



*Citizenship Report*  
**2004**

# Letter from Chuck Prince and Bob Willumstad

2004 was a year of many successes for Citigroup, both in terms of our financial results and our corporate citizenship. But we also faced significant reputational issues resulting from two separate situations, one in Japan and one in the U.K., where we did not meet the high standards that people have come to expect of Citigroup and that we expect of ourselves. Our goal for Citigroup is to be the most respected global financial services company. And these incidents were inconsistent with the values adhered to by our 300,000 employees who understand our high standards and make the right choices every day.

We have been taking significant steps to ensure that we do not have future occurrences like the incidents we experienced in 2004. Since last fall, we have spent a great deal of time traveling to meet Citigroup employees around the world and here in the U.S., engaging our employees in direct conversations about our values and our future. We have talked about our need to focus on our long-term success, about the great franchise that we have inherited from our predecessors and the importance of living up to that legacy. As part of that dialogue, we defined the “Shared Responsibilities” we have as employees of Citigroup:

- **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 Citigroup’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.

We have embarked on a multiyear, global effort to reinforce our values and take the next step in the evolution of our culture. Based on the information gained from our talks with employees and our senior management team, we have created a Five Point Plan that includes training, talent and development, performance appraisal/compensation, communications and controls.

These experiences have reaffirmed our belief that our reputation brings with it responsibilities that are as important to our success as is our extraordinary financial performance. With our breadth of resources, we are creating financial solutions that meet the needs of consumers who live in a diverse range of communities around the world. Our name, “Citigroup,” must inspire trust and confidence.

We want to emphasize that in 2004 we accomplished many things—some of which are described in this Citizenship Report—of which we are very proud. We looked for opportunities to use the strength of Citigroup’s franchise, global reach and financial resources to make a difference in the communities where our employees live and work. We have also described in this report a number of instances where our businesses have adopted programs or introduced products that make a positive contribution to communities, as well as a profit. We announced a ten-year, \$200 million global commitment to financial education so that people can take charge of their own finances—whether a small

business in California, a microfinance client in India or a retail customer in Germany. Building on our 40-year history of philanthropic support, we appointed a Global Director for Microfinance to lead a new business group focused on developing commercial relationships with microfinance institutions around the globe in order to expand the number of poor consumers who have access to finance.

Our community development finance business—financing homes and community facilities for low- and moderate-income families in the U.S.—continues to grow and exceeded \$2 billion. We continued to expand our alliances and partnerships with nonprofits that can help us extend our financing reach. We also maintained our discussions with community groups with regard to our consumer finance business practices so that a consumer will get the best product at the best price for which they qualify, regardless of where they apply.

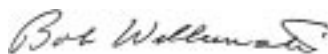
As part of our commitment to address social and environmental issues, we appointed a new Director of Environmental and Social Risk Management Policies for our Corporate and Investment Bank. We have made real progress on implementing our environmental initiatives and, with three years of reporting experience, will be setting goals for energy consumption in our buildings next year globally.

And we have continued to celebrate the incredible diversity of Citigroup staff; employee networks, established by employees themselves, doubled in 2004.

Finally, we realize that our corporate citizenship successes always involve partnerships and listening to the many stakeholders from whom we have learned. We commit to continuing these exchanges as we focus on becoming the most respected global financial services company.



CHUCK PRINCE  
*Chief Executive Officer  
Citigroup Inc.*



BOB WILLUMSTAD  
*President and Chief Operating Officer  
Citigroup Inc.*



CHUCK PRINCE



BOB WILLUMSTAD

# Letter from Sandy Weill

At Citigroup, we are proud of the leadership position we have achieved in the financial services industry, both for the innovative products and services we offer our clients and the standard-setting practices and policies that we have adopted for our businesses.

And we understand that with our leadership position comes the responsibility to conduct business adhering to the very highest standards, to apply our wealth of diverse resources where they can do the most good and to build value for our shareholders and employees.

We are proud to have once again been named to the Dow Jones Sustainability World Index and the FTSE4Good Index for 2005, which recognize companies that are leaders in setting standards in sustainable growth and in demonstrating superior environmental, social and economic performance. Our 2004 Citizenship Report highlights many of the initiatives that we have under way that have helped us maintain our position on these prestigious Indexes.

Making the best financial choices can be challenging and being informed when you need to make those decisions can help impact the results. I have always been a strong advocate of providing



SANDY WEILL

access to financial education and was pleased when in 2004, Citigroup and the Citigroup Foundation made an unprecedented \$200 million commitment over ten years to support financial education initiatives around the world. The response from our stakeholders to this commitment has been overwhelmingly positive. Along with this commitment, we also formed an Office of Financial Education for Citigroup that is working with all of our businesses to identify, support and implement those programs that promise to reach those most in need.

Education is an area of community service in which I have been very personally involved throughout my life. The link between education and financial and personal success was my inspiration for launching the Academy of Finance in 1982. Our most recent endeavor brought the Academy of Finance program abroad to London, England. The Career Academy Foundation in London now operates 13 Academy of Finance programs in urban schools throughout the U.K. and has served 340 students since its inception.

Another area of key importance for Citigroup is microfinance. For very low-income families and individuals, microfinance provides access to capital that can significantly improve their quality of life. In 2005, Citigroup continues its 40-plus years of leadership in supporting microfinance by serving as a major funder of the United Nations' International Year of Microcredit Initiative. We also have established a new business group, Global Microfinance, which is developing financial products and services specifically for microfinance institutions.

There are also some unplanned-for events where we know immediate action must be taken to save lives. Such was the case with the tsunami that struck South Asia and Africa on December 26, 2004. Citigroup responded immediately by pledging a total of \$3 million in philanthropic support. Included in that support is \$1 million targeted for our local

businesses to distribute in the affected areas to local nongovernmental organizations (NGOs) that are leading relief efforts.

In addition, we have pledged to match with a donation to the Red Cross all of our employees' personal monetary contributions made to registered nonprofits or NGOs working in support of tsunami relief and rebuilding efforts. As of February 14, 2005, the total amount of money donated by Citigroup and its employees was \$12 million.

Recognizing that our employees spend hundreds of hours as volunteers to better their communities, we introduced a new Global Volunteer Initiative Program at Citigroup in 2004. Through this program, each employee will be able to take a paid day off to do volunteer work at the nonprofit organization of their choice.

Financial education, microfinance, education, disaster relief and volunteerism are just a few of the many ways in which we work to improve the quality of life in the communities where we do business around the world.

In closing, let me say how proud I am of our people here at Citigroup who each day generously give of their time and talents to help make a difference in their communities.

Sincerely,

A handwritten signature in dark ink that reads "Sandy Weill". The signature is fluid and cursive, with a large, stylized "S" and "W".

SANDY WEILL

*Chairman  
Citigroup Inc.*



ROBERT E. RUBIN

## Letter from Robert E. Rubin

This is a time of extraordinary uncertainty, complexity and potential for change that presents great challenges for all of the actors in our global economic system—governments, investors, companies, communities and civil society, and individuals. The division of economic prowess and geopolitical power among the major regions of the globe is likely to undergo changes of historic proportions over the decades ahead, with profound implications for people in many parts of the globe. At the same time, poverty continues to be an issue we must deal with. In addition to the serious moral issue, poverty affects all of us. Political instability, illegal immigration, transnational environmental impacts, nuclear proliferation, terrorism and the spread of disease all give each of us an immense stake in far more energetically and effectively addressing challenges related to global poverty.

While there has been a decrease in extreme poverty in the last decade, it has been dominated by rapid growth in China and the East Asia and Pacific region. Some regions have shown little change and Sub-Saharan Africa has actually experienced an increase in poverty.

Globalization and market-based economics are central to poverty reduction, but so is government. Governments must put in place policies to promote growth, and the broad-based sharing of growth, in areas that are central to these objectives but that markets won't adequately address, such as education and law enforcement.

The private sector's role in the development process is primarily doing what it does best—running its business well, providing employment, training people and promoting innovation. Citigroup helps develop well-functioning emerging market capital markets and banking systems that support and enable economic growth. We train local bankers and share expertise with central bankers, and Citigroup alumni populate many banks and central banks around the world. We are the largest of the global financial services firms operating in Sub-Saharan Africa.

In addition, Citigroup has long been a provider of philanthropic support and technical assistance to microfinance institutions that provide capital to small and growing businesses in poorer countries. This past year, Citigroup decided to approach microfinance as a business opportunity and has established a unit to help microfinance institutions raise funds in the capital markets and partner with them to develop new products, such as insurance and savings.

Although the uncertainty and the complexity of the outlook now is probably the greatest in many years, there is a tremendous amount of attention being focused on how to solve global poverty and promote economic growth in poor countries, and the private sector can play an important role.

A handwritten signature in black ink, appearing to read 'R. E. Rubin', with a stylized flourish at the end.

ROBERT E. RUBIN  
*Director, Chairman of the  
Executive Committee;  
Member of the Office of the  
Chairman at Citigroup Inc.*



# This Is Citigroup

As the preeminent global financial services company with some 200 million customer accounts in more than 100 countries, Citigroup (NYSE symbol: C) provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage and asset management. Carrying Citigroup's trademark red umbrella is a family of companies that includes Citibank, CitiMortgage, CitiFinancial, Primerica, Smith Barney and Banamex. At the heart of these companies are 300,000 employees who are committed to maintaining a standard of excellence in serving customers and their local communities.

Citigroup publishes an annual report for shareholders with detailed financial information on the company. Annual reports are also published by Citigroup's Diversity Department and the Citigroup Foundation containing more information on some of the programs highlighted in Citigroup's Global Corporate Citizenship Report. Additional information and these reports are available on Citigroup's Web site at [www.citigroup.com](http://www.citigroup.com).



# Table of Contents

|   |           |
|---|-----------|
| <b>The Company We Want to Be</b>                              | <b>6</b>  |
| <b>Major Corporate Citizenship Accomplishments</b>            | <b>7</b>  |
| <b>Corporate Citizenship at Citigroup</b>                     | <b>8</b>  |
| <b>Citigroup as a Participant in Local and Global Markets</b> | <b>10</b> |
| <b>Community</b>  | <b>12</b> |
| <b>Environment</b>  | <b>28</b> |
| <b>Workplace</b>  | <b>46</b> |
| <b>Highlights of 2004 Awards and Recognition</b>              | <b>52</b> |

Our 2004 Global Corporate Citizenship Report is organized so that our readers will be able to easily find topics of greatest interest to them. We lead off with a list of our major accomplishments, each of which is described in greater detail elsewhere in the report. The “Corporate Citizenship at Citigroup” section outlines our citizenship vision and strategy—how we fulfill our role as a corporate citizen, the importance we place on dialogue with our stakeholders relating to community issues and how we report on our citizenship activities. We organize our citizenship efforts into three categories—Community, Environment and Workplace. Each contains data that we use to quantify and identify results on specific programs, excerpts from our policies and Code of Conduct, and personal statements by our senior management, employees and various individuals from the NGO (nongovernmental organization) community. In the “Community” and “Environment” sections, we show how good corporate citizenship is embedded in our operations, with examples of how our businesses are making a difference. And the “Workplace” section focuses on how we achieve an environment in which diversity and a work/life balance are embraced and nurtured through specific employee and recruitment programs. In all sections, we also try to identify challenges that we face.



# The Company We Want to Be

Citigroup's objective is to be the most respected financial services company in the world. We know we already have one of the most respected names in financial services with a legacy and record of accomplishment of which we are proud. However, in 2004, as Chuck Prince outlined in his letter, Citigroup experienced two instances that were inconsistent with our goal.

In response to these instances, in late 2004, our senior management held in-person forums with thousands of employees around the globe, asking for and receiving from them candid suggestions for actions the company should take. Citigroup's senior management team used their ideas to develop a comprehensive Five Point Plan designed to foster a greater appreciation of our company's history and to highlight our responsibilities to pass on the legacy of Citigroup to those who follow. The Five Point Plan addresses cultural and behavioral issues and focuses on these five areas: training, talent and development, performance appraisal/compensation, communications and controls. Each initiative has a clearly defined objective, as well as a series of specific steps with timelines for implementation.

We believe that we can achieve our goal of being the most respected global financial services company by adhering to the following 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 opportunities 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 Citigroup'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.

Our goal is to make sure that every employee explicitly recognizes the long-term nature of our business, and the long-term value of our reputation and brand—that every employee explicitly recognizes what has always been implicit in our performance-based culture.

## Corporate Governance

Our corporate governance guidelines were updated in January 2005. The full text is available at [www.citigroup.com](http://www.citigroup.com). They cover our corporate governance mission, the role and selection of the Board, structure of the Committees and specific rules for Board members. There is also a document specifying the charters for the Committees of the Board. Citigroup has a Code of Conduct, which covers all employees and a Code of Ethics for Finance Professionals, which applies to principal executive officers and worldwide professionals in finance, accounting, treasury, tax or investor relations roles.

## Our Code of Conduct

In 2004, Citigroup completed its annual review and update of its Code of Conduct. All employees worldwide are required to read the Code of Conduct and sign and return a form acknowledging their understanding of the content. Our Code of Conduct is now available online in ten languages. We also offer periodic tutorials called "Know the Code" on our intranet site so employees can test their knowledge of these important principles. The Code of Conduct covers such issues as how to raise ethical issues, workplace responsibilities (fair employment, harassment, safety), representing Citigroup to external constituencies, privacy, investments and outside activities and other legal and compliance rules. The full document is available at [www.citigroup.com](http://www.citigroup.com)



# Major Corporate Citizenship Accomplishments in 2004

Reaffirmed for inclusion on Dow Jones Sustainability Indexes (DJSI) and the FTSE4Good Index for 2005. DJSI recognizes companies ranking among the top ten percent in environmental, social and economic performance; and FTSE4Good, of the *Financial Times* and London Stock Exchange, recognizes leading companies that meet criteria relating to environmental sustainability, corporate citizenship, shareholder returns and support of human rights.

## Community

- Announced an unprecedented \$200 million commitment to support financial education programs worldwide over the next ten years.
- Launched a Global Volunteer Initiative that gives each employee a paid day off to do volunteer work at a nonprofit of their choice.
- Achieved \$28 billion in community lending and investing in low- and moderate-income communities in the U.S.
- Lent \$67 billion toward commitment made in 2003 to make available \$200 billion in affordable mortgages in the U.S. through 2010.
- Entered into agreement with the Association of Community Organizations for Reform Now (ACORN) to promote homeownership, increase affordable credit availability and foster financial education in lower-income communities in the U.S.
- Formed Global Microfinance, a business group focused on developing financial products and services for microfinance institutions.
- Awarded more than \$111 million in grants to nonprofit organizations and NGOs (nongovernmental organizations) around the world through the Citigroup Foundation and our businesses.
- Led U.S. consumer credit industry in overhauling criteria for funding credit counseling agencies.
- Completed with 12 other multinational corporations the European Supplier Diversity Project research phase to explore possibilities of setting up supplier diversity programs in Europe.

## Environment

- Made first investment of \$23 million in a wind energy converter global manufacturing firm in India through Citigroup's Sustainable Development Investment Program.
- Underwrote 168 environmentally beneficial projects in the U.S. totaling more than \$12.9 billion, including facilities for pollution control, water and sewerage, recycling and solid waste disposal.
- Created an Environmental and Social Risk Management (ESRM) Director position for Citigroup's Corporate and Investment Bank (CIB).
- Revised risk management policies, issued guidance tools, developed an ESRM intranet site to ease policy implementation and launched a CIB ESRM training program to ensure adherence to the Equator Principles and Citigroup's enhanced ESRM policy.
- Completed third year of data collection to track use of electricity, heat, water and waste production, and the resulting CO<sub>2</sub> emissions, in Citigroup's more than 11,800 facilities worldwide in preparation to set energy consumption goals in 2005.
- Named in top quartile of companies using space efficiently for employees in the Real Estate Executive Board's 2004 Benchmarking for Financial Services Companies Study.
- Selected for inclusion in Innovest's 2004 Climate Leadership Index, which lists the 50 "Best in Class" companies for their climate change strategies and transparency.

## Workplace

- Established 11 additional Citigroup Employee Network Groups, which bring together employees with common experiences and perspectives, in seven U.S. locations and London, England. Citigroup now has 21 Employee Network Groups.
- Doubled participation in Employee Network Groups to more than 4,700 employees.
- Developed a new "work-life satisfaction" approach to implementing our employee assistance programs.
- Opened four new on-site Wellness Centers in the U.S. and one in Puerto Rico.

## Corporate Governance

- Developed a comprehensive Five Point Plan to foster greater appreciation of the company's history and to highlight our responsibilities to pass on the legacy of Citigroup.
- Instituted Shared Responsibilities for all employees.
- Updated Corporate Governance guidelines.



PAMELA P. FLAHERTY

*Flaherty is Senior Vice President of Global Community Relations at Citigroup responsible for corporate citizenship, environmental affairs and addressing globalization issues that the company faces.*

# Corporate Citizenship at Citigroup

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

- Operating a profitable business that provides employment and career opportunities for 300,000 employees (98 percent of our employees are native to the locations where they work), serves our clients well and builds shareholder value;
- Engaging in philanthropy and volunteerism, often partnering with community leaders and organizations;
- Applying the power of our businesses, which, because of their size and reach, as well as the power of the marketplace to make initiatives self-sustaining, can have a major impact; and
- Maintaining business practices that reflect high ethical standards.

## Solutions Through Our Businesses

The opening letter of this report from Chuck Prince, our CEO, and Bob Willumstad, our President and COO, acknowledges the reputational issues that we faced in 2004 resulting from two separate situations, one in Japan and one in the U.K. We did not measure up to the high standards people expect of us and we expect of ourselves. We have taken steps, which are outlined in their letter and in this report, to ensure we do not have occurrences of this nature in the future.

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

Because corporate citizenship is an extension of who we are, we focus on issues that are relevant to our business. This includes supporting MFIs (microfinance institutions) that provide access to credit to very low-income entrepreneurs, primarily in emerging markets; lending and investing in low- and moderate-income (LMI) communities in the U.S. where we have extensive retail operations; implementing environmental and social risk policies for our Corporate and Investment Banking Group; measuring the energy and water

use and waste production (and the resultant GHG emissions) in the 11,800 buildings we lease or own globally; and supporting financial education and general education programs that help people build assets and realize their dreams.

We also play a role in helping to build a robust and ethical financial sector in many places around the globe. We do this by sharing our expertise through training and counsel, as well as by growing our businesses to expand our employment opportunities.

In some instances, we experiment to learn if there is a business opportunity.

For example, in 2000 our U.S. Citibank Community Development (CCD) business started out small with minimal profits. Since then, CCD has become a profitable unit, lending and investing more than \$2 billion in 2004. The unit is now developing expertise in financing environmentally sustainable low-income housing—combining Citigroup's environmental and community development expertise.

We are also continuing to learn how to identify promising investments globally in sustainable forestry in emerging markets, renewable energy and clean technology. In 2003, we started a Sustainable Development Investment Program aimed at these sectors, and in 2004, our first investment was made.

