programs with the long-term goal of increasing the number of clients they serve by the thousands.

Fulfilling our regulatory responsibilities

Every year, Citi's Community Relations group works with Citi's Community Reinvestment Act (CRA) and Fair Lending Officers so that our legal vehicles remain in compliance with the CRA, the U.S. Home Mortgage Disclosure Act (HMDA) and Fair Lending regulations.

COMMUNITY REINVESTMENT ACT

The CRA is a U.S. federal law that requires banks to offer credit throughout their entire market areas. The goal of the CRA is to provide credit, including homeownership opportunities, to underserved populations, as well as commercial loans to small businesses. CRA examinations are conducted periodically by federal agencies.

HOME MORTGAGE DISCLOSURE ACT

HMDA was enacted in 1975 to determine whether financial institutions are meeting community financial needs and to uncover potentially discriminatory lending patterns. In accordance with HMDA provisions, Citi maintains a Loan Application Register, in which the Company records data about the type of loan requested, including loan amount and the purpose of the loan; the location of the

property; census data about the borrower; whether the loan was granted; and if it was denied, why. We submit the Register for federal review annually. HMDA disclosure reports can be accessed at the following webpage. [www](#)

Supporting retail lending best practices

In 2007 Citi took several important steps to better serve and protect our clients. These actions were the result of a collaborative process engaging clients, consumer protection groups, consumer rights advocates and Citi business lines.

"Clearly this [policy change] raises the bar for the industry and protects consumers in a way that other credit card issuers do not."

John Taylor

Chief Executive, National Community Reinvestment Coalition

UNIVERSAL DEFAULT

Citi has eliminated repricing for "off-us" behavior, known by some as "universal default." Universal default allows credit card issuers to increase the interest rates on their cards based upon a customer's behavior with respect to other financial commitments. Under our new policy, a customer's relationship with other lenders will not affect the terms of their agreement with us.

ANY TIME, ANY REASON

Citi also eliminated "any time, any reason" changes to credit card rates and fees. Most credit card agreements allow issuers to change the terms of the agreement at any time, for any reason—for example, to respond to general conditions in the financial markets. Once we issue a credit card, we will only change its terms if a cardholder pays late or exceeds the credit limit.

CLEAR DISCLOSURES AND AGREEMENTS

Based on feedback received from customer focus groups, Citi made several changes to credit card agreements so that they would be clearer and easier to read:

- The front of all cardholder agreements prominently highlights the card's rates and fees
- Bright blue fonts and graphics are used for disclosures of greatest importance to clients
- Statements use fewer words and shorter sentences

Our international presence

Citi reaches out to local communities across our global operations. Citi's International Community Relations efforts focus on

- **developing and promoting strategic initiatives** that support economic development, asset building and financial education by leveraging best-in-class programs to meet local community needs;
- **monitoring and responding to issues of concern** in affected communities; and

- **engaging in proactive outreach** to community partners and NGOs to build trust and stronger relationships in the local marketplace.

CITI DIALOGUES EXPAND INTERNATIONALLY

Globalization and dramatic growth in economic development has created great demand for financial services while at the same time spurring greater advocacy for financial access and consumer protections. Though specific issues vary from country to country, consumer concerns raised by U.S.-based and international organizations typically focus on similar questions. In order to better understand these concerns, Citi's International Community Relations team convened the first International Citi Dialogue in New York in March 2007. Leaders from organizations such as Habitat for Humanity International, the National Community Reinvestment Coalition and ACORN met with Citi Country Officers (senior managers who head international businesses) to discuss the current global economic and socio-political environment.

As a follow-up, we organized a Citi Dialogue in Warsaw, Poland. Our International Community Relations group facilitated a meeting between local NGOs, government agencies and Citibank Handlowy managers. Since this initial meeting, Citibank Handlowy's Community Relations Officer has continued reaching out to local organizations and agencies, inviting them to participate in Citi programs and events and serving as a dedicated point of contact.

PARTNERING WITH THE CLINTON GLOBAL INITIATIVE

Citi was one of the initial supporters of the Clinton Global Initiative (CGI) when it launched in 2005. The CGI, founded by former President William J. Clinton, is a non-partisan catalyst for action, bringing together a community of global leaders to devise and implement innovative solutions to meet some of the world's most pressing challenges. In 2006 Citi and the Citi Foundation became Strategic Partners of the CGI, sponsoring its Poverty Alleviation Track. As part of our ongoing efforts to be an outstanding corporate partner,



Citi and the Citi Foundation have delivered on our CGI commitments.

- In January 2007 Citi, in partnership with the Overseas Private Investment Corporation (OPIC), launched our \$100 million micro-finance program. The program has already reached and helped build capacity for 14 microfinance institutions in 11 countries, including Bangladesh, El Salvador, Honduras, Jordan, Kazakhstan, Kenya, Mexico, Morocco, Philippines, Romania and Uganda.
- In April 2007 the Citi Foundation, in partnership with the *Financial Times*, launched "There's Nothing Micro About It," a unique microentrepreneurship awareness campaign. This collaborative effort grew out of both organizations' commitments to microfinance and poverty alleviation made to CGI in 2006. The campaign honored and acknowledged winners of the Citi Microentrepreneurship Awards program.

For more information on all our Community Relations programs, please visit our webpage. [www](http://www.citi.com)



Citi Microfinance Business Unit

The need for access to financial products and services is growing exponentially around the world. In 2004 Citi realized that expanding financial access at the necessary scale would require a business-oriented approach in addition to the important microfinance capacity work already being carried out by the Citi Foundation. Consequently, in 2005 we launched Citi Microfinance, a global business that works with a wide range of innovative institutions to offer financial services to clients outside the reach of traditional financial institutions.

Citi Microfinance works across Citi's businesses, product groups and geographies to provide microfinance institutions (MFIs) and their clients with products and services spanning the financial spectrum—from financing, capital markets, transaction services and hedging foreign exchange risk, to credit, savings, remittances and insurance products.

Over the last several years, Citi has been able to increase the number and depth of its relationships with the global microfinance sector by expanding its credit risk policies and creating a microfinance risk framework. To date, Citi has developed commercial relationships with more than 70 MFIs in more than 35 countries in Latin America, Africa, Asia, Eastern Europe and the Middle East, as well as global microfinance networks, specialized fund managers and investors.

Citi provides MFIs with the resources they need to expand their reach and serve more people. The partnerships between Citi and MFIs are designed to leverage each party's core competencies, expertise and geographical reach. We leverage our franchise, global reach and financial resources to develop appropriate products, distribution channels and financing structures, while our microfinance partners leverage their customer base, knowledge and local distribution strength. Partnering with leading MFIs enables Citi to provide access to financial services to the greatest number of clients possible.

Established in
2005


Active in more than
35 countries

Serves more than
70 microfinance institutions, global networks and fund managers

CITI MICROFINANCE

Supports the commercial development of MFIs through

- innovation, financing and product development with partners;
- local currency funding and transaction services;
- corporate finance solutions;
- credit, savings, insurance and remittance products; and
- risk assessment framework for the industry.

Citi has been a strong philanthropic supporter of microfinance for more than 25 years through the Citi Foundation. Those efforts are described in the Citi Foundation section of this report on p. 60. 

The Banker to the Sector

Citi's goal is to become the most trusted banker in the microfinance sector and to work commercially with MFIs of all sizes, from those in the early stages of development, to larger MFIs that require more sophisticated solutions. We have completed transactions that range from direct lending, bond issuances and syndications, to microloan securitizations and providing wholesale solutions.

In doing this work, Citi is enabling MFIs to access diverse sources of funding while building domestic markets in developing countries. One such program is the Grameen Foundation USA Growth Guarantees Program, developed in partnership with Citi, to provide poverty-focused MFIs with local currency funding and market access either through direct lending or capital market solutions. The five-year structured finance program, backed by individual donor guarantors, has been expanded to \$60 million and is managed by Citi's Global Consumer Bank, working with Private Bank clients and local Citi offices in many countries.

PAKISTAN'S FIRST MICROFINANCE LOCAL CURRENCY COMMERCIAL FINANCING

To enable Kashf Foundation to access wider commercial financing, Citi and a consortium of local banks provided the first local currency syndication transaction for the microfinance sector in Pakistan in 2007. The landmark \$22 million term financing package will provide innovative and diverse funding to support Kashf Foundation's significant growth plans.

SHARING THE RISKS TO ENABLE GROWTH

MFIs can access funding by partnering with other institutions to spread the risk from loans across several parties. Citi and SKS Microfinance entered into such a financing program in 2007. Through this \$44 million risk-sharing finance structure, Citi India will purchase loans originated by SKS and share in the credit risk of each transaction. Grameen Foundation is also providing a limited guarantee to SKS. The program enables SKS to grow its portfolio by financing

income-generation loans of \$125.00 to \$625.00 for an additional estimated 200,000 unbanked citizens spread across 7,000 villages in 11 states.

PROVIDING BENEFITS TO FAMILIES

In Mexico, Citi's insurance company, Seguros Banamex, designed and launched a life insurance product in 2005. As of December 2007, more than one million life insurance policies had been issued to Compartamos Bank's 800,000 (previously uninsured) microcredit clients. These policies represent more than 15% of the total individual life insurance policies written in Mexico. In recognition of the success of this program, Citi and Compartamos were awarded the 2007 FT Sustainable Bankers of the Year Award.

EXPANDING ACCESS THROUGH TECHNOLOGY

Citi's Global Consumer Bank in India launched an innovative microsavings product called Citibank Pragati ("progress" in Hindi) that uses technology to

expand access to savings to the unbanked. The product utilizes biometric ATMs, housed at local offices of our partner institutions, Swadhaar FinAccess and Basix, which can identify clients through fingerprint recognition and can display and speak to clients in up to six local languages.

LEVERAGING LOCAL STRENGTHS AND NETWORKS

Citi has developed new cross-border partnerships to expand its ability to offer clients safe, fast and lower-cost remittance services, such as the partnership between Citibank (in the United States) and Banco Solidario (in Ecuador). In July 2007 BRAC, the world's largest non-government organization with more than five million borrowers, signed a remittance distribution agreement with Citi that will reach more than 3,000 payment points in Bangladesh.



\$200 MILLION COMMITMENT TO FINANCIAL EDUCATION

2007 — \$36 million in 65 countries

2006 — \$32 million in 72 countries

2005 — \$30 million in 68 countries

2004 — \$23 million in 40 countries

Total funding to date:
Approximately \$121 million

The Citi Office of Financial Education supports Citi and the Citi Foundation's 10-year, \$200 million commitment to financial education. The Office shares best practices, identifies innovations in financial education and ensures that Citi remains a global leader in this field. To learn more about our programs and to access financial education tools and resources, please visit our website. [www](#)



Financial Education

We believe that individuals must have a strong foundation in the basics of money management and smart financial decision-making to derive the most benefit from financial products and services. Through the work of Citi's Office of Financial Education, contributions from and volunteer efforts led by Citi businesses and grants made by the Citi Foundation, Citi helps individuals, families and entrepreneurs learn to manage money effectively, use credit wisely and understand how financial services can help them achieve their personal and business goals.

Our financial education programs address a broad range of issues, from basic budgeting and savings, to small business management, to students' understanding of banking and money management. We reach out to these audiences in various ways to accommodate different needs, levels of understanding and communications preferences.

For example, we developed the interactive "Use Credit Wisely" website [www](#) to teach new-to-credit clients about credit management, fraud protection and identity theft. We updated the site in November 2007 to feature easier navigation and new interactive tools including interactive bank statements, credit reports and financial calculators.

Citi employees share their knowledge

In the United States, Citi employees engage in many activities designed to share their knowledge and expertise with local communities.

■ **CITI'S FINANCIAL EDUCATION CURRICULUM**

Since the curriculum's inception in 2004, more than 7,100 employees and non-profit partner staff have been trained to teach financial literacy.

■ **BANKING ON OUR FUTURE**

367 Citi volunteers reached 12,871 students

Operation Hope International trains Citi employees using the Citi financial education curriculum, then places them in inner city schools to teach financial literacy.

