

Citi's mission is to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress. This includes advancing human rights wherever we do business and contributing to collective eradication of modern slavery in all its forms.

Citi UK's<sup>1</sup> Modern Slavery Act Statement 2022 ("statement") is made pursuant to section 54 of the United Kingdom's Modern Slavery Act 2015 ("UK MSA") and covers the financial year from 1<sup>st</sup> January, 2022, to 31<sup>st</sup> December, 2022 ("FY2022"). The purpose of this statement is to outline Citi UK's approach to modern slavery risk and actions we are undertaking to address that risk in our operations and supply chain.

## 1. Citi's overview

Citi is a pre-eminent banking partner for institutions with cross-border needs, a global leader in wealth management and a valued personal bank in the United States. Citi undertakes business in nearly 160 jurisdictions, providing corporations, governments, investors, institutions and individuals with a broad range of financial products and services. Additional information may be found at [www.citigroup.com](http://www.citigroup.com).

Citi has operated in the United Kingdom since 1902 with the opening of IBC's (International Banking Corporation's) London office. Today, the UK is the headquarters of Citi's UK, Europe, Middle East and Africa (EMEA) region, which consists of physical operations in 55 countries and business undertaken in another 50.

As a global firm, Citi has a large and dispersed supply chain. Further details about Citi's supplier relationships are set out below in Section 3.d, as well as on our [Resource Management Organisation](#) ("RMO") website.

## 2. Our approach to addressing modern slavery risks

### a. Governance

Respecting human rights is a shared responsibility throughout Citi. Citi UK's business implements and uses policies and governance structures established by its parent, Citigroup Inc. Citigroup Inc.'s Board of Directors provides oversight of Citi's global approach to considering, evaluating, and integrating our response to human rights and other risks throughout the organisation. This oversight is delegated to the Nomination, Governance, and Public Affairs Committee ("NGPAC") of Citigroup Inc.'s Board, which executes the Board's oversight of sustainability issues, including human rights. For more information on the roles and responsibilities of the NGPAC, please see our [NGPAC Charter](#).

Modern slavery risk falls within the scope of oversight of the UK Business Risk and Controls Committee ("UK BRCC") and is actively managed by Citi UK's executive leadership, with ultimate oversight by the Board of each of Citi's UK legal entities. The UK BRCC provides on-going governance and oversight of modern slavery-related risks and initiatives.

Operationally, Citi's Chief Sustainability Officer ("CSO") leads the Sustainability and Environmental Social Governance team and develops Citi's sustainability and human rights strategy in close partnership with Citi's businesses and functions, including risk management and operations. The CSO provides updates to the NGPAC on key issues, trends and results.

Modern slavery risks related to Citi's clients are primarily addressed by three functions: Citi's global Environmental and Social Risk Management ("ESRM"), Anti-Money Laundering ("AML") and Third Party Management ("TPM"):

- The ESRM team within Independent Risk Management governs the implementation of Citi's ESRM Policy for client transactions with potential environmental and social risks;
- Citi's global AML function within Independent Compliance Risk Management has responsibility throughout the firm for client and transactional due diligence on AML risk, including those related to modern slavery.
- Modern slavery risks related to Citi's supply chain are managed by RMO and Third Party Management ("TPM") teams. RMO is responsible for supplier contracting and purchasing, and TPM provides the associated risk governance structure.

---

<sup>1</sup> Note that Citi UK consists of Citigroup Global Markets Limited, Citibank UK Limited, R.B. Bishopsgate Investments Limited, Citibank, N.A., London Branch, and Citibank Europe plc, UK Branch. For the purposes of this statement, the aforementioned entities are collectively referred to as "Citi UK." Where global initiatives or procedures exist, we refer to "Citi UK" and Citi's global parent "Citigroup Inc.," collectively as "Citi" or "we".

To learn more about Citi's values, governance structure and policies on human rights and other social and environmental issues, including our prior UK Modern Slavery Act statements, please visit the Environmental, Social and Governance ("ESG") Reporting section of our global [Corporate Governance page](#).