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

## Stakeholder Engagement

At Citigroup, we have an expansive and diverse group of stakeholders around the world. These include employees, clients, shareholders, elected officials, community organizations, NGOs and socially responsible investors. Because of our size, global presence and highly recognizable brand name, we understand that many people have opinions on how we run our business. We also recognize that many stakeholders have perspectives and knowledge that we need and can learn from. We interact with our stakeholders in many ways, including one-on-one conversations, group meetings, at conferences, written communications, surveys, our Global Corporate Citizenship Report and our Web site. These ongoing interactions foster the exchange of ideas, allowing us to better understand our stakeholders and their interests.

Our goal is to be accessible and transparent where we can. Our strategy is to develop multifaceted relationships with organizations that are opinion leaders on issues of importance to us—those with whom we want to partner on specific projects or programs. And we ensure that we hear a wide range of opinions, including those that we do not agree with.

While many of us at Citigroup interact with external stakeholders, there are five key areas that interact regularly. They are:

**Our Country Corporate Officers and Public Affairs Officers**, based in countries around the world where we have offices, represent Citigroup in their local communities.

### Our Global Consumer Business and U.S. Consumer Bank Community Relations

**Teams** maintain relationships with community groups, activists and socially responsible investors interested in consumer lending, community development and other issues. Their interaction consists of forming partnerships to implement programs and sponsoring conferences that address issues.

**Our Corporate Global Community Relations Team** maintains relationships with socially responsible investors, NGOs and activists focused on sustainability issues.

**The Citigroup Foundation Officers** manage our philanthropy globally in partnership with local Citigroup businesses.

**Our Corporate Legal Team** maintains relationships with organizations and individuals focused on corporate governance.

Addressing expectations up front helps us discover solutions or narrow our differences. While we fully expect that there will always be areas where we disagree on specific issues, these interactions help develop relationships that build trust on both sides.

We continue to learn enormously from our stakeholders, some of whom are partners, some of whom are critics and some of whom are a combination of both. We view our interactions with them as an opportunity to explain what we do and how we do it. In the U.S., we have continued to meet with community leaders to discuss our consumer finance business practices and our lending in LMI communities. We have also continued to meet with a group of shareholders and with a number of NGOs to discuss our environmental stewardship, particularly our efforts to embed environmental and social considerations into our risk assessment process for financing large infrastructure projects.

Finally, we continue to operate the Business Practices Committees that were established in 2002 to examine and ensure that Citigroup's business practices reflect the company's core values and the highest standards of practice.

## Our Citizenship Report

As in previous years, we received feedback on our 2003 Global Corporate Citizenship Report from a group of socially responsible investors and NGOs and have tried to incorporate a number of their recommendations into our 2004 Report. They complimented us on our increased use of statistics, charts and data in a number of areas, but stressed the need to report more on our financing activities. This year we have included both a description and data on our Equator Principles implementation.

They also requested the inclusion of more goals and targets. While we have not yet set targets for our facilities' greenhouse gas emissions, our confidence in the quality of energy consumption data that we are reporting and our ability to make year-on-year comparisons will enable us to set targets in 2005 and we have committed to do so.

We were also encouraged to speak more openly about our challenges and we have tried to do so. We were asked by some of our stakeholders to consider using the new Global Reporting Initiative (GRI) draft sector supplement on environmental performance for financial institutions; and we have done so, reporting on six of those new indicators.

For the third year, we have developed our Citizenship Report with reference to the GRI guidelines. The intent of the GRI guidelines is to enhance the quality, rigor and utility of sustainability reporting and to provide standardized definitions. Our goal is to use as many of these indicators as we think are useful in reporting on our corporate citizenship. Also, as part of our enhanced reporting on the Equator Principles implementation in 2004, we used reporting proposals from the NGO consortium BankTrack and from Co-operative Insurance (CIS) as points of reference.



"The expertise that we have amassed over our long history as financial services providers around the world gives us a very valuable resource and responsibility. In order for these emerging market economies to compete effectively and succeed, they need to continue to invest the time in learning how the world markets work, and we can help them do this."

WILLIAM (BILL) R. RHODES  
*Senior Vice Chairman, Citigroup Inc.;  
Chairman, Citicorp/Citibank, N.A.*

# Citigroup as a Participant in Local and Global Markets

Citigroup has a long-established presence in many of the markets it serves. Operations date back to 1812 in the U.S., and more than a century in China, Hong Kong, Japan, the Philippines, Singapore, Panama and London, where banking branches were opened in 1902. In 2004, we celebrated our 90th anniversary in the rest of Latin America, and Banamex, our bank in Mexico, celebrated 120 years of operation.

Citigroup is the largest of the global financial service firms operating in Sub-Saharan Africa. The company also has a wide presence in Asia, Europe, Latin America, the Middle East and North America. In all of the locations where we operate, we are focused on responding to our customers' needs, while playing a positive role in the development of local economies. We support hundreds of development programs, primarily in the areas where we think we can do the most good: financial education, microfinance, training and technical assistance programs, and management expertise. We train bankers, hire local staff and introduce new products targeted to the communities where we do business.

## Promoting High Banking Standards Around the Globe

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

During 2004, in conjunction with the Egyptian Banking Institute, Citigroup helped train 31 bankers in Egypt in managing and making decisions related to foreign exchange and money markets. The training proved to be particularly helpful since it occurred prior to the Central Bank's introduction of a full-fledged interbank dealing system.

In Ecuador, Citigroup partnered with the Ecuadorian Private Banks Association, the Andean Development Corporation and USAID to host a trilogy of courses related to credit risk administration. Our employees who are members of Citigroup's School of Banking in Ecuador delivered the seminars that attracted more than 40 participants who received 4,800 hours of financial education.

## Our Commitment to Hiring and Nurturing Local Talent

At Citigroup, we place enormous value on our individual clients, as well as the individuals who work for our organization. We are committed to hiring and training local talent, aligning our hiring practices with the needs of the countries where we do business.

We are at the forefront of global staff development and career training, as demonstrated by our award-winning United Arab Emirates (UAE) nationalization program—the Citibank Academy. On September 19, 2004, the first Academy class consisting of 23 women and one man graduated and joined Citibank. This program was recognized by UAE's National Human Resources Development Committee, which cited Citibank's responsiveness to the nation's policy of increasing the ratio of nationals to expatriate workers in key strategic sectors, including banking. In 2004, Citibank reached a 28 percent emiratization level up from 22 percent in 2003.

## Making the Global Financial System More Transparent

At Citigroup, we recognize that we benefit from operating in open economies with clear rules and regulations and strict standards of good governance for all participants. We have been active in many ways to protect the global financial system from abuse. Knowing that our business benefits from a global financial system that is perceived as honest, transparent and efficient, we have taken a leadership role in adopting and promoting global anti-money laundering principles. We have also continued to be at the forefront of efforts to identify the role that financial institutions can play in the war against the financing of terrorism.

Citigroup's broad-based Global Anti-Money Laundering Policy sets forth our stringent customer due diligence requirements, as well as policy and procedures designed to ensure compliance with U.S. laws and regulations and the laws and regulations of the jurisdictions in which we operate outside the U.S. Within the corporate anti-money laundering function, we recently created a new team whose sole purpose is to conduct reviews of the anti-money laundering procedures that have been implemented in the various businesses. This team provides us with the ability to ensure the continued effectiveness of our anti-money laundering program.

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

Our involvement in private sector anti-money laundering initiatives, such as those with the Wolfsberg Group, the American Bankers Association and the New York Clearing House, has helped provide needed guidance to the financial community. However, Citigroup also maintains an even deeper commitment to ensuring that both the private and public sectors understand the risks associated with money laundering and terrorism financing. Over the last year, our staff has provided training and technical assistance to governments and financial institutions across the U.S. and in countries throughout Europe, Asia, Africa and South America.



*Rajeev Kakar, head of Citibank in Turkey, the Middle East and Africa, (third from the left), and Sajjad Razvi, UAE CCO (sixth from the right) with TANMIA officials and first Citibank Academy students graduating in 2004.*

**"The Citibank Academy has added value to my future. I have learned so much about banking and finance, and especially about the use of English in banking."**

AMNA SALBOOKH

*Graduate of the Higher College of Technology*

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







# Community

HELPING TO MAKE COMMUNITIES BETTER

"We are a company dedicated to community service, taking a leadership role in every local community around the world in which we operate, and helping to make each community a better place."



→ EXCERPT FROM CITIGROUP'S CODE OF CONDUCT

*(Top to bottom) A microcredit client in China; Citigroup Chairman Chuck Prince during a financial education session in Harlem; and Citigroup employee Lula Rodriguez at the Simon Bolivar School in Panama.*





MARGE MAGNER  
*Chairman and CEO  
Citigroup Global Consumer Group  
Chairman of the Citigroup Foundation*

"At Citigroup, we have made a commitment to be the most respected global financial services company in communities where we do business. We plan to achieve this goal by offering products and services to meet the needs of our customers, broad access to financial education, innovative solutions to meet our customers' needs, and the expertise and volunteer support of our people. With 300,000 employees in more than 100 countries spanning six continents, we know we can make a positive impact, and we embrace our responsibility to make a difference."

# Citigroup in the Community

Citigroup has a legacy of leadership in the world of finance that is nearly 200 years old. We believe that quality financial products and services serve as a catalyst in fostering economic development and reach across our businesses to provide cost-effective financing packages, affordable mortgages and other services tailored to meet the needs of underserved communities. We are focused as well on helping individuals, entrepreneurs, institutions and governments better understand how to effectively use financial resources to reach their goals. We also harness the power of our people. In 2004, we introduced a new Global Volunteer Initiative policy that will give each of our employees a paid day off to volunteer.

## CITIGROUP PLEDGES \$200 MILLION GLOBALLY FOR FINANCIAL EDUCATION

Believing that knowledge is your greatest asset for achieving financial success, in 2004 Citigroup and the Citigroup Foundation committed \$200 million over ten years in support of financial education initiatives around the world. We also announced the formation of an Office of Financial Education, which will work across our businesses to evaluate and select programs to support that will have the greatest impact. Our financial education efforts are focused in three areas:

- **Personal**—To help individuals and families save, invest, borrow and spend wisely, and manage debt responsibly.
- **Small Business**—To help entrepreneurs save, invest and secure financing to better manage their capital and grow their businesses.
- **Institutional**—To help support programs that assist governments, academic and financial institutions, and nonprofit organizations to promote knowledge and sound management of economics, markets and financial systems.

To fulfill our financial education commitment, we are actively working with numerous NGOs and nonprofit organizations on a variety of initiatives.

### Financial Education for Individuals

**Junior Achievement**—In 2004, the Citigroup Foundation made grants totaling more than \$2.4 million to support Junior Achievement (JA) programs in 46 countries, including the U.S., where we made 33 grants to support JA programs in 19 states.

**Banks in Action in Latin America**—Since 1996, Citigroup has teamed up with JA to offer its Banks in Action program to young people across Latin America. Banks in Action is an education program designed to teach students about the principles of operating a bank in a competitive market and changing economic environment. Student teams assume the role of bank managers and the team that achieves the highest profits and return on shareholder investments wins. The 2004 Regional Banks in Action competition, held in São Paulo, Brazil, included students representing 14 Latin American countries.

- More than 10,000 students participated in local Banks in Action programs in their respective countries prior to the 2004 regional competition.



**DARA DUGUAY**  
*Director of the Office of  
 Financial Education at Citigroup*

**"The need for financial education transcends all borders and is a natural extension of the work we do every day at Citigroup. We support financial education because it helps people understand how to effectively use financial resources to raise their quality of life while strengthening local communities."**

#### **National YWCA of Korea's Economy Camp for Teenagers**

In Daegu City, Korea, Citigroup and the National YWCA of Korea hosted the third annual Economy Camp for Teenagers, a seminar series designed to help high school students develop personal financial management skills.

- 50 middle and high school students from Daegu, Kyungbuk Province attended the Economy Camp.

#### **Stock Challenge Program in Hong Kong**

In 2004, Citigroup Hong Kong launched the Stock Challenge Program, the first program of its kind in Hong Kong, to more than 300 students from 102 schools. The Stock Challenge enables students with little or no knowledge of how financial markets function to participate in an interactive learning activity that simulates a real stock market. In 2004, Stock Challenge Programs in Hong Kong, Malaysia and Singapore were funded by \$123,000 in grants from the Citigroup Foundation.

- Since its 2002 launch in Singapore, the Citigroup Stock Challenge Program has reached more than 2,500 students. In Hong Kong, we reached 370 students during the program's first year.

#### **American Bankers Association Education Foundation's (ABAEF) National Teach Children to Save Day and Get Smart About Credit Day**

For several years now, Citigroup employees across the U.S. have participated in the ABAEF's National Teach Children to Save Day and Get Smart About Credit Day to help teach young people the basics of saving and credit management. On April 28, 2004, for Teach Children to Save Day, Citigroup and the ABAEF teamed up with the U.S. Department of the Treasury and the U.S. Mint to deliver lessons at schools in 87 cities across the country. On October 21, 2004, for Get Smart About Credit Day, employees from Citigroup, the ABAEF and Federal Trade Commission taught credit lessons in eight U.S. cities.

- 153 employees reached nearly 5,000 students by making ABAEF Teach Children to Save presentations at schools and nonprofit organizations in 23 states.
- 230 employees taught the dos and don'ts of credit to nearly 5,500 teens and young adults in 40 U.S. cities on Get Smart About Credit Day.

#### **Do Something, Inc.'s Financial Education Challenge**

The Do Something Financial Education Challenge in the U.S., supported with a \$237,000 grant from the Citigroup Foundation, launched a two-week financial education program for K-12th graders in April 2004. The program consisted of a curriculum and an online game that teaches young people how to take control of their personal finances in preparation for life's unexpected challenges.

- More than 14,500 students signed up for the Financial Education Challenge and close to 2,000 educators have downloaded the curriculum with the potential of reaching nearly 60,000 students.

#### **Citigroup and the National Urban League**

In 2004, Citigroup proactively addressed concerns raised by the National Urban League (NUL) regarding low homeownership, investment and savings rates among African Americans. We responded by launching a financial education program with the NUL in six U.S. cities, supported with a \$900,000 grant payable over three years from the

**Issue:** Lack of knowledge about how to use credit wisely is an issue of global concern. In some countries, people have a long history of access to credit and are grappling with issues such as reducing their debt level. In other countries that are just introducing credit products, people need guidance in how to use it effectively.

Citigroup Foundation. In partnership with Citigroup, representatives of NUL affiliates are being trained to deliver financial education classes to their constituents.

- Since the program's launch, 521 people have been trained in the financial education program.

#### **Operation HOPE's Banking on Our Future in New York and Washington, D.C.**

In 2004, Citigroup expanded its partnership with Operation HOPE for its Banking on Our Future program by awarding a \$250,000 grant from the Citigroup Foundation. Teaching sessions held were at the Eastern Branch of the Boys & Girls Club in Washington, D.C. and at Countee Cullen Elementary School in Harlem, New York.

- More than 100 employee volunteers, using Citigroup's Financial Education Curriculum, have delivered basic money management lessons to 2,000 students.

**The United Way in Texas**—Nine local United Way agencies in North Texas, with programs focused on financial education, were awarded more than \$200,000 from the newly created Citigroup Community Fund, which includes a contribution from the Citigroup Foundation, along with funds raised by local Citigroup employees. Selected recipients included: the YMCA, the Salvation Army, the West Dallas Community Center, the Girl Scouts, Practical Parenting of Collin County, Women's Haven, Girls, Inc., and the Boys & Girls Clubs.

- 12,000 adults and children expected to be reached through combined programs.



MARC H. MORIAL  
*President and CEO of the  
National Urban League*

**"Over the past 95 years, the National Urban League has helped millions of African Americans achieve economic self-sufficiency through job training, homeownership, business development and educational programs. Today, economic empowerment is a new mission of the civil rights movement. The financial education program sponsored by Citigroup is an important step toward accomplishing the National Urban League's mission of enabling African Americans to secure economic empowerment. We salute the work of Citigroup on behalf of the thousands who have attained homeownership, broadened employment opportunities and made informed financial decisions through our financial education partnership."**

**National Academy Foundation**—The National Academy Foundation (NAF), founded and chaired by Citigroup's Chairman Sandy Weill, is one of the best examples of what Citigroup's long-standing commitment to financial education has accomplished. Created in 1982, NAF sustains a network of more than 625 Career Academies in high schools across 40 U.S. states and the District of Columbia. In 2000, the Career Academy Foundation was established in London, England, and now operates 13 Academy of Finance (AOF) programs in urban schools throughout the U.K., which have served 340 students. More than 20,000 students participate in AOF programs to gain the knowledge needed to succeed in the financial services industry and to develop personal financial management skills.

- NAF prepares more than 40,000 students every year in the U.S. and abroad for careers in the financial services, hospitality and tourism, and information technology industries.

**Citi Scholastic Award**—During 2004, Citi Cards in partnership with Scholastic, the global children's publishing and media company, implemented its award-winning Credit-ED program and contest. Scholarship money was awarded through the contest, which asked students to provide financial guidance to a Shakespearean character, who needed \$3,000 to pay for his freshman year at Belmont University. A total of \$35,000 in scholarship money was awarded to students, and two teachers also each received a \$2,500 savings bond toward continuing education.

- Credit-ED was rolled out in more than 5,200 U.S. high schools reaching more than 3.5 million college-bound students.

## Financial Education for Institutions

### Corporate Finance Workshop in

**Jordan**—On October 2, 2004, in Amman, Jordan, Citigroup employees trained 27 high-level officials from Jordanian ministries and governmental institutions on the latest corporate finance techniques. The six-day intensive workshop, entitled "Capital Markets and Project Finance," sponsored with a \$37,000 grant from the Citigroup Foundation, was designed to provide participants with the skills to address complex financial models presented by local and international partners and to familiarize them with funding techniques for large projects.

- 27 officials from Jordanian ministries and governmental institutions trained.

### Citigroup's Economics for Leaders

**Program in Eastern Europe**—In August 2004, Citigroup teamed up with the Foundation for Teaching Economics and General Electric to help improve economic education in Bulgaria, Hungary, Slovakia, Romania and the Czech Republic. An extension of the U.S. Economics for Leaders Program conducted annually by the Foundation for Teaching Economics, the program is designed to give students a better understanding of the free-market system and to give these future leaders the skills to motivate others. Participating teachers are instructed in ways to use interactive teaching methods to make economics more

understandable. The Economics for Leaders Program is funded by \$130,000 in grants from the Citigroup Foundation.

- 120 students and 170 teachers from five countries participated.

## Financial Education for Small Businesses

### Citibank Financial Center Seminar

**Series**—Across the U.S., small business seminars are presented as part of the Citibank Financial Center seminar series. The small business seminar, which focuses on the Small Business Association (SBA), teaches entrepreneurs how to apply for loans, expand a business and purchase an existing business.

- More than 450 established and aspiring small business entrepreneurs attended.