■ **TEACH CHILDREN TO SAVE**

670 Citi volunteers reached 21,148 students

Through the American Bankers Association Education Foundation (ABAEF), Citi employees teach children in grades K-12 how to develop wise spending and saving habits.

■ **GET SMART ABOUT CREDIT**

989 Citi volunteers reached 20,423 students

Through the ABAEF, Citi employees teach young adults about credit and the importance of credit awareness.

■ **JUNIOR ACHIEVEMENT BANKS IN ACTION**

737 volunteers reached 39,000 students

This volunteer-led program teaches high school students about the banking industry through a combination of classroom teaching and a simulation in which teams of students operate a bank. The program culminates in international tournaments for regional winners.

Selected Citi and Citi Foundation Financial Education Programs

OUTREACH	EXAMPLE
TEACHING	■ Business: Citi Curriculum & Facilitator's Guide
	■ Foundation: Financial Literacy Hub for Teachers in Singapore (teacher training)
	■ Foundation: Young Adult Financial Literacy Program in Taiwan
	■ Foundation: Citi Russia lecture series at the St. Petersburg State University School of Management
BOOKS	■ Business: The Citi Commonsense Money Guide for Real People
	■ Business: Money Survival Guide for Women (Citi Australia)
INTERNET	■ Business: Citi Financial Education Information Portal WWW
	■ Business: Citi Cards credit information site WWW
	■ Business: Wallet Wisdom series
EDUCATIONAL GAMES	■ Business: Weighty Deci\$ions (Decisiones de Pe\$o) board game (Mexico)
	■ Foundation: Junior Achievement Banks in Action tournament (competition)
	■ Foundation: Making Cents in the City (Workshops with games tied to real-life experiences)
CONFERENCES	■ Business: Banamex National Financial Education Conference in Mexico
	■ Business: Bi-annual Citibank Financial Bazaar in Indonesia
	■ Foundation: Citi-FT Financial Education Summit
COMMUNITY WORKSHOPS AND SEMINARS	■ Foundation: National Urban League Financial Education Program (using Citi curriculum)
	■ Foundation: ACORN's Earned Income Tax Credit Financial Education Program
	■ Foundation: LISC-Citi Financial Management Training Partnership

“The more we advance in financial education, the more we will advance in the quality of personal, family and social life in Mexico.”

Manuel Medina Mora

CEO of the Banamex Financial Group



Banamex financial education programs

Citi’s Mexican financial services company, Banamex, illustrates the broad reach of Citi’s financial education efforts. Since the Banamex-funded Financial Education Project began in 2005, it has developed a variety of initiatives and programs to help individuals save, entrepreneurs start and grow businesses and communities manage their resources.

NATIONAL FINANCIAL EDUCATION CONFERENCE

Banamex organized the First National Financial Education Conference in October 2007. The focus of the two-day conference, attended by more than 1,500 participants, was the need to provide resources to encourage personal financial management, entrepreneurship and small business development. Work sessions led by speakers from public, private and governmental organizations focused on fostering a financially literate population that can support a vibrant and growing economy.

SABER CUENTA (KNOWLEDGE COUNTS)

In 2007, 632 volunteers, 21 programs and 717,356 people reached

This collection of programs provides basic financial education to individuals of all ages through a variety of initiatives, including workshops, plays, interactive museum exhibits, videos and workbooks. For example, Saber Planear Cuenta Para mi Vida is an online course jointly developed by Banamex and Iberoamericana University (UIA) that teaches planning and financial administration, budgeting, savings analysis and responsible spending. For more information about these and other programs, please visit our website. [www](http://www.banamex.com)

Citi-FT Financial Education Summit 2007

PARTNERSHIPS FOR PROGRESS AND INCLUSION

Citi and the Citi Foundation organize an annual conference in Asia Pacific to provide an international platform for practitioners and policy-makers to share best practices on increasing financial literacy levels.

In 2007 the fourth Financial Education Summit was held in New Delhi, India. The event brought together more than 220 delegates from 27 countries to focus on financial education for adults, especially underprivileged and low-income households. Participants gained insights into a wide range of issues, including how to

- promote financial education on credit, remittances, savings and insurance;
- build financial capability among first-time homeowners and low-to moderate- income investors;
- develop the financial competencies of micro- and small business owners and small and medium-sized business managers; and
- create strong multi-sector partnerships for successful financial literacy frameworks and campaigns at national levels.

More information about the annual Summits is available online. [www](http://www.banamex.com)

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10 years, 120 million Mexican pesos, 31 states and Mexico City

Through October 2006:

- 650,000 beneficiaries
- 54 programs
- 35 partners
- 711 Banamex employee volunteers

Through October 2007:

- 1.2 million beneficiaries
- 72 programs
- 49 partners
- 1,223 Banamex employee volunteers
- 28,633 volunteer hours

Citi's Approach to Environmental Performance

Citi recognizes two distinct aspects to the Company's approach to environmental performance. The first involves Citi's practices to reduce the environmental footprint of its buildings and operations. The second encompasses our efforts to develop and provide innovative products and services and engage our clients in dialogue around environmental and social performance through advisory services and the application of our Environmental and Social Risk Management (ESRM) Policy.

Environmental management at Citi

The extent to which environmental programs and policies are embedded throughout our organization is a key strength of our environmental management approach. Our businesses are deeply involved in our Citizenship efforts, and this is key to making these efforts ultimately sustainable. A large number of staff and managers in our mainline business units participate in developing innovative, environmentally oriented products and services; screening transactions for compliance with the rigorous environmental and social standards required under our ESRM Policy, the Equator Principles and the Carbon Principles; and building Citi's own portfolio of green, alternative investments.

Citi has established an Environmental and Social Policy Review Committee that is composed of senior managers from various business units and is chaired by Citi's Director of Corporate Citizenship. The Committee meets two to three times per year and serves in an advisory function to the Environmental Affairs team, the ESRM Unit and other business units responsible for implementing environmental policies and initiatives. Citi's Director of Corporate Citizenship regularly reports Citi's environmental and social performance to the Public Affairs Committee of the Board of Directors.



The Environmental Affairs team serves as an internal sustainability advisor for Citi's business units. Its mandate includes:

- researching and advising business units on environmental issues;
- working with the businesses to develop policy statements such as Citi's Position Statement on Climate Change and Statement on Human Rights (both issued in 2007); and
- serving (together with the ESRM Unit) as the first point of contact for environmental groups interested in engaging with Citi.

All Smith Barney Financial Advisors are given tools to incorporate environmental and social risk screening and analysis into their investment strategies. In addition, there is a strong community of Financial Advisors dedicated to providing "greener" investment portfolios for their clients who want to align their investments with their values.

Climate change: our shared challenge

The challenges and consequences of global warming are particularly important for Citi—and all companies—to address. Consequently, we have dramatically increased the scope of our response, including an unprecedented 10-year, \$50 billion initiative to combat climate change. As part of this effort, we will do all we can to encourage innovation on the part of our own company and facilitate transformation in global climate change policy and regulation.

Citi's environmental footprint

Citi's greatest direct environmental impacts come from its real estate portfolio, the products used in Citi offices and employee business travel. We are working to reduce the environmental impact of our business activities through sustainable construction and more efficient use of resources. We will also be expanding awareness-raising efforts among our employees so that they can contribute to improving our aggregate environmental performance through their individual actions.

Sustainable building

Citi has committed to incorporating energy- and water-saving features into our new office buildings and operations centers globally and to using the Leadership in Energy and Environmental Design (LEED) or the appropriate international standard to guide the design and construction of major structures. By adopting these standards, we can reduce our energy, water and materials consumption.

CITI OPENS SUSTAINABLE BRANCHES

In 2007 Citi constructed Citibank and CitiFinancial branches to LEED certification standards. These branches are currently seeking certification from the U.S. Green

Building Council. The branches are equipped with many environmentally beneficial features, including

- low-flow plumbing fixtures,
- energy-efficient office equipment,
- lights that automatically turn off when rooms are unoccupied, and
- furnishings and trimmings that contain low levels of volatile organic compounds.

CITI "GREENS" ITS DATA CENTERS

Citi's Frankfurt data center, the largest outside the United States, will serve as Citi's IT hub for Europe, the Middle East and Africa. Its construction is part of an effort to reduce the overall number of Citi's

Citi's data center consolidation program

Number of data centers in 2006:

52

Reduction/consolidation goal for 2007:

44

Actual for end of 2007:

37

New data centers

Open in

Hong Kong, Tokyo, Zurich and Columbus, Ohio

Sustainable Building: By the Numbers

Frankfurt Data Center

- Uses up to 25% less energy than conventional data centers. Energy savings will add up to more than 16,000 MWh of energy per year
- Will emit 11,750 metric tons less CO₂ per year than conventional data centers
- Will save 46.5 million liters of water per year
- Will save 129 metric tons of water treatment chemicals per year

Two Court Square

- Recycled material usage
 - 90% of the steel used in construction contains recycled content
 - Carpeting made from recycled soda bottles
 - 261 metric tons of recycled steel used in furniture
 - More than 90% of construction waste recycled and diverted from landfills
- Will avoid 697 metric tons of CO₂ per year through the use of high-performance window glazing, energy-efficient lighting and air-conditioning systems, lighting controls and office occupancy sensors
- Certified green wind energy will provide 100% of the building's electrical load—approximately 38,500 MWh of energy over the next five years
- Will save approximately 7.5 million liters of water per year from recovery systems and low-flow plumbing fixtures

data centers from 52 to 24 by relocating servers and data center equipment to modern, energy-efficient sites while simultaneously consolidating processes to a smaller number of more powerful machines. This consolidation and virtualization process will reduce space and energy requirements of existing systems and lessen the environmental impact of our technology growth.

Similar to the Frankfurt facility, another data center under construction in Texas is being built to attain LEED certification. Among other environmentally sound components, the facility will utilize energy-efficient motors, pumps and air conditioning equipment.

Progress toward reducing greenhouse gas emissions

Citi has committed to reducing its greenhouse gas (GHG) emissions by 10% from 2005 levels by 2011. One leading indicator of progress toward this goal is a 3.4% reduction in 2007 facility GHG emissions per occupant from 2006 levels. Continuing efforts to optimize our real estate portfolio include consolidating operations into fewer locations and less overall area.

Overall energy consumption fell from 6.735 MWh/occupant in 2006 to 6.551 MWh/occupant in 2007; an improvement of 2.7%. Accordingly, Citi is on track to meet its GHG emissions reduction target when measured by this relative indicator.

This decrease in both energy consumption and GHG emissions per occupant is the result of a number of actions taken throughout the Company (for example, the issuance of energy best practices by Citi's Global Energy Council) and significant progress in regional programs such as Project Candlelight in Asia Pacific, the Latin American Lighthouse Project, adoption of ISO14001 in EMEA and the Northeast Region's Green Initiative.

Citi's environmental database

Citi maintains a central database containing data on energy, fuel and water consumption as well as waste and recycled materials volume for every facility dating back to 2000. This database is accessible by Citi Realty Services employees for the purpose of understanding and managing the impact of our facilities on the environment. We continue to develop additional tools and reports for our employees to use in evaluating ongoing operations, projects and environmental benchmarks.

Sustainable procurement

Citi is working to ensure that the Company's daily purchases encourage conservation and help to reduce environmental impacts. We require key suppliers to file quarterly reports that include information on product weight, recycled content (pre- and post-consumer), recyclable content and various industry certifications. The proportion of our office supply expenditures in the United States and Canada devoted to recycled products rose from 32% in 2006 to

33% in 2007. In 2007 the U.S. Office Supplies catalog contained more than 1,200 items with recycled content, an increase of 100 products over the previous year.

In 2007, 63% of the paper we purchased in the United States (by amount spent)—5,139 metric tons—contained recycled content.