### ***b. Key policies***

As a global financial institution, we recognise our responsibility to be aware of the risks of modern slavery within our own organisation and supply chain, and take action to contribute to its eradication. Our commitment to protecting human rights is expressed through a number of policies, which apply to Citi's global operations, including all entities covered by this Statement:

- Citi's [Statement on Human Rights](#), which expresses our support for the protection and promotion of human rights, including those in the United Nations' Universal Declaration of Human Rights and the International Labour Organisation's Core Conventions, which encompass forced labour and child labour;
- Citi's [Code of Conduct](#), which sets forth our values and standards, including those regarding the treatment of our employees, clients, business colleagues and communities; emphasizes the need for an environment of mutual respect; prohibits discrimination and harassment in any form and provides mechanisms, such as our global Ethics Hotline, for addressing concerns from members of our workforce, supply chain participants, or the public;
- Citi's [Environmental and Social Policy Framework](#), which encapsulates our approach and the standards we apply to environmental and social issues, including human rights issues, within financing of our clients' activities;
- Citi's [Statement of Supplier Principles](#), which communicates our expectations on human rights and labour issues to our suppliers;
- Citi's [Requirements for Suppliers](#), which facilitate compliance by suppliers with Citi policies and expectations in the course of providing services to Citi; and
- Citi's AML policies and Know Your Client ("KYC") protocols, which are designed to comply with the financial crime laws and regulations applicable to its global operations. These include controls for identifying 'red flags' and financial activity associated with human trafficking.

Citi is also a signatory to the United Nations' Global Compact, whose Ten Principles include the elimination of all forms of forced and compulsory labour and the effective abolition of child labour. In addition, Citi supports the United Nations' Guiding Principles on Business and Human Rights ("UN Guiding Principles") and is continually working internally to implement the corporate responsibility to respect human rights.

For more information on our approach to human rights and our continuing efforts to implement the UN Guiding Principles, see our Statement on Human Rights and the "Human Rights" section of our annual [ESG Report](#).

## **3. Due diligence and preventative action**

As a financial services organisation employing a highly skilled labour force, Citi considers the risk of modern slavery within its direct business operations to be low. However, Citi recognises that, through its supply chain, investments and customers, it can be indirectly exposed to the risk of modern slavery and human trafficking. The processes that are in place to address the potential risks throughout key areas of activities<sup>2</sup> are outlined below.

### ***a. Operations: engagement of workers***

At the end of 2022, Citi UK had around 12,000 direct employees. Citi UK adheres to a strong set of policies and procedures, which limit the risk of modern slavery occurring within Citi's hiring and employment practices. Our pre-employment screening process applies to employees whom we recruit. This process includes the review of an individual's proof of identity, address, and right to work in the UK, among other items.

Citi UK complies with applicable legislation in relation to employees' wages and working conditions. Employees are encouraged to provide feedback and suggestions for improvement through various channels including Citi's annual anonymous Voice of the Employee survey. Responses are reviewed by businesses locally and globally, with action plans implemented for areas of improvement. Under the Code of Conduct, every manager is responsible for creating a work environment free of discrimination, harassment, and retaliation. Managers are expected to lead by example and to inspire their teams to conduct business according to the highest standards of ethics and professional behaviour.

<sup>2</sup> Note, that, in the previous reporting period, "Managed or operated joint ventures" and "Distribution, purchasing, marketing, branding and sales" were assessed as separate categories of activities. However, in practical terms, due diligence for those activities follows either third party or client process, depending on the nature of the relationship.

Citi UK also engages external supplier personnel for a variety of different business purposes. In this case, such suppliers have the primary responsibility for performing background checks on their personnel and may be asked to validate that screening was performed according to Citi's standards, as outlined in Citi's Requirements for Suppliers. Recruitment and placement agencies used by Citi must comply with Citi's UK third-party requirements, including Citi's Supplier Principles and Requirements for Suppliers.

Both employees and suppliers are expected to report unacceptable conduct, and promptly escalate violations or potential violations of policies, laws, regulations, rules, standards, procedures, or our Code of Conduct.

#### ***b. Operations: charitable activities and sponsorship activities***

Citi and the Citi Foundation (a private foundation funded by Citi) are working to help build equitable and resilient communities. The Citi Foundation undertakes grant making. Citi provides charitable contributions, support for charitable events and sponsorship of properties (e.g. museums). All grants and donations, whether from the Citi Foundation or Citi, are subject to robust due diligence, including AML screening and approval.

Commercial sponsorship activities are subject to a robust evaluation process. All sponsorships are registered via a central Citi repository and are bound by investment approval governance, due diligence review and legal terms review with scaled levels of approvals depending on investment levels. Oversight for the most strategic and high value sponsorships is provided by a sponsorship advisory council.