### Microfinance Training Center and Promo-

**tion Network**—On November 16, 2004, Citigroup announced a \$1.5 million grant from the Citigroup Foundation to provide better training and support services for China's microfinance sector by establishing a national Microfinance Training Center and Microfinance Promotion Network. The training courses will include microfinance product development, marketing, risk management and internal controls, operations and financial analysis.

- The Microfinance Training Center will provide training to more than 1,000 management and staff from MFIs in China within the next five years.



*Citigroup Chairman Sandy Weill is pictured at the July 2004 NAF Directors Institute with NAF President John Ferrandino and Andrew Hermalin, a student in the AOF program.*

## EDUCATING THE NEXT GENERATION

Investing in education is one of the most important contributions Citigroup can make to support the economic and social progress of our communities. Our commitment provides grants to educational programs in 44 countries, including Brazil, Egypt, the Philippines and the U.K., and helps prepare the next generation with the skills and knowledge needed for personal and professional success.

### Creating Learning Communities for Children—Indonesia

The Citigroup Foundation is partnering with UNICEF (United Nations Children's Funds) and Indonesia's Ministry of Education to improve the quality of elementary education for more than 19,900 students in some of the country's poorer regions. From 2004 – 2006, 650 teachers from 85 schools will be trained in active learning techniques that engage students and improve achievement. To encourage community participation,

educators, parents and community stakeholders are being trained to develop school plans to better manage their resources with a focus on improving teaching and learning. Each year, every school will receive a small grant to make improvements. Citibank Indonesia's employee volunteers are joining with each school to participate in educational activities and school improvement projects. Creating Learning Communities for Children has demonstrated that good teaching and community participation can have a significant impact on student motivation, attendance and test scores.

### The Educational and Assistance Center of Pedreira—São Paulo, Brazil

There are not a lot of career options for young men growing up in São Paulo's poor neighborhoods, and as a result they often drop out of school. Helping change that is the Educational and Assistance Center of Pedreira, a school that delivers technical education that prepares boys ages 10 – 18 to enter the workforce. Courses include industrial electricity, data processing, telecommunications and network administration. To ensure that all 480 students graduate with the technology skills they need to succeed, the Citigroup Foundation has donated a new Professional Data Processing Lab. Our employee volunteers will share their expertise on a variety of topics, including careers in data processing, financial education and workplace professionalism.

### American Indian College Fund—South Dakota, U.S.

With a grant of \$95,000, the Citigroup Foundation expanded its support to the American Indian College Fund by doubling the scholarship amount awarded to each of the 19 recipients to \$4,000 annually. The need in this community is tremendous, with approximately 85 percent of all tribal college students living at or below the poverty line with per capita incomes of less than \$5,000 annually. The funding covers full tuition and some living expenses and is provided



*Teachers and students in Cisaat and Pasawahan areas in Sukabumi, West Java are participating in the Creating Learning Communities for Children program with UNICEF.*

to students studying business at one of four tribal colleges in South Dakota. Doubling the scholarship amount was critical to meet the needs of the population where the average student is female, age 30 and a single mother with two dependent family members and often the first in her family to attend college. In addition, Citibank employees collaborate with scholarship recipients to develop a Career Exploration Day that is made available to the entire tribal community.

### New-York Historical Society—New York, NY

Arts education is critical to the intellectual and creative development of young people and can play a major role in improving student achievement by motivating children to learn, encouraging creative expression and improving communication. As the sole corporate sponsor of New-York Historical Society's American Musicals Project, the Citigroup Foundation provides an opportunity for teachers to use the power and energy of American musical theater and resources from the Society's collections to bring history alive in the classroom. As an example, seventh-grade teachers introduce students to the Declaration of Independence using film clips from 1776 and articles from *The Pennsylvania Journal*. This program reaches more than 700 middle-school teachers in more than 170 schools throughout New York City, Long Island and Westchester and more than 10,000 middle-school students annually.

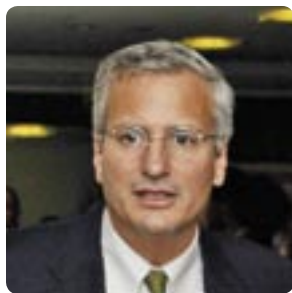


**ZANNITA FAST HORSE**

*Zannita Fast Horse, Member of the Oglala Sioux Tribe and Citigroup/American Indian College Fund Scholar majoring in Interdisciplinary Environmental Science and Human Services*

**"I believe that with the help of Citigroup and the American Indian College Fund, we can educate the Native American people to understand what the criteria is for finding an effective job and standing up for one's rights, and can let Native American people know that there is help out there."**





ROBERT ANNIBALE  
Global Director of Microfinance,  
Citigroup Inc.

**"We believe that an inclusive financial services industry is crucial to economic and social development. By supporting commercially sustainable MFIs, we are helping to expand access to capital, as well as to savings, insurance, remittances and other products that provide microentrepreneurs and their families with financial choices and opportunities."**

## MICROFINANCE AT CITIGROUP

True economic development and family security requires that individuals and households have access to high-quality financial services. For poor families and individuals, the access to capital that Microfinance Institutions (MFIs) provide can significantly improve their quality of life. MFIs offer services such as credit, savings, insurance and remittances to those outside the financial mainstream.

Citigroup has provided MFIs with philanthropic and technical support for nearly 40 years. Together with MFIs, we share the objectives of expanding access to financial services and view more inclusive financial markets as a critical component of community and economic development. We have a three-pronged strategic approach in supporting MFIs that aims to: 1. Expand access to capital for MFIs; 2. Develop human resources for MFIs; and 3. Promote the field as a way to alleviate poverty.

## More Inclusive Financial Markets

Encouraged by the growing number of well-managed and sustainable MFIs, in 2004 Citigroup launched Global Microfinance, a new business group focused on developing commercial relationships with these institutions. We named a Global Director of Microfinance, who is working with Citigroup's businesses around the world to offer MFIs a range of financial products and services, including savings, insurance, remittance, commercial loans, guarantees, securitizations and bonds to support both their client outreach and their growth.

Among Global Microfinance's first transactions was a bond issue by Citigroup/Banamex that will enable Financiera Compartamos, a leading Mexican MFI, to serve one million clients by 2008. We view this transaction as critically important in our work to connect MFIs to their local capital markets and to new investors.

Citigroup's goal to expand access to capital markets has fueled much of its recent microfinance engagement. We are a major supporter of the 2005 United Nations' (UN) International Year of Microcredit initiative, with Citigroup Vice Chairman, Stanley Fischer, serving as UN Advisory Committee Chair. An important component of the UN microcredit initiative is the Data Project, which has brought together leading international institutions to gather the information required to standardize data collection, and monitor and report on existing financial products and services for those who need them. Such data will support MFIs and other financial institutions in identifying needs and the opportunities for them to provide products and services.



STANLEY FISCHER  
Vice Chairman, Citigroup Inc.

**"One of the essential goals of the International Year of Microcredit is to improve statistics on the penetration and scale of microfinance. But more importantly, we need to strengthen and spread the availability of good financial services, which offer the possibility and the hope to many poor people of improving their own situations through their own efforts."**

## Microfinance 2004 Results Against Strategy

|  |   |
|--|---|
| INCREASING MFI ACCESS TO CAPITAL                             | <ul style="list-style-type: none"> <li>■ Citigroup Global Director of Microfinance Appointed</li> <li>■ Bond Financing with Compartamos/Mexico</li> <li>■ Grameen Capital India Investment</li> </ul>   |
| DEVELOPING MFI HUMAN RESOURCES (CITIGROUP FOUNDATION GRANTS) | <ul style="list-style-type: none"> <li>■ Citigroup Foundation Scholarship Program for MFI Staff</li> <li>■ Indian School of Microfinance for Women</li> <li>■ Chinese Academy of Social Sciences</li> <li>■ Russian Microfinance Center</li> <li>■ Asian Institute of Management</li> <li>■ ACCION International</li> </ul> |
| PROMOTING THE MICROFINANCE FIELD                             | <ul style="list-style-type: none"> <li>■ Global Microentrepreneurship Awards</li> <li>■ Chinese Academy of Social Sciences</li> <li>■ United Nations Year of Microcredit</li> <li>■ The Data Project</li> </ul>   |



CHARLES V. RAYMOND  
President, Citigroup Foundation

**"We support the evolution of MFIs into commercially self-sustaining organizations because we believe this will allow them to tap into capital markets and grow to a size that really will make a huge impact on global poverty."**

### Developing Human Resources

The microfinance field is growing faster than the talent available to manage it. To address this issue, Citigroup focused much of its philanthropic support for microfinance in 2004 on human resources development programs. Organizations receiving grants for training programs included the Indian School of Microfinance for Women; the Russian Microfinance Center; the Asian Institute of Management; Women's World Banking; ACCION International in Mozambique; and the Chinese Academy of Social Sciences.

Supporting the development of the Indian School of Microfinance for Women allows us to partner once again with SEWA Bank and Friends of Women's World Banking (FWWB), both in India, and for the first time with the Coady International Institute in Canada. The Coady International Institute, considered a center of excellence in sustainable community-based development and microfinance, will design training programs to be offered by the Indian School of Microfinance for Women for middle- and senior-level MFI managers, field staff, policy makers and wholesale lenders.

The importance of developing the Indian School of Microfinance is critical. There are hundreds of MFIs in India, all of which have needs for high-quality training and little to no access to it. In addition to our \$3.5 million five-year grant to the Indian School of Microfinance for Women, Citigroup will have a Financial Literacy Chair who will train people to manage the financial products now available to the poor.

In Africa, we are working with ACCION International in Mozambique, Nigeria, Uganda and Tanzania to introduce innovations in lending methodologies and technologies in order to help MFI staff reach more clients with more products.

### Promoting Microfinance and Its Promise

In continuing to promote the importance of microfinance, in May 2004, Charles V. Raymond, President of the Citigroup Foundation, spoke to the 15th Annual General Assembly and Conference of the European Foundation Centre in Athens, Greece. Raymond explained how Citigroup's support of microfinance contributes to the UN's Millennium Project to reduce extreme poverty and hunger.

Awards programs are another way we highlight microfinance. As part of our support for the International Year of Microcredit, Citigroup will collaborate with the UN Capital Development Fund and students from Harvard, Yale, Columbia, Wharton, Kellogg and New York University to launch the Global Micro-entrepreneurship Awards. Outstanding microentrepreneurs in 29 countries will be honored.

**Issue:** There are about 500 million low-income entrepreneurs around the world, and only five percent of them have access to financial services.



*Zhao Xiufen, who lives in Yi County of Hebei Province in China, benefits from one of the microfinance programs offered by the Rural Development Institute (RDI) of the Chinese Academy of Social Sciences. RDI is Citigroup's partner in managing its \$1.5 million grant for the Microfinance Training Center and Promotion Network.*



*Women microentrepreneurs ring opening bell at the Bombay Stock Exchange to herald in the International Year of Microcredit.*

The first Global Microentrepreneurship Awards recognitions occurred on the International Year of Microcredit's opening day—November 18, 2004. Outstanding microentrepreneurs were selected to ring stock exchanges' opening bells around the world. Citibank India partnered with the Bombay Stock Exchange in Mumbai where a women's microentrepreneur group rang the bell. And in New York City, Fatima Lonfo, an ACCION New York microcredit client, opened the day at NASDAQ.

## U.S. SUPPLIER DIVERSITY SPENDING INCREASES 64 PERCENT IN THREE YEARS

In 2004, Citigroup Supplier Diversity continued to build its presence as it pursued its goal to increase opportunities for minority, women, service-disabled veterans and physically challenged business enterprises. Our overall diversity spending has increased by more than 64 percent since 2001. For 2004, Citigroup's total diversity spend was \$725 million.

### European Supplier Diversity Business-Led Forum

In 2004, a team from Citigroup and 12 other multinational companies completed the research phase of the European Supplier Diversity Project formulated to introduce supplier diversity programs in Europe. The companies worked in partnership with the Migration Policy Group, a well-known think tank, to conduct three successful workshops in London attended by top-level government officials, including the U.K. Treasury Chief Secretary and a Commission for Racial Equality Director. Both officials have endorsed the project and pledged support. In addition, a demographic report

outlining the business case for supplier diversity within five European countries and task forces were created to explore recruiting companies, certifying suppliers and implementing a strategy to promote the value of fostering supplier diversity.

### Mentor Protégé Program Update

Citigroup's Mentor Protégé Program helps diverse suppliers grow their businesses by pairing them with one of our major suppliers for 12 – 18 month periods. Several projects were completed in 2004. One project paired a diverse electrical distribution company with a major Citigroup supplier to learn six-sigma process improvement as a strategy to improve its billing system. As a result of this effort, the diverse supplier reduced its billing errors by more than 50 percent and significantly improved customer service.

Another success story from our Mentor Protégé Program involved the pairing of a woman-owned staffing firm with a leading organizational consulting company. The staffing firm's client base had been growing faster than could be managed but with expertise shared through the Program, the firm improved its service and saved more than \$100,000.

## CITIGROUP IN THE COMMUNITY IN THE U.S.

In 2004, Citigroup's Global Consumer Group (GCG) Community Relations function strengthened its efforts in proactively advising the companies' businesses on issues affecting local communities and helping design innovative solutions.

To stimulate dialogue on community issues among our businesses, we also established a Community Council to manage our community strategy and coordinate community and social policy development across the company. Meeting monthly, the Council is a coalition of senior managers from various businesses, as well as advisory functions, such as public affairs, the State Leadership Councils and government relations.

While the Council is the company's principal forum for leveraging expertise on community issues, local-level mechanisms also have been developed. For example, the State Leadership Councils, led by business heads of our U.S. facilities, work together across business lines to develop and strengthen community strategy, and facilitate and encourage economic and community development in their region. In times of crisis, the Council responds proactively to the needs of the community whether it is in the form of grant making, rebuilding a community or providing volunteers. These Councils have been established in 15 states and continue to grow in number.

### Enhancing Consumer Finance Policies and Practices

Citigroup strives to set an example of excellence. To achieve this, we consult with a variety of community stakeholders to develop best practices. Here are some examples.

## U.S. Supplier Diversity 2004 Results Against Strategy

|   |  |
|---|--|
| BUILD PROGRAMS  | <ul style="list-style-type: none"> <li>3 Mentor Protégé Programs Completed</li> <li>European Supplier Diversity Business Project Research Phase Completed</li> <li>Diverse Suppliers Selected for Key Commodities</li> </ul>   |
| IMPROVE METRICS   | <ul style="list-style-type: none"> <li>Satisfactorily Passed Audit for 2004</li> <li>Increased Reporting Capabilities Through Procurement</li> </ul>   |
| INTEGRATE CITIGROUP SUPPLIER DIVERSITY INTO ALL CITIGROUP U.S. BUSINESSES | <ul style="list-style-type: none"> <li>Added Supplier Diversity Language into Contracts and RFP Templates</li> <li>Increased Participation by Our Businesses</li> <li>Continued Diverse Broker-Dealer Expansion</li> </ul>   |
| BUILD UPON CURRENT STRATEGIC ALLIANCES                                    | <ul style="list-style-type: none"> <li>Hosted Selective Corporate Intern Program</li> <li>Board Member of National Minority Supplier Development Council</li> <li>Board Member of Women's Business Enterprise National Council-NY Chapter</li> <li>Emerging Venture Network Educational Program Partnership</li> <li>Expansion of CitiWest Procurement Initiative</li> </ul> |





**"Together, ACORN and Citigroup have broken new ground in providing low- and moderate-income families, especially new immigrants, with easier paths to homeownership. This partnership has enabled ACORN to further our mission of building stronger communities by providing low- and moderate-income families with the basic financial tools they need to fulfill their goals."**

MAUDE HURD  
*President of ACORN*

### CitiFinancial Real Estate Lending

**Initiatives**—Following our acquisition of The Associates in 2000, we responded to the concerns of community advocates relating to certain consumer credit practices by developing a series of real estate lending initiatives and enhancements for CitiFinancial, our consumer credit unit. The CitiFinancial Real Estate Lending Initiatives aim to provide the right balance between providing access to credit for those who need it most, while setting industry-leading consumer protection standards. Both our senior management team and CitiFinancial employees have engaged in implementing these new initiatives—a significant effort that has included putting new programs and policies into place and soliciting guidance from community advocates as to their effectiveness. As a result, we have continued to refine these initiatives and evolve them into a comprehensive document of best practices that covers access to lower cost credit, loan products and terms, sales practices, brokers and correspondents, and foreclosure review. Recognizing their significance in driving industry change, community advocates such as ACORN have endorsed our initiatives.

### Consumer Credit Counseling Funding—

The consumer credit counseling industry has recently come under increased scrutiny as a result of unscrupulous practices by a few counseling agencies. While we recognize that a handful of agencies have abused their position, we also know that most agencies serve an important purpose in helping consumers get out of debt. To ensure that our customers get the best counseling available, Citi Cards, our consumer credit card operation, has led the industry in overhauling the traditional "fair share" funding model in favor of a new program that rewards credit counseling agencies that provide the best services to their clients.

Under the traditional "fair share" model, creditors provide funding to counseling agencies based on payment amounts that they receive from customers on debt management plans developed by those agencies. Recognizing the potential conflict of interest inherent in this model, Citi Cards developed and uses a new model that separates the funding made to an agency from the dollar amount Citi Cards receives from that agency.

### Citigroup's Global Fair Lending Policy—

To ensure that all Citigroup customers receive fair pricing, regardless of race, ethnicity, gender, age or other prohibited factors, we have implemented a comprehensive fair lending program in all our businesses. This program includes an extensive analysis of lending performance, matched pair testing, periodic evaluation of underwriting criteria and examination of all marketing and outreach initiatives.

### Partnering for Community Impact

In 2004, we worked diligently to strengthen relationships with community development nonprofits, activists, advocates and other community stakeholders on both the national and local levels. GCG Community Relations works with Citigroup's businesses and the Citigroup Foundation to nurture these relationships.

As an example, in 2004 we entered into an agreement with ACORN to reinforce Citigroup's commitment to responsible and innovative lending practices. The agreement encompasses several new initiatives:

- To form an affordable mortgage-lending program between Citigroup and ACORN Housing Corporation (AHC) and to develop a specialized mortgage product;
- To expand access to the Earned Income Tax Credit and, in immigrant communities, expand access to Citibank's Access Account and low-cost remittance program;
- To train and expand the capacity of ACORN to deliver financial education; and
- To focus on lending to increase affordable housing in areas where Citibank and ACORN's footprints coincide.

## ACORN-Citigroup Mortgage Product

A year-long collaboration between Citibank, CitiMortgage and ACORN Housing Corporation led to the development of an exclusive ACORN-Citigroup mortgage product. Launched as part of the Citigroup and ACORN partnership announced in 2004, this product makes credit more accessible and more affordable to LMI borrowers, especially immigrants. Significant product features include flexible credit and identification guidelines, expanded debt ratios, premium pricing and a no-mortgage-insurance requirement. More than 150 Citigroup and ACORN staff members across the U.S. are focused on ensuring that this product reaches consumers. Since introducing this product in September 2004, 345 loan applications were submitted and 24 loans were closed through year end 2004.