Citi's Environmental Footprint

	2007	2006	2005
Seats ⁽¹⁾	448,769	410,384	378,512
Occupants ⁽²⁾	432,365	400,000	374,000
Surface Area Monitored (SF) ⁽³⁾	94,603,293	86,700,000	82,700,000
ABSOLUTE INDICATORS ⁽⁴⁾			
Total Energy Consumed (GwH)	2,832.46	2,694.16	2,549.55
Electricity	2,502.78	2,361.58	2,192.69
District Heating (steam & chilled water)	104.77	102.77	101.09
Energy Purchased (GwH)	2,607.55	2,464.35	2,293.78
Natural Gas	169.35	172.18	201.81
Fuel Oil	55.56	57.63	53.96
Energy Produced/Consumed (GwH)	224.91	229.81	255.77
Total Waste (Metric tons)			
Recycled Office Paper	22,719.68	22,659.29	20,402.76
Refuse and Other Waste	72,168.66	63,917.38	76,024.19
Total Water Consumption (m3)	8,074,399.59	7,699,964.09	7,321,631.36
Total CO₂ (GHG Scope 1 & 2) (Metric tons)			
Direct CO ₂ (GHG Scope 1)	44,983.98	46,018.35	50,568.28
Indirect CO ₂ (GHG Scope 2)	1,388,865.67	1,319,578.74	1,225,240.16
Green Power Offsets CO ₂	(29,670.50)	(20,430.40)	(7,611.00)
Net CO₂	1,404,179.15	1,345,166.68	1,268,197.44
CH ₄ Emissions (metric tons)	34.20	32.88	31.29
N ₂ O Emissions (metric tons)	19.31	18.35	17.04

		2007	2006	2005	
RELATIVE INDICATORS	UNIT				
	Total Energy Consumed	KwH/SF	29.94	31.07	30.83
		KwH/Seat	6,311.61	6,564.96	6,735.71
		KwH/Occupant	6,551.08	6,735.39	6,816.97
Total Facilities GHG Emissions	Metric Tons/SF	0.0148	0.0155	0.0153	
	Metric Tons/Seat	3.129	3.278	3.350	
	Metric Tons/Occupant	3.248	3.363	3.391	

(1) Seats = number of workstations and offices. The occupants, seats and surface area numbers are 12-month averages.

(2) The occupants number reflects a 12-month average of building occupants, including both employees and non-employees such as contractors and agents. This number differs from the approximately 370,000 total year-end employee figure stated elsewhere in this report.

(3) Excludes sublet space where utilities are consumed and funded by non-Citi tenants.

(4) Data reported in this table may differ from data reported in years past due to accuracy improvements in collected data and the recalculation of all years' data using current 2004 WRI CO₂ conversion factors.

Impacts Associated with Commercial Business Air Travel (GHG Protocol Scope 3)*

	2007	2006	2005
Air Miles Traveled (miles)	816,973,496	958,491,920	873,109,318
CO ₂ Emissions (metric tons)	166,242	195,081	177,665

*Note: This data is not verified

Environmental education

Awareness, engagement and personal action are crucial to our environmental strategy. Some of this year's educational efforts included:

- A Citi-wide employee environmental awareness week (April 2–8, 2007)
- Educational tours of Two Court Square, a LEED Gold-certified office building in New York
- A special issue of CitiWorld, an employee newsletter, on sustainable business practices
- Release of 26 three-minute educational videos on how different businesses are profiting by “greening” their business, produced by Smith Barney to help business owners
- Educational events for clients, such as *Investing in a Greener World*, sponsored by Smith Barney, and events centered around discussion of the report “Climatic Consequences—Investment Implications of a Changing Climate,” sponsored by Citi Investment Research

Citi Realty Services is committed to teaching employees about environmental performance and building management. In 2007 we

- launched a global Energy Best Practices website that includes project assessment tools, global metrics and case studies for use in all operating regions and facility types;

- distributed “Quick Wins,” a list of 15 initiatives to be implemented in each facility that guarantee energy consumption reduction at low cost or with zero expense; and
- incorporated environmental education and professional accreditation into employee development plans in the United States and organized LEED training sessions for 100% of the Changi Business Park Project team in Singapore.

Citi's Response to Climate Change

In February 2007 the Intergovernmental Panel on Climate Change (IPCC) released its latest report on the scientific basis for climate change. Panel findings revealed that

- warming of the earth's climate is unequivocal,
- global atmospheric concentrations of carbon dioxide and other greenhouse gases have increased markedly as a result of human activities since 1750, and
- global increases in carbon dioxide concentration are due primarily to fossil fuel use and land-use change.

The implications of these findings for Citi, its investors, clients, communities and other stakeholders are considerable. There is growing evidence that the physical consequences of climate change are real and that action is required. In response, governments and policy-makers are weighing both regulatory and voluntary options that could dramatically cut carbon dioxide emissions from businesses across all sectors.

Citi has undertaken significant and strategic steps to transition to a carbon-constrained world, readying the company to help our clients—and indeed, our own businesses—to meet these present and growing challenges.



Citi issued a series of Climatic Consequences research papers in 2007 that track current regulatory activity related to global warming, ecological and physical manifestations of climate change and resultant behavioral changes on the part of consumers, litigants, investors and corporations. We also evaluated which companies are well positioned to benefit from the new economic realities of global warming.

CITI'S POSITION STATEMENT ON CLIMATE CHANGE

In February 2007 Citi issued a Position Statement on Climate Change that calls on Congress to immediately create a market-based national policy to reduce GHG emissions, with the ultimate goal of contributing to the development of an integrated global framework. We believe this national policy should: bring clarity and certainty to markets; emphasize that a transition to

environmentally sustainable energy will foster economic activity and opportunity, generate jobs and protect the environment; and recognize emissions-reduction efforts undertaken prior to the enactment of a national legislative framework to encourage early action.

The Position Statement on Climate Change is available at our webpage. [www](#)

CITI LEADS PARTNERSHIP TO ESTABLISH THE CARBON PRINCIPLES

The U.S.-based Carbon Principles were announced in February 2008. The release followed nine months of intensive effort by Citi and other financial institutions, power companies and environmental groups, including Natural Resources Defense Council and Environmental Defense Fund, to craft a new framework for evaluating and addressing carbon risks in the financing of electric power plants in the United States. Citi has adopted the Principles and will

- encourage clients to pursue cost-effective energy-efficiency, renewable energy and other low carbon alternatives to conventional power generation;
- apply the Enhanced Diligence Process to evaluate the financial and operational risks of financing qualifying fossil fuel power plants in the United States;
- educate bankers, clients, regulators and other industry participants on the Principles and Enhanced Diligence; and
- encourage regulatory and legislative changes consistent with the Principles.

More information on the Carbon Principles is available at the website. www.citi.com/carbonprinciples

PARTICIPATING IN THOUGHT LEADERSHIP AND POLICY DEVELOPMENT

Citi regularly meets with government representatives, industry peers, thought leaders, academics, NGOs and elected officials to exchange technical advice and economic insight on the various national and international policy options being considered to mitigate climate change. Among other activities, we

- support the development of national and international market-based regulatory frameworks regarding GHGs and offer our expertise to public officials crafting these policies,
- develop and implement policy statements and codes of conduct such as our Position Statement on Climate Change and the Carbon Principles and incorporate these standards into the ESRM Policy,
- issue Citi Investment Research reports identifying and analyzing the investment implications of climate change,
- participate in coalitions to share best practices and brainstorm new solutions, and
- monitor climate change-related policy developments.

.....
 In June 2007 Citi hosted a two-day conference in London on the investment implications of a changing climate. Representatives from 24 corporations and organizations made presentations and participated in a vigorous debate on a variety of topics such as power generation in a carbon-constrained world, alternative fuels and carbon trading.

MITIGATING CLIMATE CHANGE RISKS

Citi has developed in-depth analyses to manage its own exposure to climate-related risks. Specifically, we

- incorporate carbon cost scenarios and impacts into risk analyses and stress testing for the U.S. thermal power sector;
- mitigate credit risk from thermal power clients through modeling, pricing and hedging;
- manage and reduce Citi's energy, water and materials use;
- assess weather-related risks when selecting locations for our facilities;
- apply sustainable principles to new building and existing facility upgrades; and
- maintain up-to-date business recovery strategies and systems.

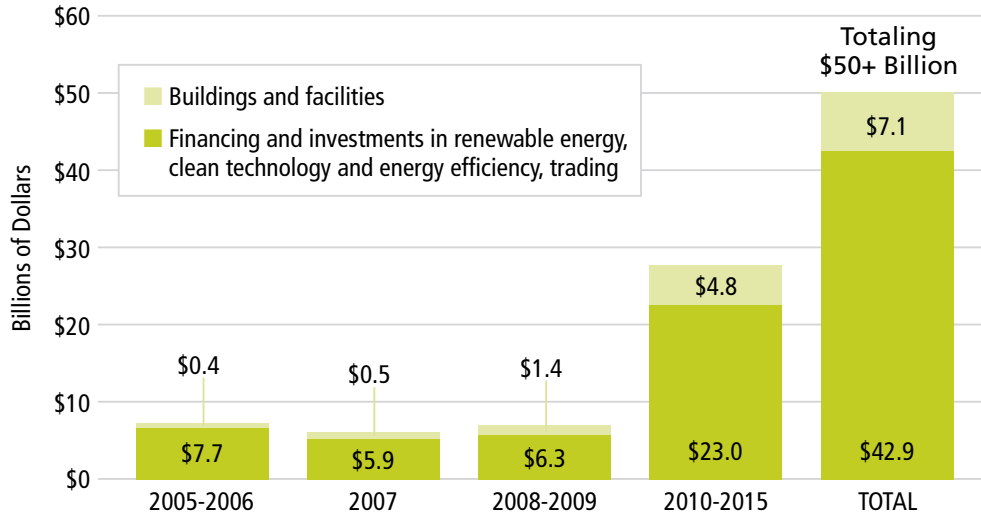
PURSuing BUSINESS OPPORTUNITIES

We are developing products and services to help our clients transition to and succeed in a carbon-constrained economy. We

- provide strategic advice to clients on climate-related opportunities;
- finance and invest in renewable energy and clean technology;
- conduct carbon trading in Clean Development Mechanism, Joint Implementation and EU Emission Trading Scheme markets; and
- partner with Energy Services companies (ESCOs) and utilities to finance client energy-efficiency retrofits.

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Our 10-year, \$50 Billion Initiative to Combat Global Climate Change



Energy-efficiency data has been historically restated and has been adjusted on a *pro forma* basis to reflect the pending third quarter 2008 sale of CitiCapital to GE Capital.

Citi will finance, invest and mobilize \$50 billion over 10 years to address global climate change. This is a significant effort to increase our activities in alternative energy, clean technology and other GHG reduction activities. A portion of this overall investment will finance our ongoing facility environmental initiatives.

Citi will track progress toward meeting the \$50 billion target using an accounting methodology to assist each business in tracking its individual commitments. We have developed "Climate Positive" criteria to better identify transactions that should be counted toward the \$50 billion target. Climate Positive transactions are divided into three groups (equity investments, direct lending and capital mobilized) and must reduce GHG emissions and support improvement over existing technologies.

Institutional Clients Group	The Citi Markets & Banking group will finance, invest and mobilize more than \$30 billion over 10 years to support companies pursuing alternative energies such as solar, wind, hydro and geothermal; commercialize energy-efficiency ideas; and facilitate investments in clean and efficient technology upgrades for aging infrastructure. Citi entered the emissions trading market in 2007 and has already become a key intermediary in trading European Union Allowances and Certified Emission Reductions (CERs) created pursuant to the Kyoto Protocol Joint Implementation and Clean Development Mechanism. We expect significant growth in this market and expansion of business opportunities.
Citi Alternative Investments	Active since 2004, the Sustainable Development Investments group became a standalone investment center in April 2007. Over 10 years, Citi expects to increase its capital commitment to more than \$2 billion of private equity in renewable and alternative energy, clean technologies, energy efficiency, carbon credit markets, waste and water management and sustainable forestry.
Global Consumer Group	Citi offers climate-friendly mortgage products to its clients.
Global Wealth Management	Citi Investment Research issues climate-related research notes to highlight investment opportunities and implications of a changing climate. Approximately 300 climate-related reports were issued in 2007.
Corporate	Citi will allocate \$10 billion to reduce the environmental impacts of company buildings and facilities. We will purchase green energy, pursue LEED certification for new office and operations buildings and upgrade existing facilities.