#### ***c. Equity and other investments***

Citi UK's businesses hold certain equity and equity-like investments in various entities. The equity shareholding in these investments is typically well below ownership or control of the entities. Therefore, for reporting purposes, those entities do not form part of Citi UK's operations. Due to its nature, the risk of modern slavery occurring within Citi UK's investment entities is low, and there are processes in place to manage this risk.

All proprietary equity and equity-like or other investments are covered by Citi's Equity Investment Policy and Citi's New Activity Policy. All equity investments of USD 5 million or more are also subject to Citi's Environmental and Social Risk Management Policy.

All investments covered by Citi's Equity Investment Policy must be reviewed and approved by the sponsoring business and all relevant control functions, including approval by the relevant governance forum. Where necessary, additional control functions such as ESRM or the Sustainability and ESG teams can be brought into the relevant governance forums to consider modern slavery risk.

#### ***d. Supply chain***

Citi aims to have a positive impact on people, the environment and the economy through our supply chain decisions. We seek to work with suppliers that share our values, and we set high standards for performance, measurement and responsible business practices.

We communicate our approach to human rights to our suppliers in our Statement of Supplier Principles. Our approach is reinforced by our Corporate Responsibility Questionnaire ("CRQ"). This questionnaire helps our procurement team to determine how potential and current suppliers manage environmental and social issues, including human rights issues. Building on our prior efforts, we have updated and expanded our CRQ to improve supplier engagement and evaluation of their operations. The latest assessment expands on our previous questions in the areas of modern slavery, supplier diversity, environmental sustainability, corporate responsibility, labour rights and workplace safety.

Based on a supplier's risk profile, the current CRQ triggers specific follow-up questions indicative of modern slavery practices. They relate to prohibiting the withholding of worker identity documents, prohibiting the use of unscrupulous labour brokers and charging of recruitment fees, provision of detailed contracts in language understood by the worker, and allowing workers freely to cancel their employment upon reasonable notice. Citi has also introduced additional screening related to modern slavery for suppliers in high-risk sectors and countries.

Citi's Requirements for Suppliers prohibit specific practices that are indicators of forced labour or human trafficking. Suppliers are expected to adopt policies consistent with the Requirements for Suppliers and to affirm that they have received and read the Requirements upon entering into a contract with Citi UK. Since 2017, our master contract templates for supplier activity in EMEA includes modern slavery language. Finally, all staff within Citi's RMO team receive training on modern slavery training.

## **f. Clients' activities**

Effectively evaluating human rights risks related to our clients, counterparties and the projects we finance is challenging. We work diligently to meet this challenge and respect the human rights of the individuals and communities impacted by the clients we finance and their projects. The AML programme, including Citi's KYC protocols and Citi's ESRM Standard, are our key processes that mitigate the risk of inappropriate use of our services and products by our clients.

### **AML regime and KYC protocols**

Modern slavery is closely associated with money laundering, since human trafficking may create significant profits that are then laundered. AML regimes, including the UK's regime, require financial institutions to conduct client due diligence ("CDD") at the beginning of a commercial relationship, during the process of on-boarding a new client, and then periodically thereafter while a relationship remains in place, especially when material change events occur. CDD can reveal modern slavery risk indicators in one of three areas: 1) through client behaviour; 2) through KYC processes; and 3) during the business relationship, for example through transaction pattern analysis. CDD is performed on all customers in accordance with our global AML Policy. As part of this process, new customers are assessed through a model and assigned a risk rating. Enhanced CDD is performed on customers where Citi determines that the customer presents a high money laundering risk.

A core component of this screening is a search for negative news, which is required reasonably to discern a customer's reputation and/or involvement in any criminal or high risk activities. Citi has created three categories of reputational risk that are classified based on the severity and type of derogatory information concerned. Under Citi's Name Screening Standard, "trafficking of human beings and migrant smuggling, including the trafficking of human organs and sexual exploitation, including sexual exploitation of children and child pornography" are categorised as Category A crimes, the most severe financial crimes. Under the Standard, Citi should not do business with individuals or entities involved in Category A crimes and any client triggered for such risk would need to be escalated for further due diligence and potential approval.