**CSU at Channel Islands, CA**—In 2004, CCD continued to expand its relationship with California State University (CSU) by providing more than \$100 million in credit enhancements for bonds used to finance workforce housing on its Channel Islands campus. This broadened CCD's relationship with the university to more than \$200 million. Part of the financing is being used for the construction of 216 rental units and a 30,000-square-foot town center. The remainder is financing the construction of 326 homes for the University's staff and faculty that will be priced substantially below market. The innovative structure of CCD's financing provides a revolving source of funds at tax-exempt rates, resulting in lower project costs.



**Jazz on the Boulevard, Chicago, IL**—In 2004, CCD partnered with the Chicago Housing Authority (CHA) on one of the first of several high-profile CHA "Plan for Transformation" projects. These projects entail the integration of public housing tenants within mixed-income communities and provide replacement housing for large CHA buildings that are being demolished. CCD provided a \$28 million construction loan to fund the construction of Jazz on the Boulevard, which consists of 137 new housing units in Chicago's North Kenwood/Oakland neighborhood. The housing will consist of 98 for-sale units and 39 affordable rental units. Deborah Adelman, President of the Citi Commercial Real Estate Group (fourth from left, front row) is pictured with members of Citibank's Chicago and New York Community Team.



**New Horizons Mall, Bronx, NY**—July 2004 marked the opening of the New Horizons Mall and Pathmark Superstore in the Bronx. Planned over several decades and the first of its kind in this neighborhood, CCD provided \$30 million in construction financing to help make this 134,000-square-foot shopping center a reality. The New Horizons Mall will create 300 permanent jobs, 75 percent of which are expected to be filled by area residents. Serving as a perfect example of public-private partnership at work, this project resulted from the collaborative efforts of the Mid-Bronx Desperadoes, a nonprofit organization created by five women in 1974 seeking to reverse neighborhood deterioration; the Local Initiatives Support Corporation (LISC), a major funder of the project; and Citibank.

## Our Community-Focused Businesses Making a Difference

Community involvement and customer service are values that are deeply embedded in Citigroup's culture. These values guide us in the development of innovative and affordable business products and services tailored to meet the needs of underserved populations, nonprofit organizations and business entrepreneurs.

## Community Development Financing Reaches \$2.7 Billion

Drawing resources from across Citigroup's businesses, Citibank Community Development (CCD) provides financing for affordable housing and community revitalization projects in markets throughout the U.S. and Puerto Rico. Formed in 2000, CCD's innovative, comprehensive and cost-effective financing packages meet both the short- and long-term borrowing needs of for-profit and nonprofit organizations that build and operate affordable housing, commercial developments and community facilities in lower-income communities. CCD also makes equity investments in low-income housing tax credit funds and in private equity funds that seek to foster economic development in underserved neighborhoods. Citigroup's size and scale enables CCD to finance large, increasingly complex projects that in turn have a broader impact on communities and benefit more individuals.

In 2004, Citigroup made more than \$2.7 billion in community development loans and investments across the country. Citigroup's community development lending and investment group, CCD, was responsible for more than \$2 billion of this activity. Additionally, Citigroup's Nonprofit Financial Services Group, part of Citigroup Middle Markets unit, booked just under \$70 million in community development lending, and we provided more than \$652 million in multifamily housing loans in low- and moderate-income areas through Citigroup's Commercial Real Estate Group.

## \$67 Billion in Affordable Mortgage Lending Achieved

In 2004, Citibank's Community Mortgage Lending Department (CML), in conjunction with CitiMortgage, worked to increase homeownership in underserved communities. Together they offered both traditional and nontraditional mortgage products, developed partnerships and homeownership programs with nonprofits, worked with affordable housing developers and promoted financial and homebuyer education and counseling services in Citibank markets.

In September 2003, Citigroup announced an unprecedented commitment to provide \$200 billion nationwide in mortgage lending to LMI, minority and other underserved families through 2010. This initiative has the potential to place as many as two million families into new homes. In the first 18 months of this commitment, we have already lent \$67 billion in affordable mortgages.

CML makes mortgage financing more obtainable for underserved homebuyers by permitting flexibility in underwriting guidelines and offering a selection of products that meet almost every combination of needs. A dedicated team of relationship managers develops programs with nonprofit organizations that we work with to ensure relevance and outreach. The team also provides technical assistance and conducts homeownership seminars designed especially for first-time buyers. In 2004, we partnered with more than 200 nonprofits and delivered more than 300 homebuyer seminars for 7,400 prospective homebuyers.

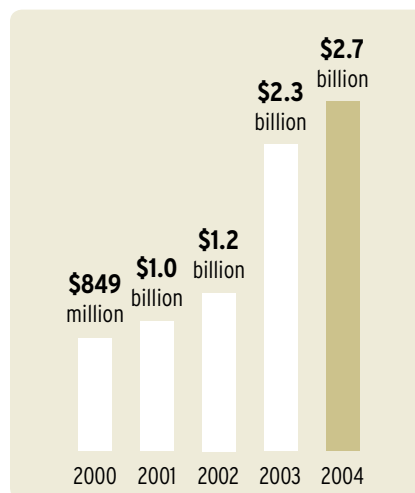
During 2004, CML also took the national lead in increasing immigrants' access to homeownership by accepting the Individual Tax Identification Number (ITIN) as a valid form of identification for borrowers that qualify for the ACORN-Citigroup mortgage product.

## Helping Create and Grow Small Businesses

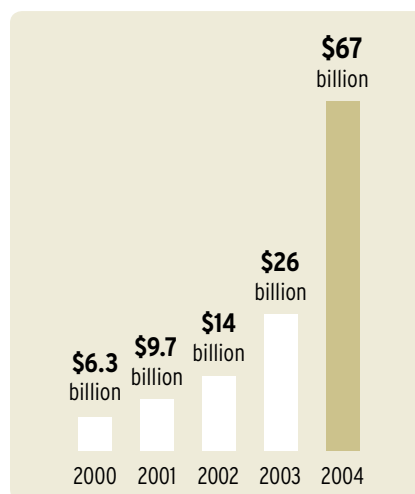
Small businesses play an important role in strengthening the economic well-being of communities. To nurture entrepreneurship, Citibank offers many programs aimed at helping create and grow small businesses. We invest and lend to many economic development intermediaries that specialize in lending to small businesses. Additionally, we team up with numerous agencies providing low- or no-cost technical assistance and entrepreneur training to small business owners. Our direct lending to small businesses operating in LMI communities or owned by LMI and/or minority individuals totaled \$1.4 billion in 2004.

Citibank's Small Business Administration (SBA) Lending Team helps entrepreneurs start or buy a small business, or expand an existing one. As a designated SBA Preferred Lender, we can provide a more streamlined experience for the businesses we serve. Our SBA team makes available to business owners SBA Express Lines of Credit, term loans and owner-occupied real estate loans. Our goal is to be a Top Tier SBA Lender. As a result, our SBA lending increased by 14 percent in 2004.

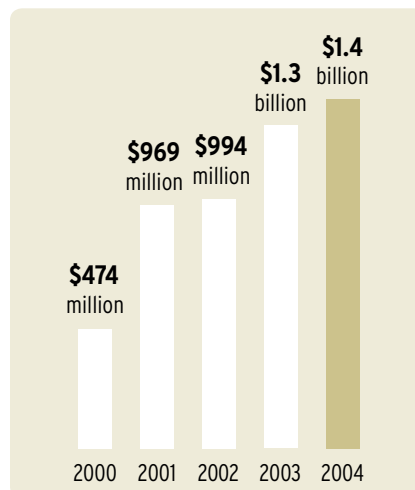
## Annual U.S. Community Development Lending and Investment Results



## Annual U.S. Community Mortgage Lending Results



## Annual U.S. Community Small Business Lending Results





## Citibank's CRA Results

| LEGAL VEHICLE                 | REGULATOR | ASSESSMENT AREA(S)                            | RESULTS      | DATE OF LAST REVIEW |
|-------------------------------|-----------|---|--------------|---------------------|
| Citicorp Trust Bank, fsb      | OTS       | New Castle County, DE and Cecil County, MD    | Outstanding  | 2004                |
| Citibank Delaware             | FDIC      | Wilmington, DE                                | Outstanding  | 2003                |
| Citibank, FSB                 | OTS       | Portions of CT, DC, FL, IL, MD, NJ, TX and VA | Outstanding  | 2003                |
| Citibank, N.A.                | OCC       | Portions of NY, Guam and Puerto Rico          | Outstanding  | 2003                |
| Citibank (Nevada), N.A.       | OCC       | Las Vegas, NV                                 | Outstanding  | 2003                |
| Citibank (South Dakota), N.A. | OCC       | Sioux Falls, SD                               | Outstanding  | 2003                |
| Citibank USA, N.A.            | OCC       | Sioux Falls, SD                               | Satisfactory | 2003                |
| California Commerce Bank      | FDIC      | Los Angeles, CA                               | Outstanding  | 2002                |
| Universal Financial Corp.     | FDIC      | Salt Lake City, UT                            | Outstanding  | 2002                |
| Associates Capital Bank       | FDIC      | Salt Lake City, UT                            | Outstanding  | 1999                |
| Citibank (West), FSB          | OTS       | Portions of CA and NV                         | Unrated      | N/A                 |

### Citibank, N.A. Earns "Outstanding" CRA Rating in 2004

At Citigroup, we hold ourselves to a high standard and measure our success in a number of ways, including acknowledgement by advocates, academics, community organizations and others, as well as business generated from our community involvement. In the U.S., an important benchmark for community impact is the recognition by regulators in the form of "Outstanding" Community Reinvestment Act (CRA) ratings. In 2004, nine of our 11 legal vehicles had "Outstanding" ratings, including our largest consumer bank, Citibank, N.A.

### CitiFinancial Leads Industry in Foreclosure Prevention

Throughout 2004, Citigroup's nonprime mortgage businesses continued to foster innovative foreclosure prevention and neighborhood revitalization programs. CitiFinancial Mortgage Company, Inc. (CFMC), Citicorp Trust bank, fsb (CTB) and the CitiFinancial Branch Network work with other nonprime lenders, local governments and nonprofits to find new ways to reach out to borrowers in danger of defaulting on their mortgages. Borrowers acknowledging their financial difficulties early may find many more options for resolution, and in the process avoid foreclosure and eviction.

In 2004, Citigroup's mortgage lending businesses worked with Neighborhood Housing Services (NHS) of Chicago, the City of Chicago's Department of Housing and other lenders, to establish a pilot program to implement and fund a foreclosure prevention initiative. This program is focused on expanding Chicago's nonemergency 311 hotline to

take calls from borrowers who may be in default on their mortgages. Callers are offered free assistance by independent credit counselors. During 2004, the hotline generated 2,000 calls.

In addition, Citigroup's nonprime mortgage business, in partnership with NHS of Chicago, sponsored a homeownership and foreclosure prevention symposium for their borrowers residing in a particular neighborhood that seemed to be vulnerable to defaults and foreclosures.

While the programs are still evolving, Citigroup, along with other lenders, is working to expand existing or establish new 311 or other government-run hotlines to handle foreclosure concerns. Foreclosure initiatives are also being pursued in Baltimore, Atlanta, Detroit and numerous cities in Ohio, where foreclosure rates are high.

While we work hard to prevent foreclosures, we cannot always be of help to a borrower. In those cases, Citigroup tries to minimize the impact to a neighborhood of vacant or abandoned properties.

We work with local nonprofit organizations and government agencies to ensure that any vacated homes are renovated and sold quickly to LMI families and individuals. In 2004, Citigroup donated two foreclosed houses to NHS of Chicago and two vacant lots to a Washington State NHS affiliate.

In addition, working in conjunction with other nonprofit organizations such as National Training Institute Coalition (NTIC) and the Neighborhood Assistance Corporation of America (NACA), a group of lenders led by Citigroup has been making foreclosed homes available for sale at a small discount to those individuals who have completed premortgage counseling.

### Banking for Hispanic Consumers

Citigroup is committed to serving Hispanic individuals and communities in the U.S. by developing products and supporting initiatives that help serve their unique needs.



ERIC EVE  
*Executive Director for Citigroup  
GCG Community Relations*

**"We must focus on effectively meeting the needs of our community commitments in a disciplined and measurable manner. We continue to seek the advice of our external stakeholders to help us in reaching our goals. At Citigroup, we continue to build long-term relationships that transcend philanthropy to enable economic and social self-sufficiency among LMI communities, minorities of all income levels, small businesses, and the nonprofits and advocacy and activist groups that represent these segments."**

In 2003, Citibank introduced its new Access Account designed specifically to help the unbanked, particularly immigrant populations, become part of the financial mainstream. The Access Account helps ensure easy transfer of funds for consumers between the U.S. and Mexico.

Building on the Access Account's success, we launched the Bi-National Credit Card program in 2004. This program allows U.S.-based customers of Banamex, Citigroup's primary subsidiary in Mexico, to request that an additional credit card be issued for their account and be sent to a relative of theirs in Mexico. The U.S. customer is responsible for payment of all charges to their account.

Another program targeted to benefit Hispanic consumers is the Rent-to-Ownership Program, a joint offering from CitiMortgage and Citibank. Currently available through 49 Citibank Financial Centers, the strength of the program lies in its customer-focused approach, which takes into account a marketplace's cultural sensitivities and offers new homebuyers financial education seminars.

### Monitoring Our Businesses' Performance

Citigroup's GCG Community Relations group, in conjunction with our business CRA and Fair Lending Officers, helps ensure that the company's legal vehicles remain in compliance with the Home Mortgage Disclosure Act (HMDA) and CRA and Fair Lending regulations. Across Citigroup's businesses, the group sets consistent goals, optimizes program efficiencies and ensures best practice transfer between our corporate resources and the local U.S. markets where we do business.

Goals are set each year for HMDA-reportable lending and for small business lending based on relevant CRA metrics. For each market where we do business, GCG Community Relations also works with Citibank Community Development to set volume goals and with our Community Relations Officers to develop and implement community development services and grants programs. Our goals are set so that we can obtain "Outstanding" CRA ratings.

The group monitors CRA and fair lending performance on a monthly basis and undertakes regular self-assessments. It also meets at least once a year with both the Public Affairs Committee of Citigroup's Board of Directors and with senior managers from Citigroup's retail banks to review CRA and fair lending performance, and routinely works with business managers to ensure that the company is on track to reach its goals.

In addition to ensuring compliance with existing laws and regulations, GCG Community Relations is also responsible for identifying possible new issues for the industry and Citigroup, and for developing mechanisms for risk mitigation. We strive to proactively address issues, reaching out to advocates to seek their input and share with them information on our risk mitigation process.

## Consumer Finance Initiatives Update

At Citigroup, we believe that we have greatly improved our consumer finance businesses' products and services to benefit our customers and have helped drive the industry toward greater consumer protections. Among changes we have made over the last three years at our CitiFinancial unit are: halting the sale of single-premium credit insurance on real estate secured loans; enhancing our sales practices to be more customer-friendly; and capping points on real estate loans originated through CitiFinancial's branch network at three points. Also, as a part of the new Citigroup/ACORN partnership, CitiFinancial agreed to remove prepayment penalties after the third year of a real estate loan. CitiFinancial also gives borrowers the option of a loan with a higher rate but without a prepayment penalty.

We also work to ensure that we meet and exceed industry standards. We have adopted guidelines and developed tracking mechanisms to capture our community impact and we use online software applications to track our grant-making activities, evaluate the effectiveness of new and existing nonprofit partnerships, identify underserved markets and monitor the volunteer efforts of our employees.

We recognize that we still have a great deal of work to do in terms of building strong strategic partnerships, identifying key community issues and implementing best practices. In 2005, we plan to survey some of the nonprofit organizations that we work with to obtain a better understanding of their constituents' needs and determine how we can more effectively meet those needs with new financial products and services. We also will continue to develop and foster partnerships with national organizations and design new signature programs for local communities.



*Pictured at the presentation of the Citigroup Foundation \$250,000 grant to the Washington Area Women's Foundation are: (from left) Bob Schellhas, Vice President, Citigroup Federal Government Relations; Dara Duguay, Director, Citigroup Office of Financial Education; Anne Mosle, President, Washington Area Women's Foundation; Alyson Klug, President of Citibank MidAtlantic Region; Mike Conway, Citigroup Chief of Staff, Global Government Affairs; and Sylvia Kidder, Consultant, Washington Area Women's Foundation.*

### Our Local U.S. Community Relations Involvement

Citibanking North America's (CBNA) Local Community Relations Team helps strengthen the company's efforts to reach out to LMI individuals, small business entrepreneurs and underserved communities. The team coordinates the bank's involvement in hundreds of programs each year working with community-based nonprofit organizations, local elected officials and the local affiliates of national organizations. CBNA's businesses and the Citigroup Foundation help fund these programs with grants, and employees from across the company's businesses lend their support as volunteers. Following are highlights of these programs.

### Making an Impact Through Financial Education

The Citibank community relations team in the mid-Atlantic region is leading the company's partnership with the Washington (D.C.) Area Women's Foundation for its "Women and Families Financial Independence Initiative." More than 10,000 low-income women-headed families are expected to benefit from this new program, which has been funded with a \$250,000 Citigroup Foundation grant. Using the Citigroup Financial Education Curriculum program, participants will learn money management.

Among other initiatives undertaken by Citibank's Local Community Relations Team in 2004 was a training program with the New York City Housing Authority (NYCHA). Employees of NYCHA received training so that they can deliver financial education classes to fellow employees and those who live in city-subsidized housing. The ultimate goal is to help those living in subsidized housing improve their financial standing so they can move into private housing, maybe even become homeowners. To date, Citibank trained a total of 55 NYCHA employees, who have the potential to reach and benefit NYCHA's 15,000 employees city-wide and 420,008 individuals living in NYCHA housing.

### Helping Low-Income Renters Become Homeowners

Citibank has been a leader among U.S. lenders in adopting the U.S. Department of Housing and Urban Development's Housing Choice Voucher Homeownership Program, which enables individuals who qualify to receive government-issued Section 8 vouchers to become homeowners. Section 8 participants receive vouchers that supplement the cost of their rent so that they pay no more than 30 percent of their income for housing. In the Voucher Homeownership Program, participants can dedicate their Section 8 rental voucher toward monthly mortgage costs.

In New York City, Citibank became the first bank to participate in the Section 8 program in December of 2004. We currently participate in the program in 29 cities and counties across the country. In 2004, Citibank's Community Mortgage Lending Team used the program to help 43 families become homeowners.

### Leadership in Financial Products that Build Assets

Citibank's Local Community Relations Team is responsible for implementing the company's support of Individual Development Account (IDA) programs. Since 1999, we have taken a leadership role in establishing IDAs, which are financial education-based savings programs that



*Carl Rist, SEED Initiative Director at CFED; Andrea Levere, President of CFED; and Denise Durham Williams, National Community Relations Director for Citibank; at the 2004 National IDA Conference.*

help low-income individuals work toward financial independence. Those who participate in the program commit to a series of seminars that help them effectively use the money they save to build their personal assets.