Climate change partnerships

Partnerships with NGOs and academic institutions are an important part of Citi's approach to identifying and developing climate change solutions. We learn from our partners and also benefit from sharing best practices with other corporate members. Citi participates in partnerships with:

- Ceres
- Columbia University's Global Roundtable on Climate Change (GROCC)
- Equator Principles Financial Institutions (EPFIs) via the EPFI Network and EPFI Steering Committee
- Pew Center on Global Climate Change Business Environmental Leadership Council
- Vattenfall 3C (Combat Climate Change) Initiative
- World Resources Institute
- The Renewable Energy and International Law Project

Citi named a leader in climate disclosure among global banks

In September 2007 Innovest's Climate Disclosure Leadership Index named Citi as a leader among global banks for our disclosure of climate change risks and opportunities and the quality and effectiveness of our programs to reduce GHG emissions. The index is based on FT500 company responses to the Carbon Disclosure Project, a coalition of 315 global investors with more than \$41 trillion in assets. Citi's responses to the Carbon Disclosure Project are available at the website. [www](#)

In a separate January 2008 report from Ceres and RiskMetrics on climate change governance, Citi was ranked as the top U.S. bank. This report analyzed 40 banks and their approaches to the challenges and opportunities related to climate change. [www](#)

2007 carbon emissions from project financings

Citi reports annually on the aggregate carbon dioxide emissions from thermal power plants that it finances through project finance. We recognize that proactive disclosure of climate-related risks is a good business practice and are proud to be viewed as a leader on this issue in the banking sector.

Our annual assessment includes emissions data on our project financing of new capacity only, including expansions of existing plants, but not refinancings or deals that have not yet closed. Project-specific emissions are

calculated for both a 30- and 60-year plant lifetime and are derived from the plant's capacity and heat rate, the carbon content of the fuel (a publicly available figure) and projected capacity utilization. In previous reporting years, Citi was allocated the percentage of total emissions of the project equivalent to the percentage of the debt that Citi provided. In 2007 we reassessed this method of reporting, however, and determined that it is more accurate to report the percentage of total emissions equivalent to the percentage of total project costs (debt plus equity) that Citi provided.



To allow consistent comparison against previous reporting years, in 2007 we are reporting the data using both methods. In subsequent years, we will only report results using this new method.

In the past three years, our project finance unit financed three thermal power projects: two in 2007 and one in 2006. The numbers are reported as a range, the lower number for a 30-year plant life, the higher number for a 60-year plant life.

Citi's Share of CO₂ Emissions (mmtCO₂*) Equivalent to:

Reporting Year	Citi's Share of Total Project Costs (Debt + Equity)	Citi's Share of Total Project Debt
2007	39.7–79.5 mmtCO ₂	96.4–192.8mmtCO ₂
2006	8.5–17.0 mmtCO ₂	10.6–21.3 mmtCO ₂

* mmtCO₂ = million metric tons of carbon dioxide

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Environmental and Social Risk Management

In 2003 Citi Markets & Banking (CMB) developed the Environmental and Social Risk Management (ESRM) Policy to help address environmental and social issues from both a credit risk perspective and a reputation and franchise risk perspective. Our market-leading ESRM Policy helps guide thousands of bankers on complex and challenging transactions. It provides a general framework that refers to the Equator Principles, the International Finance Corporation (IFC) Performance Standards and the IFC Environmental, Health and Safety (EHS) Guidelines for further guidance. The IFC EHS Guidelines include both General EHS Guidelines (which, in addition to environmental issues, cover worker and community health and safety) and 63 sector-specific EHS Guidelines. Citi's ESRM Policy applies to all transactions globally with known use of proceeds that meet threshold limits. In addition, corporate loans or hybrid transactions in emerging markets must adhere to the IFC standards and guidelines.



ESRM policy update

Since 2004 we have refined the Policy several times. In January 2008* we added a section on *Areas of High Caution and Special Focus: Critical Habitat and Areas of High Conservation Value, Areas of Significant Cultural and Heritage Value, Indigenous Peoples and Large-scale Resettlement*. This update also incorporated specific climate risk assessment steps into the review process for U.S.-based thermal power projects. Our Policy continues to prohibit activities or transactions that involve significant conversion or degradation of critical habitat or utilize forced labor or harmful child labor.

* Development of this section took place in 2007.

The Equator Principles

Citi was one of the founding members of the Equator Principles in 2003 and continues to be a leader in the Equator Principles network today, with Citi's ESRM Director currently serving on the Equator Principles Steering Committee. Citi played an integral leadership role in updating the Equator Principles in 2006. For more information, please see the webpage. [www](#)

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The ESRM Unit supports the business teams by

- advising on and reviewing transactions covered by the ESRM Policy, as well as monitoring these transactions over time;
- providing training on the Policy to relevant Citi employees;
- acting as the primary point of contact between stakeholder groups and Citi for issues related to the Equator Principles;
- working with other Equator Principle Financial Institutions to develop Equator Principles best practices; and
- revising the Policy as necessary.

In addition to the ESRM core management and team members in New York, Citi has appointed regional ESRM Champions. These Champions are high-level senior credit officers located in different countries around the world. They enable Citi to provide timely advice, oversight and guidance related to ESRM Policy application, informed by local knowledge about their specific geographical region and business lines. Additionally, certain senior credit officers have been appointed as ESRM Approvers with review and approval responsibilities for Category A transactions.

Our ESRM Policy covers a broad range of product types in addition to project finance transactions subject to the Equator Principles. In 2008, we broadened the kinds of transactions covered under the policy to include Acquisition Finance.

Transaction / Product Type	Required Threshold Amount
Transactions subject to the Equator Principles and Citi ESRM Policy	
Project Finance Transactions and Project Finance Advisories	Project capital costs above \$10 million
Other Transactions Subject to Citi ESRM Policy	
Project Finance: Existing Projects and Refinancings	Project capital costs above \$10 million
Corporate and Government Loans	Total facility amount above \$50 million
Official and Export Agency Loans	Total facility amount above \$50 million
Acquisition Finance	Total facility amount above \$50 million
Debt Securities Placements or Underwritings (Bonds)	Underwriter or arranger of debt securities placements or underwritings in excess of \$50 million
Equity Investment or Equity Underwriting Transactions	Citi equity investment in excess of \$5 million Underwriter, arranger, or placement agent for the selling of equity securities in excess of \$50 million
LCs, Bid Bonds and Performance Bonds	Relevant instruments in excess of \$50 million

Ensuring compliance

CMB’s independent Audit Risk and Review (ARR) group conducts periodic compliance audits so that Citi business units are appropriately applying relevant CMB Policies in transactions. In consultation with the ESRM Unit, ARR reviews whether affected business units have complied with internal ESRM Policy requirements under covered product credit programs.

<p>ESRM Unit: The ESRM Unit serves as a technical resource and counsel for CMB on a wide variety of environmental and social risk issues.</p>	<p>Portfolio Banker: Continues ESRM monitoring over life of loan, in consultation with ESRM Director, as needed.</p>
	<p>ESRM Approvers: Senior credit officers are appointed ESRM Approvers by CMB’s Chief Risk Officer. The ESRM Approvers have review and approval responsibilities for transactions with sensitive environmental and social risks.</p>
	<p>Transactor: Screens transactions and complies with approval, analysis, documentation, and process requirements.</p>


ESRM Policy implementation is a shared responsibility across Citi, including Bankers, Independent Risk Managers and the ESRM Unit. Please visit our website at www.citi.com/esrm for a detailed description of a typical project finance review, approval and monitoring cycle.

Transactions Receiving ESRM Review (By Product Type)

Transactions	2007 Total (Category A, B, C, & N/A*)	2007 Category A	2006 Total (Category A, B, C, & N/A)	2006 Category A
Project Finance (subject to the Equator Principles)	64	17	86	20
Project Finance Advisories (subject to the Equator Principles)	14	9	39	17
Corporate and Government Loans	217	30	208	26
Debt and Equity Underwriting	45	17	29	6
Other (i.e., Acquisition Finance, Letters of Credit, Refinancings)	160	12	76	1
Total	500	85	438	70


*N/A applies to transactions that were reviewed by the ESRM Unit, but were not formally subject to the ESRM Policy (i.e., non-covered product type or did not meet Policy threshold).

United States and Canada




Total ESRM Reviewed	2007	2006
Transactions:	66	59
Category A:	5	4

Latin America and the Caribbean




Total ESRM Reviewed	2007	2006
Transactions:	129	116
Category A:	18	17

Europe, Middle East and Africa



Total ESRM Reviewed	2007	2006
Transactions:	160	163
Category A:	24	23

Asia Pacific



Total ESRM Reviewed	2007	2006
Transactions:	145	100
Category A:	38	26

ESRM transaction review

Citi tracks all transactions reviewed by the ESRM Unit, along with the ongoing advice that is provided, in a master database. Transactions are added into the database at the marketing stage, regardless of whether Citi ultimately proceeds with the transaction.

Transactions are classified into three environmental and social risk categories as defined under the ESRM Policy:

- **Category A** — Use of proceeds is expected to have significant adverse social and/or environmental impacts that are diverse, irreversible, or unprecedented.
- **Category B** — Use of proceeds is expected to have limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- **Category C** — Use of proceeds is expected to have minimal or no adverse impacts.

When an ESRM-covered transaction is deemed Category A, an ESRM Approver (designated senior credit officer) must review and approve the transaction, in consultation with the ESRM Director.

PROJECT FINANCE

The Equator Principles apply to project finance transactions in all industry sectors globally. In 2007, 64 project finance transactions were subject to the Equator Principles and received ESRM review and advice. Citi funded 9 project finance transactions in 2007, some of which were initiated and reviewed in previous years. Project finance transactions may not reach the funding stage for a number of reasons not related to ESRM review, including financial or credit challenges, lost bids and decisions by project sponsors to use a different financing structure. Citi was also awarded six project finance advisories in 2007— which are now a covered product type under the 2006 revision to the Equator Principles.

CASE STUDIES

Helping clients manage risk

In 2007 Citi added significant value to a large-scale aluminum complex in the Middle East and Africa region by helping to define and structure compliance with the Equator Principles. Following Citi’s counsel, the client prepared a full Environmental and Social Impact Assessment and Environmental and Social Management Plan. The Management Plan enhanced the project in numerous ways, including identification of concrete steps to improve air quality impacts, waste management, and health and safety practices, as well as the creation of public consultation sessions to assess community concerns.

Advising an infrastructure fund

Citi partnered with a leading financial services company to launch a \$1 billion infrastructure fund in an important emerging market. The fund will invest in a diversified portfolio of project equity investments in the infrastructure sector. Since specific investments were not yet identified, Citi’s ESRM team reviewed the fund’s investment policy and advised the transaction team how to integrate environmental and social risks into the fund’s risk management processes.

Evaluating risks in a challenging transaction

In early 2007 Citi was in discussions with a mining company to arrange equity financing for significant expansion of an existing mine. Citi determined that it was a Category A transaction due to significant, challenging legacy social and environmental issues and because the transaction would require the involuntary resettlement of numerous households and negatively impact cultural property. In accordance with our ESRM Policy and under the advice of the ESRM Unit, the sponsoring business unit engaged an independent consultant to review the transaction’s Environmental Impact Assessment documentation. Citi declined to participate in the transaction as the findings indicated that the project would not be able to achieve compliance with the IFC Performance Standards.