Potential financial red flags have been identified by regulators, law enforcement and other international organisations dedicated to preventing money laundering, terrorist financing and other crimes. While there are no scenarios specifically calibrated exclusively for the detection of modern slavery, to help identify potential risks of modern slavery, Citi applies general detection scenarios designed to identify red flags indicative of any type of illicit activity. Upon detection of activity suggestive of potential human trafficking, AML intelligence units will submit a Suspicious Activity Report to regulators in accordance with local laws and regulations. The investigative unit will also undertake additional post-investigation actions, including recommending exit of client accounts to the relevant Citi business unit.

To advance the financial sector's collective ability to combat money laundering linked to human trafficking and modern slavery more broadly, Citi has participated in and contributed to a number of industry-wide collaborative initiatives, discussions and publications at both the global and local levels with peers, regulators and civil society, led by Citi's Global Financial Crimes Investigations and Intelligence Unit ("GFCII"), among others in our Independent Compliance Risk Management function. GFCII conducts investigations that target modern slavery indicators and red flags, globally or in specific regions, focusing on specific types of potential modern slavery activity exposure within the bank.

### **Environmental and Social Risk Management**

Citi's ESRM Policy prohibits Citi from directly financing projects or activities involving forced labour and harmful or exploitative forms of child labour. The ESRM Policy applies throughout the firm to (i) transactions above certain financial thresholds for the financial product type in question where there is an identified use of proceeds directed to a specific physical asset or project (through application of the Equator Principles when relevant); (ii) client relationships covered by sector standards; (iii) client relationships flagged for elevated environmental, social or reputational risks for various reasons, including the ESRM Areas of High Caution.

The ESRM Policy's Areas of High Caution describe risk factors in client activities that can lead to elevated human rights risks that require enhanced due diligence at a client relationship level. Additionally, transactions supporting a project in countries or regions with a history of known human rights abuses relevant to the sector and/or weak enforcement of labour laws would result in ESRM enhanced due diligence on labour rights involving the project. Risk management processes such as ethical recruitment practices, document retention, adequate worker accommodations and appropriate worker grievance mechanisms would be assessed against international standards for project-related transactions involving inward migration of large labour forces in high risk geographies, given the higher risk of human trafficking or forced labour in these cases.

For example, in 2022 Citi continued engagement in Malaysia with clients identified as operating in higher-risk sectors with high migrant labour populations during a 2021 portfolio review, in order to support clients in aligning policies with international labour best practices. When necessary, Citi required clients to engage labour rights experts to audit and suggest improvements for their policies and procedures, and set up regular meetings to assess progress to close any gaps. In one instance, Citi worked alongside other lending institutions to develop an action plan for an agricultural company following an audit of labor practices which revealed that some of the company's workers were suffering indebtedness as the result of unfair recruiting practices. In response to the audit and concerns identified, the company changed its recruiting systems to help address the risk of this type of unfair practice and reimbursed the affected workers. Citi continues to monitor clients for credible accusations of forced labour and benchmark higher-risk client policies against international best practice in geographies with a higher risk of forced or harmful child labour. For other case studies of transactional and client relationship reviews by the ESRM team, see our annual [ESG Report](#).

#### 4. Raising concerns

There are multiple channels available to members of Citi UK's workforce, and any third party, to raise concerns relating to modern slavery, including our global Ethics Hotline. Concerns may be reported by employees and contractors anonymously to this Ethics Hotline.

Citi UK prohibits any form of retaliatory action against anyone who raises concerns or questions in good faith regarding ethics, discrimination, or harassment matters or reports suspected violations of other applicable laws, regulations, or policies; or those who participate in a subsequent investigation of such concerns, or concerns raised under the Raising Ethical Issues Guidelines.

#### 5. Our commitment to progress

We remain committed to improving the way we detect and address modern slavery risks. Most recently, Citi UK has redesigned its training on modern slavery risk, which is now assigned to all UK staff as part of the required curriculum. The priority for FY2023 is to refresh our supplier risk assessment methodology and align it with the latest Global Slavery Index.

#### 6. Approval

This statement has been approved by the boards of directors of Citigroup Global Markets Limited, Citibank UK Limited, R.B. Bishopsgate Investments Limited, and the executive committees of Citibank, N.A., London Branch, and Citibank Europe plc, UK Branch, each of which will review and update it annually.

**Signed by:**



David McD Livingstone  
Chief Executive Officer  
Citi Europe, Middle East and Africa

DATE: 30<sup>th</sup> June, 2023.