In 2004, we established eight new programs with local nonprofits, bringing its total number of programs to 52 with thousands of accounts. Citibank is also one of the only banks in the U.S. to offer nonprofits an IDA financial management product called CitiEscrow to manage IDA savings and matching funds in a low-cost manner, while allowing IDA consumers to earn as high an interest rate as possible.

In 2004, we also began working with nonprofit organizations to develop Savings for Education, Entrepreneurship and Downpayment (SEED) accounts, the next generation of IDAs. The Citigroup Foundation provided \$500,000 to support this initiative, and Citibank and Smith Barney manage the matched accounts.

### Expanding Outreach to Entrepreneurs

Citibank participates in numerous programs targeted to reach minority small business owners. One such initiative is "The Global Diversity Group Business Exchange: Tour for Success," led by Global Diversity Group, Inc. The Tour invites African American entrepreneurs to participate in free seminars and panel discussions on key business topics. In 2004, Citibank participated in the Tour in four markets, reaching a total of more than 1,500 attendees.





*Lula Rodriguez, Managing Director of Corporate Communications and Public Affairs for Citigroup Latin America, visits Simon Bolivar school in Panama. Citigroup adopted the school in 1999 and the Citigroup Foundation has since provided \$140,000 in grants to help enhance the learning experience for its close to 350 students. Our employees also volunteer to help tutor the children.*

## THE POWER OF OUR PEOPLE—VOLUNTEERISM AT CITIGROUP

With close to 300,000 employees worldwide, Citigroup employees can be mobilized to make a positive difference in the communities where they live and work. We carry on our already-strong tradition of volunteerism when we build homes for people who need them, deliver food to the homebound ill or elderly, teach young people about finance or serve on the boards of charitable organizations. Our employees also tell us time and again how much personal satisfaction they get from getting involved as volunteers.



*Theresia J. Dodit of CIB's Customer Service Group in Indonesia was one of the many employees who immediately became a part of the efforts to help those who suffered loss following the tsunami on December 26.*

To support and even increase the great work that our employees already perform, Citigroup added a significant benefit to our existing volunteer programs in 2004 when it announced the launch of a Global Volunteer Initiative. The initiative gives our employees a paid day off per year to volunteer at a qualified nonprofit organization of their choice. Now available in 62 countries, the initiative will be accessible to all employees by summer 2005. Citigroup also has further enhanced its Volunteer Tracking System launched in April 2004. This online volunteer management tool helps employees track their volunteer hours and search for local projects to get involved in.

Citigroup continues to foster the culture of volunteerism and encourages employees to get involved by offering exciting new opportunities. For example, in October 2004, 60 Citigroup employees from the U.S., Mexico and Latin America joined our President, Bob Willumstad; the CEO of our Global Consumer Group, Marge Wagner; and Chairman and CEO of Citigroup Latin America and Mexico and Banamex President, Manuel Medina-Mora to work on the Jimmy Carter Work Project 2004 in Puebla, Mexico. Teaming up with volunteers from around the globe, we helped build 75 homes in just five days for deserving families in partnership with Habitat for Humanity International (HFHI).

Our employees are also being trained to deliver financial education lessons through programs such as Teach Children to Save, Junior Achievement, Get Smart About Credit, and through their local schools and community groups. They build, paint, plant, clean up and restore through projects like One Day's Pay, when 75 employees worked to commemorate 9/11 by painting and cleaning up a school playground in New York City's Chinatown neighborhood.

Citigroup's stellar participation in the 2004 *USA Magazine* Make a Difference Day program earned us an award. Make a Difference Day is a country-wide day of community service. The award, sponsored by *USA Weekend Magazine* and the Paul Newman Foundation, was given to Citigroup in recognition of the more than 1,000 employee volunteers who reached 10,000 people through various programs.



*Bob Willumstad works on one of the Citigroup-sponsored homes at the Jimmy Carter Work Project in Puebla, Mexico.*



*Former First Lady Rosalind Carter stopped by to greet Citigroup senior managers and employee volunteers from the U.S., Mexico and Latin America who participated in the 2004 JCWP.*



*Employee Jimmy Dancy building in Puebla, Mexico, during the Jimmy Carter Work Project.*



*Manual Medina-Mora is pictured with Hilario and Maria Zuñiga, who will live in one of the Habitat homes in Puebla that was dedicated in his honor. Habitat homes in Puebla were also dedicated in honor of Bob Willumstad and Citigroup Banamex.*









# Environment

WORKING TOWARD A SUSTAINABLE FUTURE

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

→ EXCERPT FROM CITIGROUP'S CODE OF CONDUCT



*(Top to bottom) Brazilian agroforestry products (Conservation International); Palamedes Swallowtail at Citigroup habitat site; Installation of a solar heating unit in China's Northwest Yunnan Province (The Nature Conservancy).*



ROBERT DRUSKIN  
*Chief Executive Officer,  
Citigroup CIB*

"Citigroup's increased focus on environmental stewardship and social responsibility is not only beneficial to communities around the world, it has also proven to be beneficial for our business. By taking a leadership position in developing the Equator Principles and engaging in ongoing dialogue with NGOs, Citigroup's CIB has firmly established itself as a leader among financial institutions. In late 2004, I spoke to CIB professionals who participated in our ESRM training program to signal that these issues have senior management support. Indeed, I continue to strongly support our approach on environmental and social risk management. I believe implementing these policies and standards in a robust manner should be our focus moving forward."

# Our Environmental Management System



Our Environmental Management System provides Citigroup and our stakeholders with a framework to guide our environmental initiatives. We developed this system in 2002, and in 2003 we refined it based on external stakeholder feedback and our own experience. This year, we have expanded and deepened our reporting in some areas to reflect the evolution of our activities. For example, in the "Internal Policy" section we have included a detailed description of our Environmental and Social Risk Management (ESRM) Policy and related implementation efforts, including our work implementing the Equator Principles. We have also taken the next step in evaluating our own direct

environmental impact in the "Our Environmental Footprint" section, where we provide year-on-year comparisons for our 11,800 owned and leased buildings around the world. Finally, in our "Evaluation and Future Planning" section, we offer a self-assessment of our progress in implementing the public commitments we have made and describe some of our future goals.

## (I) EXTERNAL LISTENING

Citigroup defines its wide range of stakeholders to include our individual and institutional customers, employees, shareholders, competitors, governments and governmental agencies, community organizations and nongovernmental organizations (NGOs). We interact with a range of opinion leaders, institutions and other stakeholders. A number of people throughout the company maintain relationships and discuss issues of mutual interest and concern, depending on the issue. Global Community Relations holds primary responsibility for listening and responding to social and environmental NGOs, but our businesses as well as our local Citigroup offices around the world are involved as appropriate.

We engage in discussions with these stakeholders in several forums as well as directly one on one. In 1995, Citigroup's predecessor was a founding member and signatory to the United Nations Environment Program's Statement by Financial Institutions on Environment and Sustainable Development, a group known as UNEP FI. Our participation in UNEP FI enables us to share best practices with other financial institutions. We also participate in the Asset Management Working Group and the North American Task Force of UNEP FI.

As one of the leaders in the development of the Equator Principles, Citigroup engages regularly with other financial institutions that have adopted the

Principles. Based on the policies of the World Bank and its private sector investment arm, International Finance Corporation (IFC), the Equator Principles are a voluntary set of guidelines for managing environmental and social risks related to the financing of development projects. The financial institutions that have adopted the Equator Principles meet periodically to discuss a variety of issues. In July 2004, some of these institutions met in London with a group of NGOs interested in the implementation of the Equator Principles. All the participants found this a useful forum and agreed to meet approximately twice a year, with the most recent meeting held in February 2005 in Switzerland.

Along with the other financial institutions that have adopted the Equator Principles, we have had periodic discussions with IFC regarding their revisions to their Safeguard Policies, which form a major part of the Equator Principles.

During 2004, Citigroup continued to deepen relationships with a number of NGOs. Rainforest Action Network (RAN), which had in the past been an active critic and campaigner against Citigroup, became a key NGO partner for Citigroup in 2004, and we discuss issues with them regularly. We also communicate with other organizations interested in these issues and we look to them for expertise, guidance and feedback on our environmental and social performance. Some of these organizations are described later in the section titled "NGO Partnerships."



ILYSE HOGUE  
Campaign Director,  
Global Finance Campaign,  
Rainforest Action Network

"Rainforest Action Network has witnessed Citigroup grapple with and embrace its environmental responsibility over the last five years. With the adoption of programs such as the Equator Principles and Citigroup's new and more comprehensive Environmental Initiatives, Citigroup has positioned itself as a corporate leader addressing the twin issues of natural ecosystem preservation and the current climate crisis. Although these programs do not make Citigroup a sustainable company, they are evidence of a sincere commitment to integrate profitability and social responsibility—in essence, to do well by doing good. The severity of these environmental challenges requires bold leadership and a dedication to continuous improvement. We look forward to working with Citi to enhance these programs, and hope that the rest of Wall St. follows Citi's example."



*La Esperanza hydropower project in Honduras.*

"In 2004, the Citigroup Foundation provided support to E+Co so that it could work with developing country entrepreneurs in their attempts to sell the carbon emission reductions that result from their clean energy projects. Accessing carbon-based financing can make the incremental difference for a small enterprise, but the required process is often beyond these companies' capacity and know-how. E+Co assisted the developers of La Esperanza, a 12.9 MW hydro project in Honduras, in packaging its carbon-offset potential. The Foundation's support enabled us to help the La Esperanza team prepare the assessment and documentation required to sell their carbon-reduction emissions to the World Bank's Community Development Carbon Fund. In addition to the carbon finance, E+Co provided services and start-up capital to La Esperanza, which resulted in securing more than \$12 million of local financing for this innovative hydro project."

CHRISTINE EIBS SINGER  
*Deputy Executive Director, E+Co*

Citigroup also meets and communicates periodically with a group of self-assembled socially responsible investment firms and one NGO. The group provides us with insights into a range of environmental issues and offers feedback on our efforts to implement our environmental policies and programs, including the information provided in this report.

## Environmental and Social Risk Categories for Citigroup's ESRM Policy

- **Category A**—Use of proceeds may have significant adverse environmental impacts that are sensitive, diverse or unprecedented. A potential impact is considered “sensitive” if it may be irreversible (e.g., lead to loss of a major natural habitat), affect vulnerable groups or ethnic minorities, involve involuntary displacement or resettlement, or affect significant cultural heritage sites. These impacts may affect an area broader than the sites or facilities subject to physical works.
- **Category B**—Use of proceeds may have potential adverse environmental impacts on human populations or environmentally important areas, including wetlands, forests, grasslands and other natural habitats, and are less adverse than those of Category A. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigatory measures can be designed more readily than for Category A.
- **Category C**—Minimal or no adverse environmental impact.

When a project finance transaction is deemed Category A, a designated senior credit officer—or ESRM Specialist—must undertake review and give sign-off approval for the transaction to proceed. The ESRM Director, who serves as a technical resource on environmental and social risk concerns, supports these senior credit officers.

## (II) INTERNAL POLICY

In 2003, Citigroup's Corporate and Investment Bank (CIB) developed an 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. This ESRM Policy and the risk categorization criteria were derived largely from the Equator Principles.

Transactions covered under Citigroup's CIB ESRM Policy include:

- Loans approved under CIB's Infrastructure and Energy Finance (IEF) Credit Program where the project capital costs are \$50 million or more (these transactions are those where the Equator Principles apply);
- Loans approved under CIB's Export and Agency Finance (EAF) Credit Program where the loan facility amount is \$50 million or more; and
- Corporate loans and debt securities underwritings greater than \$50 million where the use of proceeds is known.

Certain activities are precluded under CIB's ESRM Policy, such as activities that employ harmful child labor or forced labor.

## ESRM Policy Responsibility

Adhering to the ESRM Policy is a true example of shared environmental responsibility. Transactors, or bankers, are responsible for initial screening of ESRM-covered transactions; complying with the approval, analysis, documentation and process requirements; and obtaining any required representations from the client. The ESRM specialists are senior credit officers appointed by the CIB Risk Management head. These ESRM Specialists have designated review and approval responsibilities for transactions with sensitive environmental and social risks.

Recognizing our need for additional expertise, in 2004 Citigroup created the new position of CIB ESRM Director. The ESRM Director serves as a technical resource and counsel for ESRM specialists and also advises others in the CIB, including the Global Commitment Committee, on policy interpretations and lending transactions that may have environmental or social risk concerns. The Global Commitment Committee reviews and approves all public and private offerings of common stock, preferred securities and most debt issuance where Citigroup acts as lead or co-manager.

## 2004 Equator Principles Reporting

| CATEGORY | EA UNDERTAKEN & DISCLOSED LOCALLY? | PUBLIC CONSULTATION UNDERTAKEN? | EMP PREPARED & COVENANTED? | INDEPENDENT EXPERT REVIEW? |
|----------|------------------------------------|---------------------------------|----------------------------|----------------------------|
| 1. A     | Yes                                | Yes                             | Yes                        | Yes                        |
| 2. A     | Yes                                | Yes                             | Yes                        | Yes                        |
| 3. A     | Yes                                | Yes                             | Yes                        | Yes                        |

**Please note:** This summary of transactions does not include loan transactions outside project finance or bond transactions that are covered by other provisions of Citigroup's ESRM Policy.

Our public commitments represent the minimum standards for Citigroup's CIB. In the spirit of conducting business in an environmentally and socially responsible manner, CIB may from time to time revise the ESRM Policy to expand, clarify or eliminate specific procedures, provided that the minimum standards are met. To reflect lessons learned from our first year of ESRM implementation, the Policy was revised in December 2004.



SHAWN MILLER  
*Director of Environmental and Social Risk Management, Citigroup CIB*

**"Citigroup's environmental and social policies are making a difference and creating noticeable change. Adherence to these standards will have a positive impact on the ground for communities and the environment. But they're also helping to mold a new way of doing business within CIB. They're making us think outside the box and find pragmatic solutions to complex challenges. They're compelling us to listen and talk to a wide range of stakeholders. In my short time here, I've seen that Citigroup wants to 'do the right thing'—this is a steady and constant compass that guides decision-making."**

## Equator Principles Implementation at Citigroup

In 2003, we committed publicly to report on our implementation of the Equator Principles. In doing so, Citigroup is committed to increasing our openness and transparency while maintaining appropriate levels of business confidentiality to ensure protection of both our clients' and shareholders' interests.

Transactions covered under the Equator Principles include Infrastructure and Energy Finance (IEF) project finance transactions. The Equator Principles do not cover certain transactions such as advisory mandates or bonds.

More than 120 members of Citigroup's project finance and risk management team are directly involved in implementing the Equator Principles. A number of other people are also impacted, especially relationship managers in those industries that are most involved in project finance transactions, such as oil and gas, mining and power. An intensive effort has been undertaken to train the appropriate Citigroup staff on the Equator Principles and the ESRM Policy. This training was initially targeted where it was needed the most: at our project finance and risk management staff, who work on transactions where the Equator Principles are applied.

In addition to the ESRM Policy, guidance notes have been developed to ensure that transactors and risk officers receive the appropriate level of direction and implementation advice. For example, a guidance note was developed to describe when an Environmental Management Plan (EMP) is required and how and when to covenant this EMP into financing documentation. Although not required under the ESRM Policy, another guidance note was developed to help transactors incorporate environmental and social considerations into advisory mandates. An ESRM Policy and Implementation intranet site was also launched in late 2004.



CHRIS BEALE  
*Managing Director, Citigroup Global Markets*

**"The Equator Principles represent an important commitment by the banking industry to high environmental and social standards in project financing. Their success has been demonstrated in their rapid and widespread adoption and in their implementation in several key projects."**

## Category A Project Finance Transactions Subject to the Equator Principles

Citigroup is reporting the number of project finance loans it closed during 2004 that have been deemed Category A transactions. On page 32 is a summary of these loans and how they were treated under Citigroup's ESRM Policy, which is consistent with the Equator Principles.

The three Category A projects, all in the oil and gas industry, were deemed by Citigroup to be fully compliant with the aspects of its ESRM policy that are based on the Equator Principles. All three transactions prepared Environmental Assessment (EA) documentation that was disclosed and consulted on locally. All three projects also prepared an Environmental Management Plan (EMP) that was covenanted by the borrower in loan documentation. Compliance with the Equator Principles was also confirmed through independent expert review of EA documentation. We worked either directly with or through the lender syndicate with all project sponsors to ensure that environmental and social risks were being managed appropriately. For Category A transactions subject to the Equator Principles, Citigroup requires that the borrower has covenanted to comply with the EMP in the construction and operation of the project and



## Illegal Logging

Illegal logging is seen by many to be a significant contributor to the degradation and loss of critical forest ecosystems in many regions around the world. Citigroup has made a public commitment that we will not make loans to companies that we know to be in violation of local or national laws regarding illegal logging. To implement this commitment, CIB has instituted as part of its ESRM Policy a portfolio review process to identify customers in high-risk sectors or countries that need to be reviewed more carefully, and an additional review for new transactions where the use of proceeds is specified for logging activities. In 2004, Citigroup worked with transactors and risk officers to embed this commitment into the way we do business in the forest products sector. To raise awareness, illegal logging was a key topic of the ESRM training sessions.

provides regular reports prepared by in-house staff or third-party experts on compliance with the EMP.

The Equator Principles are having a beneficial impact both within Citigroup and on local communities. For example, a Citigroup business unit made an equity investment that was not subject to the Equator Principles, but decided to use them as a reference point to evaluate the investment from an environmental and social risk perspective. In another instance, Equator Principles application by a project sponsor in the extractive industries facilitated the holding of the first Environmental Impact Assessment (EIA) public consultation meeting ever to be held in that particular country.

We have noted elsewhere in this report that we have made great strides in the process of deepening and strengthening environmental and social risk considerations into Citigroup CIB's corporate lending decisions. We are proud of the progress we've made. However, the implementation of any policy or procedure requires an institution to learn from mistakes, retool its approach and do better. Despite our

best intentions, we have discovered that we have not yet perfected internal tracking of Equator Principles implementation. Particularly, in the absence of an ESRM Director in early 2004, we did not yet have a robust tracking mechanism in place. In addition, in the process of compiling information for this report, we now believe that we will need to clarify some of our credit and risk policies to help transactors and risk officers determine when a project must comply with our ESRM Policy and/or the Equator Principles. Part of what we have learned relates to how we are organized. We have articulated the applicability of certain risk policies to discreet business units and we are discovering that they may need to be revised. In addition, there are some transactions, such as refinancings, where the applicability of our ESRM Policy and the Equator Principles needs to be further refined. Learning from these lessons is a priority and we are currently dimensioning the changes we need to make in our risk policies and procedures and our reporting process going forward.

### ORGANIZATION AND PEOPLE

At Citigroup, environmental responsibilities are shared among many different corporate and business units. Ultimate responsibility rests with the Board of Directors, whose Public Affairs Committee reviews Citigroup's performance in this area annually. The committee's staff liaison is Pamela Flaherty, Senior Vice President for Global Community Relations, whose responsibilities include Environmental Affairs.