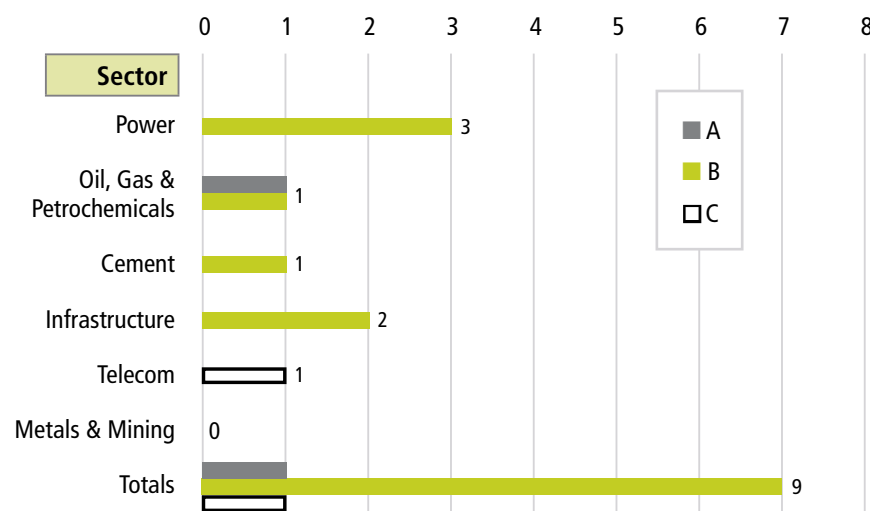
2007 Project Finance Transactions Subject to the Equator Principles

ESRM Category	Project Finance Transactions Reviewed at Marketing Stage	Project Finance Transactions Funded (with Combined Total Project Capital Costs)		Mandated Project Finance Advisories
A	17	1	\$3.5 billion	3
B	45	7	\$10.3 billion	3
C	2	1	\$5.7 billion	0
Total	64	9**	\$19.5 billion	6

Citi confirmed that all project finance transactions subject to the Equator Principles in 2007 and 2006 met all key process requirements for all Category A projects, including conducting and publishing an environmental assessment, organizing a public consultation/review of the project, preparing and covenanting an environmental management or action plan and having the project reviewed by an independent expert.

****NOTE**** Projects fail to reach the funding stage for a number of reasons beyond that of a negative ESRM review, including financial or credit challenges, lost bids and decisions by project sponsors to use a different financing structure.

2007 Funded Project Finance Transactions by Sector and Category



Training, communication and awareness-raising

Citi's size, geographically dispersed locations and growth through mergers and acquisitions demands a concentrated effort to raise awareness about our internal environmental policies and programs and to achieve robust application of our standards. In 2007, 910 Citi bankers, relationship managers, industry specialists and risk managers worldwide completed training programs on our ESRM Policy, a marked increase from the 556 Citi participants trained in 2006. These training sessions are composed of a combination of lecture, video, case studies and interactive group exercises that simulate application of the ESRM Policy during credit review and also emphasize the IFC Performance Standards and EHS Guidelines as integral components of the policy.

In partnership with Sustainable Finance Ltd, Citi's ESRM Unit finalized and disseminated a web-based training program that is available to Citi employees globally. This innovative e-learning instrument uses flash animation and interactive decision tools to allow bankers to role play the ESRM credit review process on real case studies. The web module will allow for greater ESRM training coverage, leading to more consistent application of the ESRM policy across business lines and products.

Sustainable forestry: putting policy into action

To avoid financing companies that violate local or national laws regarding illegal logging, we have incorporated a Sustainable Forestry Policy into our ESRM Policy requirements. We apply the Sustainable Forestry Policy to clients that are directly involved in logging or primary processing of timber. In addition to satisfying all ESRM Policy requirements, forestry clients operating in countries with a high

"Citi's Sustainable Forestry Policy addresses critical issues related to lending practices in the forestry sector—illegal logging, deforestation and relations with indigenous communities. These are challenging concerns confronting Citi relationship managers and bankers. Rainforest Alliance and Citi's ESRM Unit worked together to create a training program that provided the context and background needed to make such concerns more relevant to the Bankers' everyday transactions."

Jeffrey Hayward

SmartWood, Rainforest Alliance

rate of illegal logging must achieve independent certification, including confirmation of compliance with all applicable laws and regulations within an agreed timeframe (e.g., 3-5 years). Furthermore, the bankers managing the relationship must conduct a Forest Products Obligor Risk Assessment during the clients' annual review process. The full policy is available on our website. [www](#)

To increase understanding about forestry sector issues and train bankers on the Sustainable Forestry Policy, the ESRM Unit partnered with Rainforest Alliance, an internationally recognized forest certification organization, to develop and deliver two day-long Forestry and Finance Workshops in Kuala Lumpur, Malaysia, and New York City.





Citi addresses the financing of U.S.-based coal-fired power plants

In 2007 a number of stakeholder groups engaged with Citi through campaigns, dialogues and one shareholder resolution on the issue of climate and Citi's work with clients in greenhouse gas-intensive sectors. In some of these cases, the advocates requested that Citi cease all financing related to coal-fired power generation.

As documented throughout this report, Citi is deeply concerned about the impacts of climate change and has taken a leadership role in developing the recently launched Carbon Principles. We respect stakeholders' commitment to the issue of global warming. We do not, however, agree that ending all financing for coal-fired power plants is the most effective way for Citi to address climate change, especially as coal currently supplies more than 50% of all electricity in the United States. We believe it is better to continue engaging with clients, regulators, environmental groups and other stakeholders to develop and advance responsible market-based solutions to climate change, and we will continue to do so while respectfully engaging with all stakeholders around this issue.

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Environmental and ESRM Goals

Quantitative Environmental Goals and Results				
Indicator	2006	2007 Goal	2007 Actual	2008 Goals
Energy consumption/occupant	6.735 MWh/occupant	4% reduction	6.551 MWh/occupant, a reduction of 2.7%	3% reduction from 2007 levels
CO ₂ emissions/occupant	3.363 metric tons/occupant	-	3.248 metric tons/occupant, a reduction of 3.4%	Reduce CO ₂ emissions/occupant by 4% from 2007 levels
Metric tons CO ₂ offset from green energy procurement	20,430 tons	-	29,670 tons	60,000 tons
Green energy procurement	42,375 MWh*	54,897 MWh (30% increase)	59,642 MWh (41% increase)	120,000 MWh (>100% increase)
	3 countries	5 countries	5 countries	6 countries
Data center consolidation	52 centers	44 centers	37 centers	32 centers
Stakeholder dialogues	-	Convene 1-2 dialogues	Convened 1 dialogue on climate change	Convene 2 dialogues
Sustainable Development Investments (SDI)	Completed 3 investments, committing approximately \$75 million**	Close at least 3-4 new investments	Completed 4 investments, committing a total of \$55 million	Invest between \$100–\$150 million

* Correction from quantity stated in the 2006 Citizenship Report.

** 2006 data represents activities of the Sustainable Development Investment Program as part of Citi Venture Capital International, before SDI became a stand-alone investment center.

2007 Qualitative Environmental Goals and Results

2007 Goals	2007 Results
OUTREACH	
Engage clients on social and environmental risk issues, including climate change.	Citi proactively engaged with clients on our ESRM Policy, including our approach to forestry and issues related to the mining and hydro power sectors. We also had significant engagement with clients and industry on climate change and thermal power standards in the United States.
Develop and disclose a public version of the CMB ESRM Policy.	This goal was not accomplished.
POLICY, TRAINING AND IMPLEMENTATION	
Partner with a reputable organization to improve implementation of and provide guidance to our bankers regarding our Sustainable Forestry Policy.	Citi's ESRM Unit partnered with Rainforest Alliance, a leading environmental NGO, to design and deliver training to Citi's bankers in Kuala Lumpur, Malaysia and New York City.
Develop sector-specific guidance notes for implementing our ESRM Policy.	Development and refinement of sector-specific guidance on forestry, nuclear and climate-risk assessment criteria for the thermal power sector is ongoing.
Integrate CMB ESRM training into existing risk training programs globally.	In-person trainings were conducted in New York as part of the broader Citi Analyst and Associate program training programs. Citi also launched the ESRM e-learning Web Module.
Implement Human Rights Statement by incorporating it into employee trainings and ESRM training sessions and engaging with clients on human rights issues.	Citi's ESRM Web Module covers human rights-related issues, including IFC-based standards on labor, free prior and informed consultation, relations with indigenous communities and involuntary resettlement. Citi also engaged certain clients on human rights issues in challenging geographies.
Conduct training across Citi Realty Services employees to raise awareness of the impact of energy consumption on the environment.	A range of programs began this year, including in-person trainings and publication of sustainable stories in company newsletters.
OPERATIONS	
Establish and communicate a comprehensive building design and energy conservation program to support sustainable growth.	Sustainable branch designs for new construction and global energy best practices for existing buildings have been developed. A Global Energy Council was also established and global conservation programs were developed.
Provide footprint calculations for N ₂ O and CH ₄ gases in accordance with the EPA Climate Leaders program.	N ₂ O and CH ₄ calculated emissions are included in this report on page 36. 
Continue to expand internal communication to employees on sustainability issues.	We are using established methods of communication within the company, as well as hosting special events to celebrate milestone achievements. Citi Realty Services has implemented several initiatives to teach its employees about environmental building management, including emissions reporting down to building level.



2008 Qualitative Goals

OUTREACH

- Continue to engage clients in environmentally sensitive sectors, including via industry associations.
- Track U.S. climate policy developments; further refine and report on climate risk assessment approach.

POLICY, TRAINING AND IMPLEMENTATION

- Increase number of employees trained on and aware of Citi's ESRM Policy through global distribution of the web-based e-learning tool.
- Continue training on our Sustainable Forestry Policy.
- Raise employee awareness through exposure to external expertise in environmental markets.
- Launch a virtual learning center for Citi Realty Services that includes an environmental department with courses offered in four languages.

OPERATIONS

- Hire Regional Energy Managers to assist with implementing and tracking operational changes and initiatives in our real estate portfolio.
- Evaluate programs, including ISO 14001 and EPA Energy Star, overlaid with LEED strategies, for external accreditation and rating of our energy and environmental management at Citi- owned and -operated buildings; begin rollout of program.
- Deploy thin client computing, which reduces energy use and heat output, as part of the Desktop Standardization Initiative.
- Conduct a large-scale production pilot of PC power management software across all five business sectors for evaluation of potential deployment.

CLIENT ENGAGEMENT

- Lead Equator Principles Working Group on client and industry body outreach.
- Citi Equity Research will publish the fourth in an ongoing series of research reports on climate change, *Water Worries*, (published January 2008) and continue leadership in analyzing and identifying the investment implications of climate change.
- Host Citi's second climate conference in London in June 2008: "Energy 2020: Changing Energy for a Changing Climate."
- Expand the number of Smith Barney Financial Advisors who can provide clients with "greener" investment choices, and offer Advisors additional educational opportunities.
- Expand the consumer electronic statement program globally.
- Citi Alternative Investments will evaluate the possible launch of an SDI Fund that would include a capital commitment from Citi, but would be primarily targeted toward a range of clients.
- Work with our bankers and U.S. power clients to implement the Carbon Principles, report on our implementation and engage with environmental stakeholders on implementation progress. Expand the scope of the Carbon Principles to include municipal and cooperative power generators. Work to recruit more financial institutions to adopt the Carbon Principles.



Working at Citi

We are committed to being a company that attracts highly skilled and talented people, where innovation and an entrepreneurial spirit are encouraged and rewarded and where employees are provided the necessary tools to help them meet the challenges of their work and personal responsibilities. We strive to attain these goals across our operations because we recognize that unless our employees feel valued and empowered, we will not succeed.

Training and development

Our employees benefit from development programs that are tailored to the specific needs of each business. Training is available in the form of on-the-job instruction, formal tutor-led courses, coaching, team off-sites and multimedia products. A full curriculum in banking and technical skills, management development and personal business skills is available to help interested employees prepare for their next position at Citi. In addition, many business areas have developed formal mentor programs.

Throughout the company, employee training needs are considered during the appraisal and individual performance

planning process. Managers are expected to meet with their employees at least once a year to set objectives, create a development plan and conduct a formal evaluation. In some units, managers also complete midyear assessments to review employees' progress and make any needed adjustments. In addition to these formal processes, employees may receive informal feedback on a regular basis and are encouraged to discuss issues with managers at any time.

Employee Training in 2007

Region	Population	Web-based trainings	Instructor-led trainings	Total trainings completed	# of hours delivered	Hours / Employee
Asia/Pacific	83,011	297,898	753,186	1,051,084	1,034,676	12.5
EMEA	59,114	243,695	321,856	565,551	1,093,082	18.5
LATAM	87,577	186,673	235,536	422,209	749,480	8.6
North America	164,260	2,228,879	2,140,839	4,369,718	7,932,631	48.3
Total	393,962	2,957,145	3,451,417	6,408,562	10,809,869	27.4

Balancing work and life

We understand that the rigors of our businesses may make balancing work and life a challenge for many employees. In response to this issue, we have developed a variety of programs to help employees meet their commitments outside of work and enjoy a fulfilling career at Citi. The availability of specific programs varies depending on geographical location but may include flexible work schedules, access to full-time and back-up child care, a phone- and web-based resource to help employees devise practical solutions to life issues and employee assistance programs that provide confidential counseling services.

We also make on-site health and fitness centers and medical facilities available to more than 90,000 employees. Services include: flu shots; nutrition and weight management seminars and programs; cancer, diabetes, cholesterol and blood pressure screenings; stress management programs; and smoking cessation programs.

Internal communication

Citi’s size and geographic reach requires that we maintain a rigorous approach to communicating vital information across the company. Daily Citi Today emails, a quarterly newsletter and management announcements help keep employees worldwide

informed of business news, policy updates, research briefs and other company developments. We strive to provide news in a timely manner; however, for some announcements, such as those related to operational changes or workforce restructuring, we must comply with legal public disclosure requirements. Adhering to these requirements may result in employees receiving news at the same time it is released to the public.

We continue to think through how best to communicate with employees and how technology can help us do this better. We welcome our employees’ suggestions for enhancing our internal dialogue.

Employees have formed or joined trade unions and work councils in many of Citi’s non-U.S. operations. In our support for the preservation of human rights around the world, Citi is guided by principles such as those in the ILO Core Conventions, including freedom of association for our employees and the right to organize and bargain collectively.

Flexible Work Strategies

In order to facilitate and standardize the process of requesting a flexible work schedule, Citi implemented a Flexible Work Strategies program in 2005, including a website containing program guidelines and application tools that have been translated into 16 languages.

Year	Number of requests received	Number of requests approved	Number of countries with approved flexible work arrangements
2007	3,904	2,807	35
2006	4,462	2,662	30

The Flexible Work Strategies program complements other formal and informal programs at Citi, such as shift and part-time schedules, not captured within the data presented in this table.

Qualifying employees in the United States who donate to an eligible non-profit organization will have their donation matched by the Citi Foundation up to \$1,000 each calendar year.

In 2007 the Citi Foundation matching gifts and volunteer incentive program funding totaled \$2.8 million.

Voice of the Employee survey
We value our employees' opinions and have developed several systems for feedback and dialogue. One mechanism we use to assess trends in the work environment and in management practices is our periodic Voice of the Employee survey. The survey is conducted anonymously via the web and is translated into 40 different languages to make it accessible to our employees worldwide.

Like many surveys, the Voice of the Employee does not provide a complete picture of employee satisfaction; it reflects a snapshot of opinions at a given moment. This

year, the Voice of the Employee survey was conducted in September 2007, before several significant changes at Citi and in external markets. With approximately 89% participation, however, the results are still useful for tracking broader trends and for comparing to historical responses and internal and external standards.

Tapping into employee passions through volunteerism
Volunteerism has long been an integral part of Citi's culture, as it goes hand in hand with building strong, sustainable partnerships with society. Every day, our

employees around the world share their passion, talents, skills and expertise with organizations and causes they believe in, ultimately helping to improve the communities in which we live and work.

Employee volunteerism is coordinated through the Office of Global Volunteer Initiatives. This office, in collaboration with the Citi Foundation, Human Resources, Office of Financial Education, Public Affairs and Community Relations supports Citi's robust volunteer program, including:

- **Volunteer Day:** Eligible Citi employees are encouraged to take a paid day off from their job each calendar year to volunteer for the organization of their choice.

- **Volunteer Incentive Program:** Domestic and international employees who volunteer 50 hours or more during a calendar year with an eligible NGO or non-profit organization may apply for a \$500 grant for that organization from the Citi Foundation.

- **Volunteer Management System:** Citi has developed a web-based software tool used by employees around the world to find and register for local volunteer opportunities and track their volunteer hours. Nearly 65,000 employees have created profiles on the system.

- **Volunteer Initiatives:** Employees participate in a wide variety of company-driven initiatives including Teach Children to Save, Get Smart About Credit, Operation Hope, Junior Achievement, Habitat for Humanity, March of Dimes and Global Community Day.

Employee volunteer hours logged in 2007: more than 540,000

Cumulative hours logged since 2004: 1.3 million

Voice of the Employee Survey Overall Results

Year	Response rate	Percentage of employees that are		
		Satisfied	Neutral	Dissatisfied
2007	89%	70%	17%	13%
2006	94%	70%	17%	13%
2005	92%	67%	18%	15%



Global Community Day

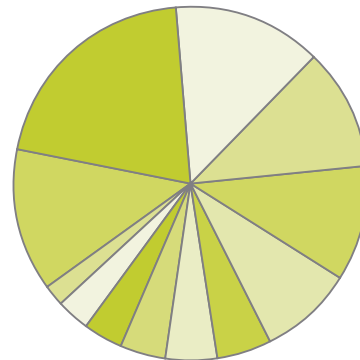
Global Community Day:

Building on last year's tremendously successful inaugural event, Citi held its second annual Global Community Day on November 17, 2007. More than 61,000 employees and their friends and families volunteered across Africa, Asia Pacific, Europe, Latin America, the Middle East and North America in more than 600 cities in 100 countries. Over 1,000 projects addressed specific community needs, including literacy, housing, environmental protection, hunger and healthcare. For more details, please visit our webpage. [www](#)

Results and impact*:	
■ 830,000 lives impacted	■ 6,900 tons of food collected/donated
■ 56,000 meals served	■ 5,000 flora planted
■ 9,000 people received financial education	

* Extrapolated data based on 60% return of Impact Surveys

Types of volunteer activities



- 20.7% Children and youth
- 13.6% Hunger
- 11.2% Community development
- 10.3% Homelessness/housing/shelter
- 8.8% Environment
- 5% Disabled
- 4.7% Park cleanup/beautification
- 4% Education (elementary & secondary)
- 3.7% Senior citizens
- 3% Animals
- 1.9% Financial education
- 13% Other categories

Points of Light Foundation recognizes Citi's volunteerism programs

In 2007 the Points of Light Foundation honored Citi with its Award for Excellence in Workplace Volunteer Programs. This award recognizes a company's overall employee volunteer efforts, including not only the actual community service program, but also the policies and company vision supporting those activities.

Diversity at Citi

We see diversity as a source of strength. Therefore, we have made it a priority to foster a culture where the best people want to work, where people are promoted on their merits, where we value and demand respect for others and where opportunities to develop are widely available to all—regardless of differences.

Our strategy focuses on four commitments:

- Employer of choice... for our employees
- Service provider of choice... for our clients
- Business partner of choice... for our suppliers
- Neighbor of choice... for our communities

Our Diversity Operating Council, composed of senior diversity and human resources leaders from core businesses and regions, provides support and accountability. The Council

- regularly reviews progress against our diversity strategy;
- shares best practices across businesses;
- aligns diversity policies globally; and
- develops, promotes and executes global diversity initiatives through the business diversity councils, which focus on dimensions of diversity such as disability, ethnicity, gender, race and sexual orientation.

Our senior business managers develop diversity plans and are held accountable for progress against those plans. In 2007 109 diversity reviews were conducted and an annual report was presented to the Board.



Employer of choice

Citi serves clients from every walk of life, every background and every origin. Our goal is to have our workforce reflect this same diversity at all levels and our employee population be similar in composition to that in our local operating communities. Our strategy has four parts—hiring, training, mentoring and championing individuals from diverse backgrounds. In addition to recruiting entry-level employees from diverse backgrounds, we strive to present a diverse pool of highly qualified candidates for management and professional opportunities.

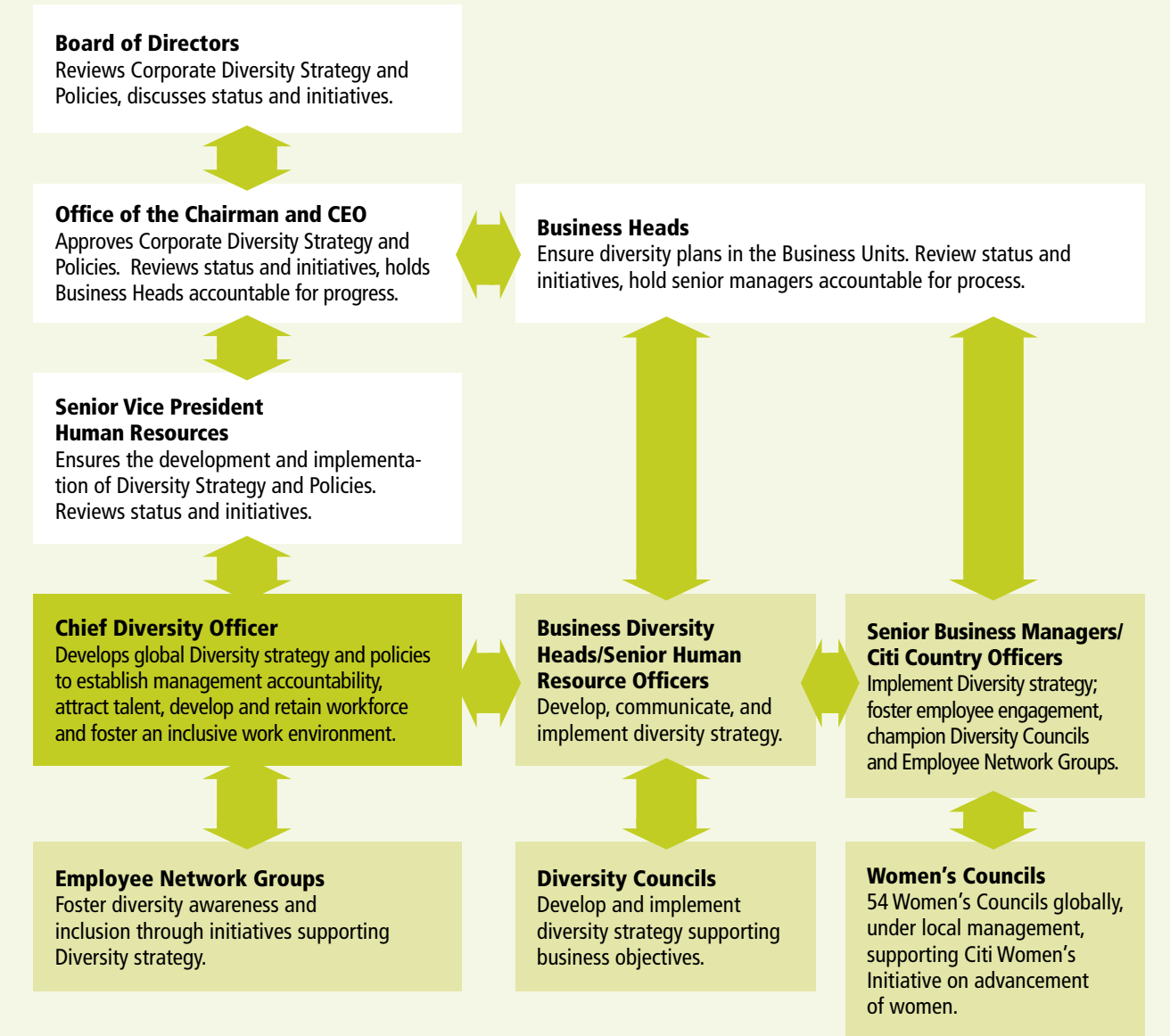
We build relationships with partners who can help us identify and recruit top talent. These partners include non-profit organizations and the career placement offices at select

graduate and undergraduate schools. We also attend various conferences and recruiting fairs sponsored by associations representing diverse populations.

Our Code of Conduct prohibits discrimination and harassment. To foster a culture of acceptance and respect throughout Citi, we offer training to employees on topics such as “Championing Diversity,” “Valuing Diversity and Inclusion at Citi” and “Leadership Through the Lens of Diversity.”

We encourage new employees to enter into, where available, formal mentoring relationships with members of senior management, including our Management Committee. Committee members are required to mentor employees and are encouraged to seek out women and minority mentees.

Diversity Responsibilities at Citi



Accountability for our progress in meeting our diversity goals extends to Citi's Board of Directors.

In 2007

more than 5,000 employees participated in formalized mentoring programs; 80% of our Management Committee members formally mentored Citi employees, with 89% mentoring a diverse mentee.