Citigroup's environmental responsibilities also reside with our Environmental and Social Policy Review Committee, which is composed of senior managers from various business units who work to implement environmental policies and initiatives. This committee offers feedback and oversight to the Environmental Affairs unit, and members meet periodically with external stakeholders to discuss Citigroup initiatives.

Citigroup's Environmental Affairs unit includes a vice president and manager, and is the primary source of expertise on environmental issues for the company. The team develops and manages Citigroup's sustainability strategy and supports the business units with advice and external communications. The unit also advises the Citigroup Foundation on its environmental grant-making. Since 2002, a number of business units, including project finance, credit risk, facilities management and procurement have also developed their own environmental expertise with support from Environmental Affairs. For example, an ESRM Director was hired in 2004 by Citigroup's CIB to serve as a resource on environmental and social risk.



JOHN GILLILAND  
*Managing Director,  
Structured Portfolio Management,  
Citigroup CIB*

**"Illegal logging is harmful to the environment and creates difficulties for local communities that often depend on forest ecosystems for their livelihoods. It is detrimental to local and national economies, as illegal logging reduces tax revenue streams that would otherwise come from legally sanctioned forestry activities. We take illegal logging issues very seriously and have instituted internal review and control processes to assist us in meeting our public commitment. This makes good business sense, and further evidences our commitment to sound environmental practices."**



#### (IV) OUR ENVIRONMENTAL FOOTPRINT

Citigroup initiated a comprehensive process to track, report and manage our environmental performance in 2002. This was an enormous task that involved 400 staffers gathering detailed data from more than 11,800 properties, encompassing 84 million feet of space, in more than 100 countries. A Web-based environmental database was created to act as a repository for this data.

The project was made even more complex because 70 percent of our properties are leased, and we can only gather accurate, metered data for a portion of those sites. As a result, the database contains real data for 57 percent of the total portfolio. We estimated data for the remaining properties by using consumption data from buildings of similar size and use.

Since the database project's inception, senior management and Citigroup Realty Services have committed to improving the quality of this data. There is widespread recognition that in order to improve our greenhouse gas emissions, we must be able to measure them accurately. As a result, enhancements were made to the database in 2003 and 2004, and in 2004 two studies were initiated.

- A large consulting firm with experience in environmental matters and corporate reporting assisted Citigroup in its review of the quality of the data and how it was gathered.
- Entech USB, a billing service group that operates in 54 countries, was retained to review and compare our estimated consumption for leased properties against their database of similar buildings. Entech conclusions were based on actual billing data, not estimates.

Overall, the conclusion was that the data was reasonable.

### Environmental Responsibility

| ORGANIZATION  | STAFFING  | RESPONSIBILITY  |
|---|---|---|
| <b>Board of Directors</b>   | Public Affairs Committee  | Discuss company status, initiatives and environmental and social issues   |
| <b>Environmental and Social Policy Review Committee</b>   | 15 senior managers representing CIB, Risk Management, Legal, Corporate Governance, and Global Community Relations | Consult on policy and environmental issues  |
| <b>Environmental Affairs</b>  | Four individuals led by senior vice president of Global Community Relations                                       | Advise on environmental policy development and grants, provide expertise to business units and manage NGO and SRI relationships   |
| <b>Independent Credit Risk Management Group</b>   | More than 20 senior credit officers supported by ESRM Director  | Implement the ESRM Policy, including Equator Principles   |
| <b>Citigroup Venture Capital (CVC) International, a unit of Citigroup Alternative Investments</b> | Team of 28 investment professionals   | To identify and make investments under the Sustainable Development Investment Program, leveraging the skills of the team of CVC International investment professionals, the Environmental Affairs unit and other resources across Citigroup |
| <b>Infrastructure &amp; Energy Finance Group (formerly Project Finance Group)</b>                 | Entire professional staff of 70   | Implement ESRM Policy   |
| <b>Export and Agency Finance</b>  | Entire professional staff of 62   | Implement ESRM Policy and require adherence to partnering export agencies' environmental standards  |
| <b>Global Consumer Bank</b>   | More than 50 community development professionals; CitiMortgage sales and marketing staff                          | Identify brownfield development projects; market Energy Efficient Mortgage  |
| <b>Corporate Real Estate Services</b>   | 150 facilities managers   | Reduce environmental footprint  |
| <b>Public Finance</b>   | 14 senior environmental bankers and ten senior housing bankers  | Finance water, sewage, solid waste, recycling and brownfield projects   |
| <b>Procurement</b>  | Seven procurement professionals   | Identify environmentally preferable products and services and communicate Citigroup's environmental commitment to our suppliers   |



STEPHEN LANE  
Executive Vice President,  
Citigroup Realty Services,  
Citigroup Global Projects Group

"Over the past three years, we have gained experience in collecting and analyzing environmental data, and we realize more than ever that aligning our objectives with sound environmental practice makes good business sense. We also now understand that it requires a long-term commitment to fully implement change throughout the corporation. Our work to minimize our own environmental footprint is being undertaken with a sense of commitment, urgency and integrity. We are looking forward to building on the progress we made in 2004 by establishing a corporate environmental 'roadmap' in 2005."

### Portfolio Dimension and Complexities

There are also challenges in reporting year-over-year comparisons. Our portfolio is continually changing through acquisitions, for example, to meet business needs. We attempt to optimize space utilization to be cost efficient, and we think that's good for the environment. A study by the Real Estate Executive Board—the 2004 1st Annual Benchmarking for Financial Services Companies—found that Citigroup is in the top quartile of similar corporations in using space efficiently.

Weighing all of these factors, we have determined that the best way for us to track the trend of consumption and

emission levels is on a per-employee basis, rather than on an absolute basis. We believe this will be the most accurate way for us to assess improvements. The number of employees reported is based on information generated by Human Resources and represents the average annual staff count for a particular year. We grew from the 270,000 reported in last year's report to 300,000 in 2004.

As part of ongoing enhancements, we asked our regional personnel to recheck 2003 entries concurrent with their 2004 data entry. After reviewing those entries, it was necessary to restate some of the numbers that were reported in last year's Citizenship Report. Most changes were due to the incorrect application of unit conversion formulas in the database, incomplete data and/or the entry of data in incorrect units. Also, the boundaries of our footprint were further refined to focus on buildings with meaningful consumption.

Modifications to the database were made in 2004 to help eliminate many of these problems. The recently completed independent studies have identified additional areas for improvement in processes, controls and systems functionality that we will look to implement in 2005. We remain committed to collecting data that is as transparent, accurate, complete and consistent as is practical.

While we have achieved our goal of improving data quality for this year, we recognize that there is much more to be done. We also understand that it requires long-term commitment to continuously improve our environmental performance. The tables on pages 37–38 provide a snapshot of our environmental footprint as of the end of 2004.

### Regional Consumption and CO<sub>2</sub> Emissions Report

As can be seen in the table on page 38, the absolute value of emissions in some regions has increased while in others it has decreased. It is significant to note that the absolute value of our CO<sub>2</sub> emissions has grown by only 3.3 percent while our CO<sub>2</sub> emissions per employee has decreased by seven percent. Yet, we are growing our earnings at a much faster pace (annual earnings before special charges grew at the rate of 19 percent) and have added staff (up 11.1 percent from 2003); the actions we are taking to improve our energy efficiency are achieving the desired results. This is, in part, due to our internal Energy Allocation/Awareness Program. The program is designed to help building management and building operators reduce energy consumption within their respective facilities.

### Preparing for a Future in a GHG-Constrained World

Since 2003, Citigroup has participated in three initiatives that will help to shape our future efforts with regard to lowering our greenhouse gas (GHG) intensity.

- **Business Round Table "Climate RESOLVE" Project**—Companies taking voluntary actions to reduce, offset, sequester or avoid GHG emissions.
- **World Resources Institute Project "Climate Northeast"**—Working to facilitate the development and implementation of corporate climate change strategies that will enable participating companies to thrive in a GHG-constrained world.

### Wildlife Habitat Sites

Since 2002, Citigroup has implemented Wildlife at Work<sup>™</sup> sites at several of its large U.S. facilities, including those in Albuquerque, New Mexico; Florence, Kentucky; Sioux Falls, South Dakota; and O'Fallon, Missouri. These programs have been developed by Citigroup employees and community volunteers in partnership with Wildlife Habitat Council (WHC), an international nonprofit that works to increase the quality and amount of habitat on corporate, private and public lands. The Kentucky site was certified and recognized by WHC as an outstanding wildlife habitat management corporate site. Citigroup is also working at our Tampa, Florida, facility with local governmental agencies to maintain wetlands, which provide habitat for wildlife such as the American alligator.

Wildlife at Work programs are also being considered for facilities in Jacksonville, Florida; Boise, Idaho; Greensboro, North Carolina; Louisville, Kentucky; and Irving, Texas.

## Global Consumption Report 2004

|   | ABSOLUTE VALUE           |                          | RELATIVE VALUE            |                           |
|---|--------------------------|--------------------------|---------------------------|---------------------------|
|   | Revised Data 2003        | 2004                     | Revised Data 2003         | 2004                      |
| <b>Employees</b>  | 270,000 emp.             | 300,000 emp.             | -                         | -                         |
| <b>Surface Area Monitored</b>   | 7,658,084 m <sup>2</sup> | 7,673,324 m <sup>2</sup> | -                         | -                         |
| <b>Surface Area Monitored in Sq. Ft.</b>  | 82,431,611 sq. ft.       | 82,595,655 sq. ft.       | -                         | -                         |
| <b>CONSUMPTION</b>  |                          |                          |                           |                           |
| <b>Electricity</b>  | 5,980,421 Giga Joules    | 6,142,116 Giga Joules    | 22.1 GJ/Emp.              | 20.5 GJ/Emp.              |
|   |                          |                          | 6,153 kWh/Emp.            | 5,687 kWh/Emp.            |
|   |                          |                          | 216.9 kWh/m <sup>2</sup>  | 222.3 kWh/m <sup>2</sup>  |
|   |                          |                          | 20.2 kWh/sq. ft.          | 20.7 kWh/sq. ft.          |
| <b>Heat</b><br>(Gas, steam, chilled water)  | 708,495 Giga Joules      | 727,806 Giga Joules      | 2.6 GJ/Emp.               | 2.4 GJ/Emp.               |
|   |                          |                          | 25.7 kWh/m <sup>2</sup>   | 26.3 kWh/m <sup>2</sup>   |
|   |                          |                          | 2.4 kWh/sq. ft.           | 2.4 kWh/sq. ft.           |
|   |                          |                          | 8,149 BTU/sq. ft.         | 8,355 BTU/sq. ft.         |
| <b>Fuel Oil</b>   | 2,836 m <sup>3</sup>     | 2,843 m <sup>3</sup>     | 10.50 lit./Emp.           | 9.5 lit./Emp.             |
|   |                          |                          | 2.78 gallons/Emp.         | 2.5 gallons/Emp.          |
| <b>Water</b>  | 5,790,384 m <sup>3</sup> | 6,094,087 m <sup>3</sup> | 85.78 lit. (Emp.xday)     | 81.3 lit. (Emp.xday)      |
|   |                          |                          | 22.66 gallon (Emp.xday)   | 21.5 gallon (Emp.xday)    |
|   |                          |                          | 756 lit./m <sup>2</sup>   | 794 lit./m <sup>2</sup>   |
| <b>Total Waste</b><br>(Rubbish and Recycled Material)                                 | 163,442 US Tons          | 143,454 US Tons          | 549 kg/Emp.               | 433.8 kg/Emp.             |
|   |                          |                          | 1,332 lbs/Emp.            | 1,052 lbs/Emp.            |
| <b>Refuse &amp; Other</b>   | 129,119 US Tons          | 111,300 US Tons          | 79%                       | 78%                       |
| <b>Office Paper Recycled</b>  | 34,323 US Tons           | 32,154 US Tons           | 21%                       | 22%                       |
| <b>CONSUMPTION CONVERTED TO CO<sub>2</sub> EMISSIONS</b>                              |                          |                          |                           |                           |
| <b>Electricity</b>  | 994,765 US Tons          | 1,027,730 US Tons        | 3,342 kg/Emp.             | 3,108 kg/Emp.             |
|   | 902,451 Metric Tons      | 932,357 Metric Tons      | 118 kg/m <sup>2</sup>     | 122 kg/m <sup>2</sup>     |
| <b>Gas</b>  | 96,998 US Tons           | 101,399 US Tons          | 326 kg/Emp.               | 307 kg/Emp.               |
|   | 87,997 Metric Tons       | 91,989 Metric Tons       | 11 kg/m <sup>2</sup>      | 12 kg/m <sup>2</sup>      |
| <b>Fuel Oil</b>   | 18,813 US Tons           | 18,377 US Tons           | 63 kg/Emp.                | 56 kg/Emp.                |
|   | 17,067 Metric Tons       | 16,672 Metric Tons       | 2 kg/m <sup>2</sup>       | 2 kg/m <sup>2</sup>       |
| <b>CO<sub>2</sub> Emissions Total</b>   | 1,110,576 US Tons        | 1,147,506 US Tons        | 3,732 kg/Emp.             | 3,470 kg/Emp.             |
|   | 1,007,515 Metric Tons    | 1,041,018 Metric Tons    | 132 kg/m <sup>2</sup>     | 136 kg/m <sup>2</sup>     |
| <b>Ozone-Depleting Emissions from Refrigerant</b><br>(not a CO <sub>2</sub> emission) | 18,240 lbs               | 13,612 lbs               | 0.07 lbs/Emp.             | 0.05 lbs/Emp.             |
|   |                          |                          | 0.0024 lbs/m <sup>2</sup> | 0.0018 lbs/m <sup>2</sup> |

### Notes:

1. The properties from the Koram and First American Bank acquisitions were not included in the analysis. These properties were added to the portfolio late in the year 2004. They will be included in the 2005 analysis.
2. The unit Giga Joules (1,000 million Joules) is used in accordance with the GRI guidelines (1MWh=3.6 GJ). Other units more commonly used in Europe and the United States have been included in the "Relative Value" column to facilitate comparisons with other financial institutions.

## Regional Consumption and CO<sub>2</sub> Emissions Report

|                                 | REVISED DATA 2003 |                                  |                                      | ACTUAL DATA 2004 |                                  |                                      | VARIANCE %<br>2004 vs 2003 |
|---------------------------------|-------------------|----------------------------------|--------------------------------------|------------------|----------------------------------|--------------------------------------|----------------------------|
| ELECTRIC                        |                   |                                  |                                      |                  |                                  |                                      |                            |
| Geographic Region               | MwH Electricity   | US Tons CO <sub>2</sub> Emission | Metric Tons CO <sub>2</sub> Emission | MwH Electricity  | US Tons CO <sub>2</sub> Emission | Metric Tons CO <sub>2</sub> Emission | Increase/ (Decrease)       |
| Asia/Pacific                    | 164,952           | 124,075                          | 112,561                              | 195,238          | 145,375                          | 131,884                              | 18%                        |
| Canada                          | 22,872            | 5,320                            | 4,826                                | 23,338           | 5,428                            | 4,924                                | 2%                         |
| CEEMEA                          | 88,166            | 60,534                           | 54,917                               | 83,648           | 57,924                           | 52,548                               | (5%)                       |
| Europe                          | 192,334           | 96,301                           | 87,365                               | 194,575          | 97,518                           | 88,468                               | 1%                         |
| Latin America                   | 328,255           | 156,692                          | 142,151                              | 326,984          | 158,339                          | 143,645                              | 0%                         |
| United States of America        | 864,649           | 551,843                          | 500,632                              | 882,361          | 563,147                          | 510,887                              | 2%                         |
| GLOBAL TOTAL                    | 1,661,228         | 994,765                          | 902,451                              | 1,706,143        | 1,027,730                        | 932,357                              | 3%                         |
| GAS THERMS                      |                   |                                  |                                      |                  |                                  |                                      |                            |
| Geographic Region               | Gas Therms        | US Tons CO <sub>2</sub> Emission | Metric Tons CO <sub>2</sub> Emission | Gas Therms       | US Tons CO <sub>2</sub> Emission | Metric Tons CO <sub>2</sub> Emission | Increase/ (Decrease)       |
| Asia/Pacific                    | 50,507            | 762                              | 691                                  | 50,723           | 765                              | 694                                  | 0%                         |
| Canada                          | 174,847           | 3,761                            | 3,412                                | 186,871          | 4,020                            | 3,647                                | 7%                         |
| CEEMEA                          | 584,364           | 9,435                            | 8,559                                | 547,059          | 8,618                            | 7,819                                | (6%)                       |
| Europe                          | 2,368,150         | 38,431                           | 34,864                               | 2,618,491        | 43,029                           | 39,036                               | 11%                        |
| Latin America                   | 292,417           | 2,492                            | 2,260                                | 304,267          | 2,698                            | 2,447                                | 4%                         |
| United States of America        | 1,803,711         | 42,118                           | 38,210                               | 1,810,169        | 42,269                           | 38,346                               | 0%                         |
| GLOBAL TOTAL                    | 5,273,995         | 96,998                           | 87,997                               | 5,517,579        | 101,399                          | 91,989                               | 5%                         |
| FUEL OIL                        |                   |                                  |                                      |                  |                                  |                                      |                            |
| Geographic Region               | Fuel Oil Gallons  | US Tons CO <sub>2</sub> Emission | Metric Tons CO <sub>2</sub> Emission | Fuel Oil Gallons | US Tons CO <sub>2</sub> Emission | Metric Tons CO <sub>2</sub> Emission | Increase/ (Decrease)       |
| Asia/Pacific                    | -                 | -                                | -                                    | -                | -                                | -                                    | -                          |
| Canada                          | -                 | -                                | -                                    | 4                | 0                                | 0                                    | -                          |
| CEEMEA                          | 219,446           | 4,020                            | 3,647                                | 238,572          | 4,562                            | 4,139                                | 9%                         |
| Europe                          | 137,194           | 3,292                            | 2,987                                | 139,419          | 3,287                            | 2,982                                | 2%                         |
| Latin America                   | 97,189            | 2,133                            | 1,935                                | 116,138          | 2,376                            | 2,156                                | 19%                        |
| United States of America        | 295,483           | 9,368                            | 8,499                                | 257,116          | 8,152                            | 7,395                                | (13%)                      |
| GLOBAL TOTAL                    | 749,313           | 18,813                           | 17,067                               | 751,249          | 18,377                           | 16,672                               | 0%                         |
| CO <sub>2</sub> EMISSIONS TOTAL |                   | 1,110,576                        | 1,007,515                            |                  | 1,147,506                        | 1,041,018                            | 3.3%                       |

■ **Green Power Purchasing**—In 2004, Citigroup made its first purchase of energy certified as “green” by the U.S. states of New York and New Jersey. As a result, five percent of the power used by Citigroup in these states originates from renewable sources. We intend to increase “green” energy purchasing in U.S. states where we have that option and to investigate opportunities to use more “green” power in other countries.

### Employing More Environmentally Efficient Building Technologies

As Citigroup designs new facilities or upgrades existing ones, significant consideration is given to environmentally efficient building technologies. For example, a new Citi Cards Customer Service Center in Jacksonville, Florida, is being designed with features that will enhance both working conditions and the building’s environmental performance. The building’s orientation minimizes heat gain, maximizes shading and provides views for all employees.