In 2006 more than 9,000 employees participated in formalized mentoring programs; 84% of our Management Committee members formally mentored Citi employees, with 89% mentoring a diverse mentee.

Since 2006 the number of women's councils and networks more than doubled from 24 to 54.



Employee networks

Citi networks are employee-initiated and -led groups, organized based on affinity and are open to all employees. These groups offer opportunities for networking, mentoring, coaching and community involvement. A key tenet—consistent with Citi’s diversity strategy—is that they cross-network and are inclusive of others. One project that several networks are jointly sponsoring on an on going basis is “Learn the Business,” a series of presentations to educate members about Citi’s operations and help them understand their career development options.

42 networks

14,000 employee participants

20 cities in the United States and United Kingdom

Recognized networks include:

- African Heritage
- Asian Pacific Heritage
- disABILITY (focused on people with disabilities and the caregivers of people with disabilities)
- Hispanic Heritage
- Native American Heritage
- Pride (focused on lesbian, gay, bisexual and transgender communities)
- Roots (multicultural)
- Women’s
- Working Parents

A few of our recruiting partners

- Back in Business (program to help experienced business people re-enter the corporate world after a career break)
- Consortium for Graduate Study in Management (provides MBA fellowships to more than 300 minority students annually)
- INROADS (minority undergraduate internship program)
- Management Leadership for Tomorrow (focused on minorities in fast track entry-level positions and major graduate business schools)
- Manpower Foundation (focused on people with disabilities)
- National Black MBA Association (NBMBA)
- National Society of Hispanic MBAs (NSHMBA)
- Out in the City (program for undergraduate lesbian, gay, bi-sexual and transgender individuals)
- Reaching Out MBA Conference (focusing on lesbian, gay, bi-sexual and transgender individuals)
- The Rochester Institute of Technology’s National Technical Institute for the Deaf
- Sponsors for Educational Opportunity (SEO)
- TOIGO (encourages minority students to consider careers in finance)
- Women for Hire

In 2007, 79% of Management Committee members completed diversity training; in 2006, 82% of members completed the training.

Global Women's Initiative

Citi has several ongoing initiatives to support women's professional development. Until 2006 most of these efforts were conducted on a regional basis through women's councils and networks. In March 2006 leaders from 20 women's councils and four women's employee networks came together to launch "The Global Women's Initiative." The meeting was designed to leverage existing diversity councils and networks to share best practices, create champions and role models and build a pipeline of talented women for senior management. Since the Initiative launched, more than 30 new councils and networks have formed, including several councils in Asia and Latin America and a new network with more than 1,000 members in New York City.

Service provider of choice

Citi serves clients from across the financial spectrum from individuals accessing credit for the first time and immigrant workers sending remittance payments home to people needing wealth management services or funding for their entrepreneurial ventures. We employ different forms of outreach to meet the varied needs of such a diverse client base.

In some cases, we extend our reach into the community by partnering with local non-profit organizations or by organizing general financial education programs. Other times, we host events tailored to specific groups, such as symposia on women's lifestyle issues, seminars on wealth management for affluent African-Americans and U.S. Hispanics and outreach to the lesbian, gay, bisexual and transgender business community.

Business partner of choice

One of Citi's key procurement objectives is to maintain a diverse supplier base. Our Supplier Diversity team works within Procurement as well as with other departments such as Citi Realty Services, Community Relations and Equity Capital Markets to identify and hire qualified business enterprises owned by minorities, women, people with disabilities, veterans and disabled veterans. While our focus will continue to be on increasing first- and second-tier spending with diverse suppliers, we are also working to strengthen our program through activities such as mentoring and supplier development.

Around the world, we aim to develop an increasingly diverse supplier base that mirrors our marketplace and employees and to achieve results that will not

only meet community needs, but also enhance market value. Consistent with this goal, in 2004 we were a founding member of the European Supplier Diversity Business Forum (now known as Supplier Diversity Europe), which was created to introduce the concept of supplier diversity to the European marketplace. In 2007 we appointed Citi's first Supplier Diversity Manager for Europe, the Middle East and Africa.

U.S. Workforce Information Report

Job Categories	TOTAL	Male							Female						
		White	Black	Hispanic	Asian	Native Hawaiian or Other Pacific Islander	Native American	Multi-Racial	White	Black	Hispanic	Asian	Native Hawaiian or Other Pacific Islander	Native American	Multi-Racial
Exec/Senior Mgrs	93	60	2	4	9	0	0	0	15	1	2	0	0	0	0
First/Mid-Lvl Mgrs	21,800	8,811	726	910	930	3	29	15	7,530	1,115	996	689	3	30	13
Professionals	33,960	12,095	1,356	1,596	4,057	10	35	25	8,561	2,095	1,701	2,343	9	47	30
Technicians	1,966	767	176	174	165	2	9	5	436	69	67	91	0	3	2
Sales Workers	26,447	13,955	871	1,267	869	3	45	17	5,909	1,284	1,333	827	2	48	17
Admin Support	60,156	8,459	2,828	2,659	1,105	13	61	43	25,922	9,236	7,002	2,437	35	240	116
Craft Workers	38	26	3	5	2	0	0	0	1	1	0	0	0	0	0
Operatives	1,011	186	118	66	134	0	2	0	214	110	38	141	1	1	0
Laborers & Helpers	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	166	49	31	46	9	0	0	0	8	9	12	2	0	0	0
TOTAL	145,638	44,408	6,112	6,727	7,280	31	181	105	48,596	13,920	11,151	6,530	50	369	178

In the table above, both the job and diversity categories are determined by U.S. rules and regulations and reflect two changes made in 2007. First, the category "Asian or Pacific Islanders" was separated into "Asian" and "Native Hawaiian or other Pacific Islander" and a "Multi-Racial"

was added and second, the "Officials and Managers" category was subdivided into "Executives and Senior Level Managers" and "First and Mid-Level Managers." Data as of July 2007.

In detail: Citi workforce diversity in the United States

Each year, we are required to file an Employer Information Report detailing the ethnic and racial composition of our U.S. workforce with the U.S. Equal Employment Opportunity Commission and U.S. Department of Labor Office of Federal Contract Compliance Programs.

Citi offers Equal Employment Opportunity (EEO) to everyone—regardless of race, gender, gender identity or expression, color, creed, religion, national origin, citizenship, age, disability, marital status, including civil unions as defined and recognized by state law, sexual orientation, ancestry, veteran status, or socioeconomic status. Citi's EEO policies apply to

all employment practices, including recruiting, hiring, promoting, and training. Citi's commitment to EEO includes the development of Affirmative Action programs modeled after U.S. federal employment laws and regulations. Executives and department managers are responsible for making good-faith efforts to achieve Affirmative Action goals.

The primary responsibility for developing and monitoring each program is assigned to a senior Human Resources officer, and progress on Affirmative Action efforts is regularly reviewed with senior management.

The Citi Foundation

The Citi Foundation is committed to enhancing economic opportunities for underserved individuals and families in the communities where we work throughout the world. Globally, the Citi Foundation is focusing its giving on

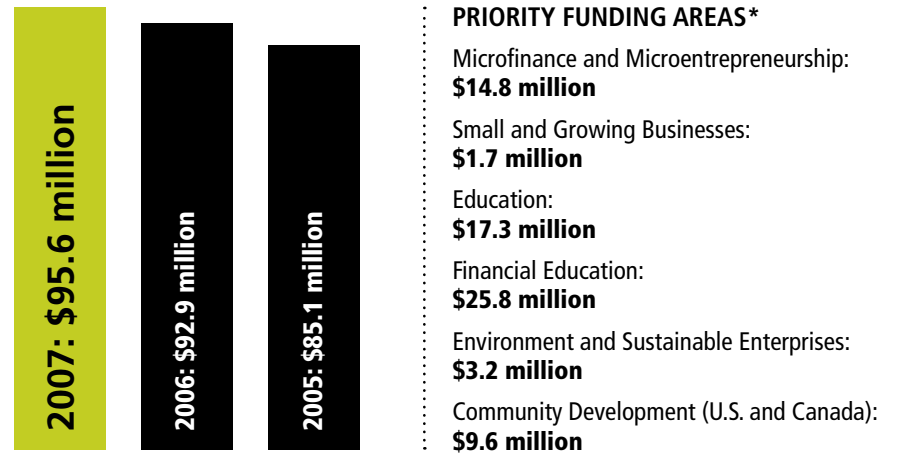
- *Microfinance and Microentrepreneurship*, which helps individuals become economically self-sufficient;
- *Small and Growing Businesses*, leading to economic expansion and job creation;
- *Education*, which prepares young people for personal and professional success;
- *Financial Education*, which helps individuals make informed financial decisions; and
- *The Environment*, with a focus on sustainable enterprises that generate jobs and stimulate economic growth while preserving the environment.

In the United States and Canada, the Citi Foundation also supports Community Development programs that help build and revitalize neighborhoods and Education programs that prepare students for college and careers.

Additional information, including a complete list of the Foundation's grants, can be found at our website. [www](http://www.citifoundation.org)



Foundation Giving



Number of countries and territories in which Foundation grants were made: **87**

Percent of Foundation dollars given outside the United States: **44%**

* Please note: We revised our Foundation mission statement and priority funding categories in 2007. These changes require that we update and realign our grant tracking systems. As such, the numbers reported in this year's report for specific priority funding categories may not be comparable to data reported in previous years. Total Foundation giving numbers, however, do reflect similar data year-on-year.

Realizing our vision

In 2007 we revised our mission statement and our core funding categories to more closely align with Citi's businesses and strategy, better reflect Citi's overall Citizenship priorities and leverage our expertise in microfinance, microentrepreneurship and financial education. Our priority moving forward will be to help promote economic empowerment through all the activities undertaken as part of our core funding areas. We will also work to establish programs that share best practices across the company and track the impact and effectiveness of Foundation giving more directly.

Microfinance and Microentrepreneurship

STRENGTHENING MICROFINANCE NETWORKS

The mission of the Citi Network Strengthening Program, in collaboration with the SEEP (Small Enterprise Education and Promotion) Network, is to increase the capacity and scale of the microfinance sector by

strengthening the operational, technical and financial capacity of 12 national and regional microfinance networks around the world, addressing the challenges that the sector is facing and promoting growth and development of the sector as well. In total the networks participating in the Citi Network Strengthening Program represent nearly 60 countries, over 1,300 MFIs and microfinance organization members and more than 36 million clients. The three-year, \$11.2 million grant program will support network capacity assessments, regional or local microfinance industry assessments, strategic and business plan development and specialized technical assistance tailored to each networks' individual needs.

The program aims to strengthen the networks' capacity to

- provide demand-driven services to member MFIs;
- become influential and capable representatives of the local microfinance sector;

- develop industry infrastructure, setting standards and processes; and
- help stimulate progress and innovation among other microfinance networks.

CITI MICROENTREPRENEURSHIP AWARDS

The Citi Microentrepreneurship Awards received \$1.3 million in funding from the Citi Foundation in 2007 and was managed by local Citi Public Affairs Officers in 26 countries, including Brazil, China, Colombia, India, Indonesia, Jordan, Nigeria and Russia. The purpose of the awards program is to generate recognition for the extraordinary contributions that individual microentrepreneurs have made to the economic sustainability of their families as well as their communities. This goal has been accomplished through local engagement in the awards by NGOs, leaders in business and academia, government ministers and heads of state. In 2007 more than 400 microentrepreneurs received awards, which include cash prizes and business development assistance.

Expanding microfinance in Central and Eastern Europe and the New Independent States

The Microfinance Centre (MFC), one of the 12 microfinance networks selected to participate in the Citi Network Strengthening Program, is the regional microfinance network that serves Central and Eastern Europe and the New Independent States. It is committed to strengthening the capacity of its members to develop and offer products and services that meet the needs of microfinance clients; to encourage support of microfinance among the public and private sectors through educational forums; to enhance information management systems that support the needs of the network and its members; and to implement expanded training programs among its staff and members. The MFC has more than 100 member institutions representing 26 countries with a combined loan portfolio of more than \$1 billion, serving nearly 700,000 active clients.