Air conditioning for the Jacksonville facility will use a central, electric chiller plant consisting of water-cooled, high-efficiency centrifugal chillers. And, the building’s shell will use high-efficiency, low “e” glass that will allow for a 70 percent visible light transmission with a low solar-heat gain coefficient—a 43 percent reduction in solar heat gain compared to standard glazing, which exceeds the Florida Energy Code’s solar heat gain and thermal requirements.

Citigroup also partnered with Interface in 2004 on the Interface America’s ReEntry® carpet reclamation program. Through this program, we diverted 160,930 lbs. of carpet from landfills. The material was recycled by Interface to use as feedstock for their vinyl carpet-backing product.



## Carbon Dioxide Emissions from Power Projects

In response to concerns regarding global warming, many of our clients have made efforts to reduce carbon emissions from the energy they use and produce. In addition to our efforts to lessen our own carbon footprint, Citigroup has committed to reporting the aggregate carbon dioxide emissions from power projects that we finance in our project finance portfolio.

We expect that the absolute carbon dioxide emissions from power projects we finance will fluctuate over time, depending on the number of deals we close in that year and the nature, scale and technology of each plant.

Our annual assessment includes emissions data on Citigroup project financing of new capacity only, including expansions of existing plants. It will include data from both fossil fuel and renewable plants. However, it will not include data on refinancings or on deals that have not closed.

In 2004, Citigroup closed one project finance transaction for a new power plant. We calculate the lifetime emissions for this plant, using a 30- to 60-year range. The emissions are derived from the plant's capacity and heat rate (both specific to each facility), the carbon content of the fuel (a publicly available figure) and projected capacity utilization (which averages 80 percent in this case). We allocate to Citigroup the percentage of total emissions that is equivalent to the percentage of the debt that Citigroup provided to this plant. One bank typically provides a small share of the total debt to a facility.

For 2004, Citigroup's share of greenhouse gas emissions for this project totaled 2.7 to 5.5 million tons. The lower figure assumes a plant will operate for 30 years. The higher assumes it will operate for 60 years.

## (V) TRAINING AND COMMUNICATIONS

In 2004, a large component of Citigroup's environmental training program focused on implementing the enhanced CIB ESRM Policy. Building on successful results of initial training undertaken in 2003, ESRM training efforts expanded in 2004. The ESRM Director created an intensive one-day ESRM training program to provide CIB professionals with a more in-depth understanding of the ESRM Policy and the Equator Principles, and to communicate best practices for managing social and environmental risks in a variety of CIB transaction types. Through case study simulations and interactive discussions, project finance transactors, risk officers, and legal and other CIB professionals acquired essential skills needed to identify and categorize key environmental and social risk issues.

In the 2003 Citizenship Report, we set a goal of completing ESRM training by mid-2004. We had to adjust this timetable, however, because the hiring of an ESRM Director and the preparation of new training and guidance materials required additional time. Late in 2004, the first two in-depth training sessions were held in New York City and London and were conducted jointly by the ESRM Director and an external expert representing IFC. Training sessions will be held in hub cities in Asia and Latin America in 2005, and further training in London and New York will be scheduled as needed.

It is worth noting that more general environmental risk components have been included as part of Citigroup's broader risk-management skills training program for some time. In 2004, nearly 1,050 people were exposed to environmental risk issues in classroom modules and via online courses. Our in-depth ESRM training augments this general training program.

Along with these training sessions, we communicate regularly via Citigroup's intranet with our employees on a range of issues, including those related to sustainable development.



*Glen Armstrong (of Sustainable Finance Ltd., representing IFC), leads Citigroup bankers through a training exercise on Equator Principles implementation.*

## (VI) RISK MANAGEMENT

Our commitment to operating in an environmentally and socially responsible manner has strengthened significantly following the successful development and adoption of the Equator Principles and the ESRM Policy by Citigroup's CIB. The introduction of the policy, appointment of ESRM specialists and initial training held in 2003 all established the fundamental ESRM framework for the CIB.

In 2003, the CIB adopted the ESRM Policy to establish internal procedures to comply with the Equator Principles. Moreover, we chose to implement this ESRM Policy in order to go beyond the Equator Principles. In addition to the project finance transactions with capital



*Valerie Cook Smith and Camilla Seth of Citigroup's Environmental Affairs unit participate in the ESRM training in New York City.*

## Case Study #1

**PROJECT:** A large energy infrastructure project was proposed as a joint venture between a state-owned company and an existing Citigroup global corporate client. Citigroup, along with other financial competitors, was bidding for a lead arranger mandate.

**REVIEW PROCESS:** The project included significant onshore and offshore development, and the onshore facilities were proposed to be built on or near an existing industrial estate. We initially believed that this project warranted Category B treatment. However, upon further review of the EIA, the project was deemed to have a diversity of potential adverse environmental and social impacts, including adverse impacts on an endangered species, that warranted Category A treatment. An EMP was being developed by the client for state regulatory approval, but it was not clear whether the EMP had to be specifically covenanted or whether Citigroup could rely on a general representation of adherence to local and national environmental laws.

**OUTCOME:** After further review and internal discussion, CIB business and risk management agreed that the Equator Principles and Citigroup's ESRM Policy required explicit mention and covenanting of the EMP.

## Case Study #2

**PROJECT:** A transaction to provide equipment financing for use in a hydropower dam in an emerging market country.

**REVIEW PROCESS:** Although the transactor realized that the transaction was less than \$50 million and thus the ESRM Policy and Equator Principles would not apply, a discussion took place between the ESRM Director, the transactor and others. Subsequent review of the hydro facility's environmental and social impacts found that there were serious environmental and social legacy issues, including large-scale resettlement that had not been conducted properly. Although neither the ESRM Policy nor the Equator Principles applied, the ESRM Director recommended that the transactor proceed with caution and inform the ESRM specialist responsible in that region.

**OUTCOME:** The transaction was not executed.

## Case Study #3

**PROJECT:** A large corporate bond financing was proposed for a client in an emerging market country.

**REVIEW PROCESS:** Citigroup's bond Commitment Committee members were aware that the use of proceeds would be used partly for construction of a hydropower dam. The committee consulted with the ESRM Director and it was determined that the ESRM Policy applied and that extra due diligence would be required to determine the environmental and social impacts and the appropriate categorization. As little information was available, the ESRM Director asked the committee members to go back to the client and ask further environmental due diligence questions. Questions were posed on issues such as dam height; reservoir inundation size; whether the reservoir affected any environmentally or culturally sensitive areas; and whether resettlement was involved, and, if so, whether locally affected people had been both consulted and compensated. Following responses received, it was determined that this was a Category A project, and that Citigroup's proposed client had conducted an environmental assessment process that resulted in host country regulatory approval and had devised consultation and compensation processes for people adversely affected by the hydropower development.

**OUTCOME:** The transaction was recommended to proceed.

costs over \$50 million covered by the Equator Principles, the ESRM Policy applies to corporate loans and debt securities underwritings greater than \$50 million where the specific use of proceeds is known. This policy reinforces CIB's commitment to rigorously and effectively manage environmental and social risks in a wide variety of transactions.

Also in 2003, selected senior credit officers in CIB's Independent Risk Management unit were appointed ESRM specialists and given responsibility for review and approval of Category A transactions. All ESRM specialists are Independent Risk Managers and do not have reporting lines to CIB's business management.

Our main challenges in 2004 were to ensure that internal procedures were sufficiently robust yet pragmatic given Citigroup's vast and global presence and business requirements. Significant progress was made toward these objectives.

First, in the new release of the CIB Credit Policies and Procedures in April 2004, the consideration of environmental and social risks was explicitly incorporated into our credit analysis standards. The ESRM Policy also became an official addendum to the Credit Policies, and relevant sections of the Credit Policies referenced the ESRM Policy requirements.

Second, in July 2004, CIB Independent Risk Management appointed an ESRM Director, who developed a number of guidance tools to facilitate the analysis and review of transactions and works with the Environmental Affairs unit on broader policy issues and external stakeholder engagement.

Third, the CIB revised its ESRM Policy in late 2004 to implement Citigroup's commitment against providing loans to companies involved in illegal logging. The ESRM Policy revision mandated a new review process to identify high-risk customers and sectors. Certain activities were also explicitly precluded in the policy, such as the commitment not to engage in activities that involve harmful child labor or forced labor.

## (VII) OUR NGO PARTNERS

NGOs provide valuable assistance in helping us understand environmental issues and in our efforts to address environmental concerns. We partner with these organizations in a number of ways. We frequently meet with NGOs that are engaged in issues related to our business initiatives and commitments. For example, we are in regular contact with NGOs that address illegal logging and the impact of project finance on social and environment issues. We also partner with a number of environmental NGOs through the Citigroup Foundation. In each case, our focus is on supporting sustainable development—the effort to promote economic growth that is compatible with the natural environment and with the well being of present and future generations.

In 2004, the Citigroup Foundation continued to foster sustainable development in developing countries, along with providing new support for work in the U.S. We awarded grants to enterprise development programs, which strengthen small and medium-sized companies that incorporate unique social and environmental benefits. We also expanded our grant-making to include areas where we have sharpened our focus, such as forestry and climate change. Highlights of the environmental grants made by the Citigroup Foundation in 2004 are summarized below.

### Aspen Institute and World Resources

**Institute**—We continued support of Beyond Grey Pinstripes, a survey and awards program for business schools that assesses how business schools are preparing MBA graduates for social and environmental stewardship.

**Conservation International**—Grants were awarded to four programs: In Brazil, we supported efforts to strengthen the economically viable conservation enterprises within the agroforestry sector; in Peru, we supported a project to develop sustainable, community-based management of natural resources and value-added products such as coffee; in South Africa, we supported the development

and pilot of community plant nurseries to domesticate popular species and alleviate stress on existing wild populations; and in Vietnam, we supported a community-based ecotourism project to shift communities away from wildlife hunting and harvesting to more sustainable income-generating and community development activities.

**Ecologic Finance**—We supported the provision of affordable financial services to community-based businesses operating in environmentally sensitive areas of Latin America. Founded in late 1999, EcoLogic Finance manages a portfolio of \$25,000 to \$500,000 loans made to small and medium-sized enterprises that do not meet traditional requirements for accessing credit from local financial institutions.

**E+Co**—We continued support for a program assisting small and medium-sized clean energy enterprises in developing countries to secure carbon-based financing, and provided new support for a program that will help E+Co more effectively monitor and evaluate the impact of their work on sustainable development.

**Forest Trends**—We supported two projects: the Ecosystem Marketplace, which will develop an Internet-based information clearinghouse on the various markets for ecosystem services, including the developing markets for ecosystem-based carbon, water and watershed services, biodiversity, and the burgeoning markets for wetlands and endangered species in the U.S.; and the Business Development Facility (BDF), which will assist small to medium-sized forest owners in understanding how to maximize their forests' value by exploring opportunities in ecosystem services, such as carbon sequestration, biodiversity protection, marketing certified forest products and watershed protection.

**Rainforest Alliance**—We continued support for the Cocoa Trust Fund in Ecuador, which brings environmental and financial sustainability to cocoa farmers. The Cocoa Trust Fund is designed to help small cocoa growers



*Richard Stanley, Citigroup Chief Executive Officer, China; Chen Cong Hong, General Manager, Beijing Organic Farm, Inc. (New Ventures China Winner); Luiz Ros, Director, New Ventures Global Operations; and Jerry Lizhe, New Ventures China at WRI's New Ventures China Investor Forum in Shanghai.*

**"With private enterprise exploding in China, leveraging investments that enable sustainable use of natural resources is critical to maintaining economic growth in the long term. Our New Ventures partnership with Citigroup has allowed WRI to link investors with pioneering entrepreneurs who are establishing the markets of the future. For our 2004 Investor Forum, we invited Gordon Lam, Managing Director of Citigroup, China Investment Management, to serve on the Judges Panel, which evaluated the ten finalist enterprises. We are also working closely with Citigroup to set up the Executive Mentoring program, which will match the company's executives with relevant enterprises for short mentoring projects."**

LUIZ ROS

*Director, Global Operations, New Ventures World Resources Institute*

gain independence from the traditional market system that disadvantages small farmers. Current support will expand the model to the rest of Latin America. Support was also extended for a new forestry project that will develop targeted information on the regulatory, environmental and social context for forestry operations in Indonesia, Brazil and Russia. This information will help a range of interested parties, including financial institutions, that aim to ensure that they do not support environmentally or socially damaging or illegal forestry activities.

**Sustainable Northwest**—We provided support for the Healthy Forests, Healthy Communities Partnership, a project dedicated to stimulating environmentally sound forest restoration and economic revitalization in rural U.S. Pacific Northwest communities.





TODD THOMSON

*Chairman and CEO,  
Citigroup Global Wealth Management  
Citigroup Foundation Board Member*

**"The Citigroup Foundation is working to address the key environmental challenges facing our world, in particular the need to stimulate and grow private enterprises that contribute to global development, alleviate poverty and are compatible with the environment. We are supporting a growing set of outstanding environmental groups and have learned a great deal from these partnerships and the inspiring work they are facilitating across the globe."**

**Tropical Forest Trust (TFT)**—We awarded a planning grant to help TFT explore new timber-tracking technologies and processes to help address the problem of illegal logging.

**World Resources Institute**—We continued support for New Ventures, an enterprise development program targeted to small and medium-sized companies in developing countries in fast-growth sectors, including organic foods and fibers, nontimber forest products, renewable energy and clean technologies. Our support will focus on the program's work in China and Indonesia. Support has also been provided for the Global Forest Watch (GFW) program's Timber Compliance Assessment Partnership (TCAP) programs in Russia and Indonesia. TCAP is an innovative approach to address illegal logging that will produce commonly accepted, high-quality information, based on GFW's technical ability to document evidence of illegal and unsustainable forestry activities using satellite imagery and ancillary data.

## (VIII) BUSINESSES MAKING A DIFFERENCE

Citigroup's business units are routinely involved in business opportunities that add environmental and social value. Some of these are programs that are focused on achieving triple-bottom-line (financial, social and environmental) objectives, such as the Sustainable Development Investment Program. In other instances and in the course of day-to-day business, Public Finance and other mainstream units engage in projects that have clear financial returns along with environmental and social benefits.

### First Investment Made in Sustainable Development Investment Program

Citigroup believes that there are investment opportunities in sectors that reduce the environmental impact of industry through the efficient use of materials and energy. As part of our overall commitment to sustainable development, Citigroup has created an initiative to target such opportunities in the sustainable forestry, clean energy, water and waste sectors globally. As more commercially viable opportunities develop and are discovered, Citigroup will help to accelerate the flow of investment capital into these more sustainable forms of business activity.

Citigroup made its first investment under this initiative in 2004—a \$23 million investment in Suzlon Energy Limited, Asia's leading wind turbine manufacturer and among the world's top ten wind turbine manufacturers. Wind energy is the fastest-growing source of energy globally and over the last decade, Suzlon has emerged as the leading player in the sector in India with 2004 fiscal year installations of more than 200 MW. With total installations of more than 600 MW, Suzlon accounts for approximately 25 percent of the total wind power installations in the country. Suzlon is also making its presence felt in the U.S. market through its 23 MW project in Minnesota.

The Sustainable Development Investment Program is housed within Citigroup Venture Capital (CVC) International, Citigroup's private equity investment group. Our corporate Environmental Affairs unit works closely with CVC International investment professionals to screen and evaluate potential investments and to reach out to those involved in the development of the targeted industries for expertise and perspective. The initiative is focused on expansion-stage, growth capital opportunities (as opposed to start-up venture opportunities). This is consistent with our broader private equity business and allows the initiative to draw on the existing CVC International expertise and business structure.

Citigroup has committed a significant level of funding for this initiative commensurate with some of the largest investment funds targeting these sectors. In 2004, detailed analysis of the investment opportunities was completed and the original scope of the initiative was expanded to include:

- **Sustainable Forestry**—Companies or forestry operations that are dedicated to Forest Stewardship Council (FSC)-certified and potentially non-FSC forest products, and are committed to



*Suzlon's Kavdy Dongar Wind Park in India.*



low-impact logging, maintaining forest-based ecosystem function and marketing branded products. FSC has established an international “gold” standard for environmentally appropriate, socially beneficial and economically viable forest management.

- **Renewable Energy**—Companies or projects with opportunities dedicated to renewable energy technologies, such as wind, solar, hydrogen, bio-power and bio-fuels (including feedstock resources and conversion and combustion technologies), low-impact hydropower and geothermal. These investments will help reduce the environmental footprint of the energy sector.
- **Water Resource Management**—Companies or projects with opportunities related to the efficient use and



DIPAK RASTOGI  
*Head of Citigroup Venture Capital International*

“Maximizing the use of renewable energy sources and managing nonrenewable resources in an efficient and sustainable manner is key to satisfying the world’s increasing energy and material resource requirements while preserving our environment. Companies and technologies that bring benefit to the environment and to people—particularly in developing countries where both are under myriad pressures—make a compelling investment argument. Over the years, we at Citigroup Venture Capital International have seen a number of such investment opportunities, and we are excited to be increasingly focused on them.”



HERSH COHEN  
*Chief Investment Officer,  
Active Platform,  
Citigroup Asset Management*

management of water resources, including water conservation (drip irrigation), waste water treatment, water purification, and water distribution and infrastructure.

- **Waste Management**—Companies or projects with opportunities in waste management with a preference for those with superior environmental technology that are introducing advanced waste management techniques to developing countries and have a focus on recycling waste and/or generating energy from waste through environmentally benign methods.
- **Clean Technology and Energy Efficiency**—Companies or projects engaged in opportunities using or developing technologies that increase the efficiency of energy and material use, lessen the ecological impact of infrastructure or are derived from biological inputs (bio-fuels, bio-polymers.) These technologies are used in manufacturing, transport, energy generation, storage and distribution, and communications.

### Serving the Socially Aware Investment Community

An increasing number of Citigroup’s clients seek to manage their assets in a way that is consistent with their values and beliefs, an approach to investing that is commonly referred to as “socially responsible investing” (SRI). In 1987, Citigroup established one of Wall Street’s first dedicated separate account programs in SRI, a program that continues today in Citigroup Asset Management’s Private Portfolio Group.<sup>1</sup>

“For over 15 years, members of our Asset Management division have worked closely with clients and with the public to raise the awareness level of nonfinancial factors in the investment process. Such signals as environmental impact, workforce talent, health and safety play important roles in the business context of sustainability for a variety of industries.”

The Citigroup Asset Management Social Awareness Investment (SAI) Team works with faith-based organizations, pension funds, endowments, foundations and academic institutions, and also does public outreach and education on socially responsible investing. The Social Awareness Investment Program manages approximately \$1 billion in assets, employing rigorous supportive screens as well as some avoidance screens. The Program offers a variety of products with social screening capabilities.