"These awards have played a key role in mainstreaming microfinance in a vast country like ours. Sharing of best practices through this award will further encourage the delivery of microfinance in under-served regions."

Mr. Deepak Parekh

Chairman, Housing Development Finance Corporation LTD, India

Supporting microentrepreneurship around the world

AFRICA REGION

The Citi Foundation granted \$100,000 to ProLiteracy to help enhance and expand its microfinance and microenterprise program “How to Start and Grow Your Own Business” in Cameroon, Democratic Republic of the Congo, Ghana, Kenya, Morocco, Nigeria, Pakistan, South Africa, Tanzania and Uganda, reaching 3,900 participants in 119 communities.

INDIA

Citi Foundation convened 50 experts and practitioners in microfinance, energy and banking from Asia, Latin America and Africa to participate in an innovative workshop in Ahmedabad, India to discuss how funding for alternative energy sources can foster the growth of microbusinesses around the world.

TURKEY

The Foundation for the Support of Women’s Work provides life skills and economic opportunities to underserved women. The Citi Foundation’s two-year grant of \$170,000 supports the organization’s efforts to build a national network of women microentrepreneurs and to provide direct training to more than 3,000 women in the basics of entrepreneurship, leadership and management, financial literacy, information technology and community service.

Small and Growing Businesses

ENDEAVOR HELPS BUSINESSES OVERCOME OBSTACLES TO GROWTH

High-impact emerging market entrepreneurs often lack the mentors, role models, access to networks and capital they require to achieve lasting success. The Citi Foundation’s support for the Endeavor “venture catalyst” model works to overcome these obstacles by connecting a group of selected entrepreneurs in South Africa and Turkey directly to a



local network of successful business people and investors with the resources and skills to help take their business ideas to scale. Endeavor provides customized technical assistance, while the business leaders commit financial, strategic and networking support to the entrepreneurs.

The process for selecting entrepreneurs is rigorous. Since it launched in 1997, Endeavor has screened more than 15,500 entrepreneurs, but selected only 321 to receive full support.

Education

“EVERY CHILD IN SCHOOL... AND LEARNING WELL.”

Pratham Mumbai Education Initiative, one of the largest NGOs in the area of primary education in India, is working in 21 states to serve the primary educational needs of over 960,000 children. Its programs create access to pre-school; teach children to read, write and do basic math; and establish community libraries. Pratham has significantly enlarged the reach of its services in the past few years by engaging key stakeholders in the central and state governments and education departments. It is also helping other NGOs replicate its model, so that together they can achieve Pratham’s mission of “every child in school... and learning well.” In addition to the grant money we provide, many Citi employees are volunteers for Pratham programs. Citi India CEO Sanjay Nayar sits on the board of the organization.

Results of the Citi Foundation's Partnership with Pratham

Goal: To serve the primary education needs of 63,000 children in 350 economically disadvantaged communities across 7 cities in 7 states

TO DATE:

- 68,582 children have received educational services
- More than 75% of school-aged Pratham “graduates” can do math, 63% of them can read
- 154,314 children have used libraries opened by Pratham

Financial Education

HELPING STUDENTS LEARN THE BASICS OF FINANCE, ECONOMICS AND ENTREPRENEURSHIP

OECONOMIX (Economics) is a collaborative financial education project of Citibank Germany, Institut der deutschen Wirtschaft Köln and the Citi Foundation, which has provided more than \$1 million in funding since 2003. The program helps high school teachers and their students learn about personal and family financial management and fundamental concepts of entrepreneurship and economics.

OECONOMIX is structured as a multimedia, interactive website with supporting CD-ROMs. The program provides teachers with content, statistics and lesson plans for classroom instruction. Students and the general public can also access the Internet site. [WWW](#) The site contains instructional programs and games to enhance users’ understanding of financial concepts including budgeting, saving and investing. OECONOMIX recently received the Comenius-EduMedia Award, a well-known award for learning software in Germany and across Europe.

Results of the Citi Foundation's Partnership with Institut der deutschen Wirtschaft Köln, 2003-2007

In 2007 OECONOMIX reached 2,600 teachers who served more than 58,500 students

- Since 2004 OECONOMIX has reached 3,418 teachers who served more than 76,905 students in 5,127 classes
- Total project funding 2003-2007: More than \$1 million

Environment and Sustainable Enterprises

SUPPORTING SUSTAINABLE LIVELIHOODS AND ECOSYSTEMS

In 2007 the Citi Foundation granted \$200,000 to the Rainforest Alliance (RA) to build the capacity of small and growing businesses and communities to engage in economic activities that are socially and environmentally sustainable. The project focuses on tourism, forestry and carbon projects in Costa Rica, Ecuador, El Salvador, Guatemala, Honduras and Peru.

- Sustainable tourism: During 2008 RA will conduct more than 40 seminars and workshops to reach more than 300 stakeholders to introduce sustainable tourism principles; evaluate tourism operations for the adoption of best management practices; and provide operators with technical assistance, tools and access to additional national tourism forums.
- Forestry: RA will provide technical assistance to 12 small forestry cooperatives to promote sustainable forest management and conservation of biodiversity. RA will also link the cooperatives

with international markets for wood products that have been certified as sustainably harvested, creating 280 new jobs.

- Carbon sequestration: RA will create a “tool kit” of carbon project resources, including a guide to developing conservation carbon projects, a methodology for estimating carbon stocks and guidance on improving carbon sequestration.

Results of the Citi Foundation’s Partnership with the Rainforest Alliance

In 2007 RA trained 300 participants in business skills for tourism in Costa Rica, Ecuador and Guatemala. RA also increased outreach and participation from Brazil, Chile and Colombia in the Sustainable Tourism Certification Network of the Americas.

Community Development

BUILDING STRONGER COMMUNITIES THROUGH ASSET BUILDING

ACORN, the Association of Community Organizations for Reform Now, is the largest community-based organization focused on meeting the needs of low- and moderate-income families in the United States. A long-time Citi Foundation partner, ACORN has more than 350,000 members and 850 local chapters serving 100 cities nationwide, all working to build stronger communities and promote social justice for the underserved. The Citi Foundation supports ACORN’s homeownership counseling, Earned Income Tax Credit (EITC) and personal financial education programs. These programs help individuals move away from services that pull wealth out of their communities—such as rent-to-own and payday lending schemes—toward homeownership, regular low-cost banking and lasting wealth.

Results of the Citi Foundation’s Partnership with ACORN, 2005-2007

Citi Foundation funding: \$1.5 million
■ Served clients in 28 cities
■ 100 homebuyer sessions were conducted for 3,582 attendees in 2007
■ Opened 86 new offices offering free tax-preparation services over the past three years
■ More than 30,000 tax returns filed in 2007 with \$38.6 million of tax refunds generated, including \$17.3 million under the Earned Income Tax Credit (EITC)

Awards and Recognition

Citi is proud to be recognized for its Citizenship achievements. Below is a selection of the many awards that the company received in 2007.

Awards and Recognition

Citizenship

CSR Recognition Award

Singapore Compact for CSR and the National Volunteer and Philanthropy Centre

Best Corporate Citizen Award: Foreign Company Runner-Up

Common Wealth Magazine, Taiwan

Corporate Social Responsibility: First Place in Foreign Business Category

Global Views Monthly, Taiwan

CSR National Excellence Award for Outstanding Corporate Social Responsibility

Citi Pakistan

Grand Prize for CSR Activity and First Prize for Economic and Social Development (for the Junior Achievement Program: "Banks in Action") at the Civil Society Gala

Citi Romania

Microfinance

Financial Times Sustainable Bankers Award

Citi and Compartamos joint award for launching Mexican microenterprise life insurance product

Financial Education

Best Social Education Contribution Award

Taiwan Ministry of Education

Environment/ESRM

2007 International Association of Impact Assessment's Corporate Award

Excellence and Leadership in Environmental and Social Risk Management
Citi's ESRM Unit

2007 Financial Times Sustainable Banking Awards

Co-recipient of Chairman's Award for Leadership in Sustainable Project Finance
Citi ESRM Director

Top U.S. Bank

Ceres Report on Corporate Governance and Climate Change

U.S. Green Building Council LEED (Leadership in Energy and Environmental Design) Certification

LEED Gold Certification: Two Court Square, Long Island City, New York

LEED Certification: ■ Regent Campus, Irving, Texas

■ Las Colinas Campus, Las Colinas, Texas

Green Data Centre Award 2007

Frankfurt, Germany data center DataCenter Dynamics

Energy Awards

■ *Good Energy Performance Certification*

Hong Kong Government Energy Efficiency Registration Scheme for Buildings

■ Don Emilio Abello Energy-Efficiency Program of the Philippine Department of Energy

—*Outstanding Building of the Year (Citi Center)*

—*Energy Citation Award (Citi Tower)*

—*Energy Citation Award (Citi Square)*

—*Outstanding Energy Manager (Citi Realty Services)*

Awards and Recognition *Continued*

Diversity
Human Rights Campaign—100% Corporate Equality Index Company United States
100 Best Companies for Working Mothers: <i>Working Mother Magazine</i> <i>17th year on the list</i> United States
Top 50 Companies for Diversity <i>DiversityInc Magazine</i>
Top 60 Companies for Hispanics for 2007 <i>Hispanic Business Magazine</i>
Great Places to Work List for 2007 <i>Essence Magazine</i> United States
Stonewall Workplace Equality Index <i>Citigroup U.K. ranked #2 on list</i>
The Best Company with Equal Opportunities for Women and Men <i>Citibank Czech Republic ranked #3 on the list</i>

Foundation
Junior Achievement Extreme Partnership Award <i>Significant global impact on all levels of the organization for at least three consecutive years</i>
Global HR News Corporate Citizenship Award <i>Microfinance work in the United Kingdom</i>
“Big Tick” Business in the Community (U.K.) Excellence Award <i>Edutainer Project in South Africa</i>
Ms. Foundation Corporate Philanthropy Award <i>Longstanding commitment to women’s empowerment and economic issues</i>
Micronesia Youth Services Network <i>Top 10 Youth Service Supporter</i> Guam
Academy for the Development of Philanthropy: Benefactor of the Year <i>Model cooperation with NGOs</i> Poland

Company Overview

Citigroup Inc. is a diversified global financial services holding company headquartered in New York City whose businesses provide a broad range of financial services to consumer and corporate clients, including consumer banking and credit, corporate and investment banking, securities brokerage and wealth management. We employ approximately 370,000 people, have more than 200 million customer accounts, do business in more than 100 countries and process more than \$1 trillion of transactions every day. In 2007 Citi and the Citi Foundation made charitable contributions of more than \$145 million globally. For complete financial information, please refer to the Citi Annual Report on our website. [www](#)

Citi's stock is part of the Dow Jones Sustainability Indexes (DJSI World and DJSI North America) and the FTSE4Good Index. Our inclusion in these indices reflects our leadership in setting standards in sustainable growth and in demonstrating exceptional environmental, social and economic performance.

Invitation for feedback

We appreciate your interest in Citi and hope that this report provided you with valuable information about our Citizenship strategy, programs and initiatives. We welcome your comments and questions.

Contact information

For more information on the Citizenship initiatives described in this report, please contact

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Corporate Citizenship/Public Affairs

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Overview of Citi Business Units*	
Global Cards	<ul style="list-style-type: none"> MasterCard, VISA, Diners Club, private label and Amex (U.S.)
Consumer Banking	<ul style="list-style-type: none"> Consumer Finance Retail Distribution Retail Banking Commercial Business
Institutional Clients Group (ICG)	<ul style="list-style-type: none"> Sales and Trading/Capital Markets Investment Banking Corporate and Commercial Banking Global Transaction Services Alternative Investments
Global Wealth Management (GWM)	<ul style="list-style-type: none"> Ultra High Net Worth High Net Worth Emerging Affluent Institutional Clients Investments
Corporate/Other	<ul style="list-style-type: none"> Treasury Operations and technology Corporate expenses Discontinued operations

*For more information on Citi's organizational structure, please visit our website. [www](#)

Forward-looking statements

Certain statements in this Citizenship Report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual

results may differ materially from those included in these statements due to a variety of factors including, but not limited to, those described under "Risk Factors" on page 38-39 of the Citi Annual Report, as applicable. [www](#)

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