Citigroup Asset Management works closely with key constituents of the SRI community and is a member of the Social Investment Forum and the Social Investment Research Analyst Network (SIRAN). Smith Barney Asset Management also is a long-standing affiliate member of the Interfaith Center on Corporate Responsibility (ICCR) and a supporter of the National Association of Treasurers for Religious Institutes (NATRI). In addition, since 2002 the Private Bank has been an annual sponsor of the Alliance of Religions and Conservation’s Ethic Investment Conference.

The Social Awareness Investment team is also a signatory to the Social Research Analysts’ Perspectives on Corporate Sustainability Reporting Statement, in support of the Global Reporting Initiative (GRI) reporting guidelines.

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



*A solar-powered water pump in Sri Lanka. The pump, which facilitates crop irrigation, is part of the Citigroup-financed Sustainable Water Assistance Management Project.*

### **Citigroup Launches Energy-Efficient Mortgage Product**

Citigroup began offering an energy-efficient mortgage (EEM) product in mid-2004. The product was designed by Fannie Mae's Housing and Environment Initiative, which develops mortgage options that expand homeownership opportunities while promoting the design, construction and purchase of more environmentally efficient homes. As our first foray into the EEM market, Citigroup is offering the MyCommunityMortgage™ Energy Efficient Mortgage, which is designed for borrowers who are at or below the median income for an area.



*Fortune Cement Plant in the Philippines.*

The MyCommunityMortgage EEM recognizes that energy-efficient homes cost homeowners less to operate on a monthly basis than standard homes. These future energy savings are counted as income for the purposes of a borrower's qualifying ratio.

Due to the specialized nature of the EEM product and low consumer awareness, we realized after several months that we are not able to sell these mortgages just through the normal course of business. We are now evaluating the types of marketing strategies and partnerships necessary to build momentum for this product.

### **Citigroup Financing of Environmentally Beneficial Projects Increases 46 Percent**

In 2004, Citigroup's U.S. Public Finance Group financed 168 environmentally beneficial projects totaling over \$12.9 billion, including facilities for pollution control, water and sewerage, recycling and solid waste disposal. This represented a 46 percent increase over our 2003 volume, despite an overall decrease in public finance market activity of six percent—\$38.5 billion in 2003 vs. \$36.0 billion in 2004. Our total market share in environment-related financings has grown from 23.1 percent to 36.0 percent over the last two years.

We also increased market share in water and sewerage, a category that we cited in last year's Citizenship Report as our biggest challenge. Although overall industry volume fell from \$30.3 billion in 2003 to \$26.9 billion in 2004, a drop of 11 percent, Citigroup's share increased 25 percent from \$8.1 billion in 2003 to \$10.1 billion in 2004.

In one example, Citigroup designed and underwrote an inaugural transaction for High Point, North Carolina's Water and Sewer System with a unique security feature that provides the system with important flexibility in moderating rate increases.

### **Farmers in Sri Lanka Benefit from Solar-Powered Water Pumps**

Farmers' crop production in Sri Lanka tends to be limited by erratic weather patterns and a lack of grid electricity to support irrigation technologies. Most rural farmers depend on manual or generator-powered pumps to lift water for irrigation purposes. Both types of pumps are cumbersome and time-consuming and have an adverse impact on human health and the environment.

The Sustainable Water Assistance Management Project in rural Sri Lanka has the potential to change this. Citigroup's Export and Agency Finance team and Citibank – Sri Lanka are working with BP Solar, the government of Sri Lanka and regional financial partners on a 100 percent comprehensive term financing deal for the project, which will provide 10,000 farmers with solar-powered water pumps to facilitate crop irrigation. Citigroup is providing the \$15 million investment required for the first phase, which will make 5,000 pumps available. Positive results of this project will include:

- More regular water supplies and improved crop yields;
- Quality and uniformity of product;
- Production of crops at a competitive price;
- Reduced health risks from not using fossil fuel generators;
- Savings of millions of gallons of groundwater; and
- Fuel and fertilizer savings of more than 50 percent.

## Loan Improves Cement Company's Environmental Profile in Manila

In 2004, Citigroup in Manila, Philippines, arranged a \$12.5 million loan facility for the Fortune Cement Corporation to improve its cement equipment as well as its environmental facilities. The new equipment, which includes a precalciner, silo and bag filter, will be placed in the preheater tower, raw mill area, kiln section and clinker cooler.

This improvement project will increase the plant's output to 3,200 tons of clinker per day at world-class environmental standards.

These new technologies will also reduce the plant's fuel and power consumption and increase the use of by-products as ingredients for making the cement, providing reductions of CO<sub>2</sub> emissions of approximately 215,000 tons per year. The installation of a new bag filter on the cooler exhaust will also significantly decrease particulate emissions.

## (IX) EVALUATION AND FUTURE PLANNING

In Citigroup's 2003 Corporate Citizenship report, Chuck Prince, CEO of Citigroup, and Bob Willumstad, President and Chief Operating Officer, said, "We are proud of our many accomplishments in 2003, including the enhancements to our environmental policies and programs. We understand that the key is our ability and willingness to implement them; that will be our focus in 2004 and our efforts will include communication with our employees and our clients."

Therefore, our primary focus in 2004 has been implementation of our many new initiatives. How do we think we have done? The short answer is, we believe we have made major progress, although we acknowledge that we have more to do. That progress is described more specifically, and in quantitative terms where possible, throughout this report, but we are summarizing our overall thoughts here.

There are three ways we evaluate progress. One is in the implementation of specific policies and programs. They are outlined in this report. Especially important are the training, policies and practices associated with our Corporate and Investment Bank (CIB) Environmental and Social Risk Management (ESRM) Policy; the first investment in our Sustainable Development Investment Program; completing two years of baseline reporting on our global greenhouse gas emissions so that we can understand trends and begin to set goals; revisions and enhancements to our ESRM policy; and implementation of policy with regard to preventing the financing of illegal logging and participation in public policy conversations on this issue.

The Sustainable Development Investment Program has made good progress in creating a pipeline of prospective investments. Since these investments take a long time to evaluate and develop, the actual number of closings is hard to predict going forward.

The second way we measure progress is by our success in embedding these programs and policies—as a way of doing business and as part of the values of the company—deeply into Citigroup's businesses. On this front we believe we have also made significant progress. For example, our Corporate Realty Services (CRS) group has truly taken ownership of the environmental database on energy and water use and waste production in our 11,800 buildings across the globe. CRS owns the database (in which they have invested significant time and resources), has participated in meetings to learn from other companies and has sought external advice to help them analyze and validate results. The new ESRM Director is part of CIB's independent risk management unit; they own the policy and oversee its implementation. The Sustainable Development Investment Program is run by Citigroup Alternative Investments (with advisement from Citigroup's Environmental Affairs). This is how things get done in Citigroup:

Our businesses learn to own and champion issues that affect them. Finally, one of the most important elements is continuing interest and support from our CEO and other members of the senior management team. They think good environmental and social practices make good business sense.

The third component is ongoing dialogue and communication with stakeholders, including our NGO partners. We have met regularly with key stakeholders as described earlier in this report; improved our Web site (updating it more often and improving content and readability); and, in partnership with the Citigroup Foundation, are in the process of refining our grant program with our NGO partners. Again, we have made progress but have more to do.

We acknowledge that 2004 was not perfect. It took us longer than expected to find the right person to become CIB ESRM Director. However, we believe we now have exactly the right person. We have continued to work on our communications with stakeholders but know that requires continuous effort and refinement. We have described our learning with regard to Equator Principles implementation in another section of this report. We believe this year's reporting on Equator implementation is a good first step, but we are already thinking about how we can do better next year. In all these areas, we have learned and made adjustments.

Our goals for 2005 include the following: refine our criteria for our Sustainable Development Investment Program and continue our learning; set targets for our use of energy now that we have two years of baseline data; continuously revise our environmental and social risk management criteria and approach to incorporate lessons learned from 2004 implementation; improve our reporting on the implementation of the Equator Principles; continue our learning on helping to prevent the financing of illegal logging; and figure out next steps with our environmental mortgage product.



A woman with dark hair, wearing a pink button-down shirt, is standing and gesturing with her hands while speaking to a group of people. The audience members are seen from behind, and the setting appears to be a modern office or meeting room with large windows and industrial-style lighting.

# Workplace

BEING AN EMPLOYER OF CHOICE

"Citigroup believes that diversity in our staff is critical to our success as a global organization, and we seek to recruit, develop and retain the most talented people from a diverse candidate pool. We are fully committed to equal employment opportunity and compliance with the letter and spirit of the full range of fair employment practices and nondiscrimination laws."

→ EXCERPT FROM CITIGROUP'S CODE OF CONDUCT





MICHAEL SCHLEIN  
*Senior Vice President,  
Global Corporate Affairs,  
Human Resources and  
Business Practices, Citigroup Inc.*

"Attracting and retaining the best talent here at Citigroup is a key priority for us. We first and foremost want our employees to feel proud of the company they work for and feel that the contribution they are making is recognized and valued. Our senior management team travels the globe to visit our workplaces so they can meet face to face with employees and provide a forum for open and honest communications."

# Workplace at Citigroup

At Citigroup, we make it a priority to foster a culture where the best people want to work, where people are promoted on their merits, where they treat each other with respect and where opportunities to develop are widely available to all—regardless of differences.

## KEEPING OUR EMPLOYEES INFORMED FIRST AND FOREMOST

Keeping our employees informed is a key aspect of Citigroup's culture. While communicating in print, video and online to 300,000 employees in more than 100 countries presents challenges, Citigroup commits the management and resources necessary to make it work in meaningful ways. From "Town Hall" communication forums with our senior management to employee broadcasts on our intranet to a daily global e-mail with key announcements and top news stories about the company, our communications team prides itself on sharing news about Citigroup with employees first rather than letting them hear it from another source.

Using a coordinated network of communicators organized by business, region and country, our internal communications group covers the world. We make our employee newspaper and other critical communications available in ten languages. We offer summaries online on topics ranging from the environment and anti-money laundering to child care and diversity to our employees and the public under the "Corporate Citizenship" section of our Web site, where people can also read about our many initiatives.

## Voice of the Employee

In 2004, Citigroup administered its Voice of the Employee (VOE) Survey in more than 40 languages with a response rate of 87 percent, up from 82 percent in 2003. This level of participation makes the results more meaningful and shows our employees' commitment to helping us make this the best workplace possible.

Citigroup's VOE measures the most important drivers of customer satisfaction, employee loyalty and employee engagement and enables a more open dialogue within the organization.

Twenty-seven questions cover such topics as manager effectiveness, workload, teamwork, reward and recognition, growth and development, leadership and diversity. Comparisons were made available for history, external norms, Citigroup overall and across our businesses.

Each manager for their respective business receives a VOE report and has the responsibility, along with his or her team, to help create solutions and execute them. In addition, Citigroup's Management Committee reviewed our VOE results and senior managers were asked for feedback about how they are addressing concerns within their businesses.

## DIVERSITY AT CITIGROUP

Our success—and the success of our entrepreneurial culture—depends not on the schools we attended, and not on our ethnicity, race, gender, sexual orientation, religion, physical abilities or national origin. Instead, our success depends on every one of us having a chance to succeed. It depends on all of us working together to deliver value for our customers and our shareholders, and feeling a sense of pride and fulfillment in what we do.

Our diversity strategy is based on four core components. We aim to be the:

- Employer of choice
- Business provider of choice
- Business partner of choice
- Neighbor of choice

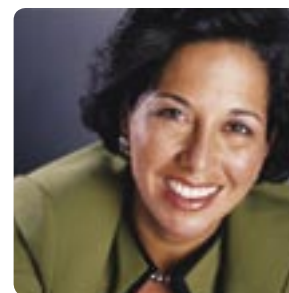
Our strategy for employer of choice focuses on building management accountability, attracting talent, fostering workforce development and creating an inclusive work environment. Each of our lines of business has diversity plans. We review progress against these plans quarterly, and we foster best practices and encourage consistency across our businesses through our diversity councils.

## Our Diversity Training Commitment

In our Barcelona Service Center, 244 employees participated in the Respect at Work Training curriculum. In the Czech Republic, an online diversity training tool was created to make training available for all staff and 344 of the management team participated in diversity training. In the United Arab Emirates, 480 employees were trained and the program was incorporated into new-hire orientation. And in the U.S., the Corporate Center and members of a cross-business Training Council partnered to offer a diversity module during leadership and management training programs attended by 200 employees.

## Diversity Councils Around the World

Citigroup continues to promote diversity through its diversity councils, through which employees take leadership roles in the development and execution of the business diversity strategy. We have 35 diversity councils around the world. In each, senior leadership champion the council, working in conjunction with employees from various levels and functional groups.



ANA DUARTE-MCCARTHY  
Director of Global Workforce  
Diversity, Citigroup Inc.

**"At Citigroup we are committed to creating an inclusive and respectful work environment so our employees can reach their fullest potential regardless of their differences."**

## Fostering the Next Generation of Leaders Through Partnerships

Throughout 2004, we continued to build our strategic partnerships with national U.S. organizations, such as the National Black MBA Association (NBMBA) and the National Society of Hispanic MBAs (NSHMBA). Through these partnerships, we identify top talent and support the economic empowerment of the communities we serve. Citigroup was again a lead sponsor of the NBMBA and NSHMBA annual conferences and hired a total of 31 MBAs from the events.

## Citigroup 2004 U.S. Workforce Information (Data effective July 2004)

| JOB CATEGORIES       | OVERALL        | MALE          |              |              |              |              | FEMALE        |               |              |              |              |
|----------------------|----------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|
|                      |                | WHITE         | BLACK        | HISPANIC     | ASIAN        | AMER. INDIAN | WHITE         | BLACK         | HISPANIC     | ASIAN        | AMER. INDIAN |
| Officials & Managers | 21,176         | 9,069         | 710          | 781          | 662          | 31           | 7,391         | 1,046         | 867          | 589          | 30           |
| Professionals        | 29,230         | 10,996        | 1,155        | 1,302        | 2,966        | 39           | 8,128         | 1,713         | 1,171        | 1,719        | 41           |
| Technicians          | 1,891          | 754           | 145          | 144          | 166          | 8            | 455           | 75            | 70           | 68           | 6            |
| Sales Workers        | 19,324         | 12,296        | 472          | 762          | 660          | 37           | 3,451         | 426           | 618          | 583          | 19           |
| Office & Clerical    | 63,884         | 9,343         | 3,206        | 2,551        | 1,029        | 103          | 28,719        | 9,630         | 6,683        | 2,311        | 309          |
| Craft Workers        | 59             | 37            | 10           | 2            | 2            | 0            | 3             | 5             | 0            | 0            | 0            |
| Operatives           | 1,015          | 156           | 126          | 95           | 91           | 2            | 249           | 101           | 56           | 133          | 6            |
| Laborers             | 61             | 7             | 3            | 33           | 4            | 0            | 6             | 1             | 7            | 0            | 0            |
| Service Workers      | 174            | 77            | 34           | 15           | 7            | 0            | 28            | 10            | 3            | 0            | 0            |
| <b>TOTALS</b>        | <b>136,814</b> | <b>42,735</b> | <b>5,861</b> | <b>5,685</b> | <b>5,587</b> | <b>220</b>   | <b>48,430</b> | <b>13,007</b> | <b>9,475</b> | <b>5,403</b> | <b>411</b>   |

## Highlights of Key Minority Progress

Total minority representation in Citigroup's U.S. employee population continues to show positive trending, going from 28.4 percent in 2003 to 33.4 percent in 2004, a 5.0 percent representation increase.

Our largest minority group is African American, which represents 13.8 percent of Citigroup's U.S. workforce followed by Hispanic at 11.1 percent, Asian at 8.0 percent and American Indian at 0.5 percent.

Total minority representation continues to increase in almost all job categories. In looking at our Officials & Managers and Professional jobs, total minority representation was 19.4 percent in management positions in 2002 and increased to 22.3 percent in 2004, a 2.9 percent representation increase. Representation in professional jobs rose from 26.3 percent in 2002 to 34.6 percent in 2004, a strong 8.3 percent representation increase.

Citigroup Inc. and its subsidiaries offer Equal Employment Opportunity (EEO) to everyone—regardless of race, gender, gender identity or expression, color, creed, religion, national origin, citizenship, age, disability, marital status, sexual orientation, ancestry, veteran status and socioeconomic status. Citigroup's EEO policies apply to all employment practices, including recruiting, hiring, promoting and training. Citigroup's commitment to EEO includes the development of Affirmative Action programs modeled after U.S. federal, state and local 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.

### Other partners that we have worked with include:

- **INROADS**—INROADS is an internship program for minority students that promotes excellence, develops leadership and helps bring greater diversity to the workplace. Citigroup's participation in INROADS includes identifying and hiring interns who spend two to four summers of their university careers at Citigroup learning about our businesses through meaningful work assignments. In 2004, 64 interns were employed in Citigroup businesses.
- **Management Leadership for Tomorrow (MLT)**—Citigroup has initiated a partnership with Management Leadership for Tomorrow, a non-profit organization that is committed to helping diverse students across the U.S. prepare for careers. Citigroup, in partnership with two other corporate sponsors, PepsiCo and Booz Allen Hamilton, provided a financial training program for MLT students beginning their MBAs. A total of 90 students were involved in the program and we hired 11 pre-MBA students for summer internships. Citigroup also sponsored the Management Leadership for Tomorrow MBA Prep Program orientation which had over 80 undergraduates/early career professionals in attendance.
- **The American Association of People with Disabilities (AAPD) and National Business and Disability Council (NBDC)**—Citigroup partnered with AAPD and NBDC to serve as a business sponsor of Disability Mentoring Day, a program that provides people with disabilities a chance to learn about career and employment opportunities, and to meet one-on-one with mentors who can offer insight and advice about career paths. Citigroup businesses in New York City and Long Island hosted and mentored 12 high school students and 11 college students and professionals with disabilities.



AJAY BANGA  
*President of Citibank Retail Banking  
North America*

**"Our biggest opportunity is in harnessing the collective uniqueness of our employees to make our company the most exciting and welcoming place to work—and our Employee Networks are a critical stepping stone to that end."**

### Our Employee Networks Continue to Grow

Citigroup's Employee Networks are groups initiated and led by employees. The Networks are open to all employees and provide them with an opportunity to share common experiences and build awareness of diverse cultures and communities.

In 2004, Citigroup's Employee Networks grew from ten to 21 in eight locations. Participation more than doubled to more than 4,700 employees. Recognized U.S. groups include: African Heritage, Asian Pacific Heritage, Hispanic, Pride (a group focused on the lesbian, gay, bisexual and transgender communities), Women and Working Parents. In London, Pride, Women, Working Parents and a multi-cultural network called Roots have been recognized. Another 19 groups are now in formation.

Employee Networks focus on:

- Cross-business networking opportunities for members;
- Mentoring opportunities;
- Fostering employee growth and development through guest speakers and panel discussions;
- Assisting the businesses in recruiting a diverse workforce;
- Partnering with Citigroup's community relations departments on projects; and
- Working with other network groups and professional organizations to foster relationships within the company.



*Members of Citigroup's Asian Heritage Network in St. Louis, MO, perform the "Dandia," a traditional Indian festival dance, at their Diwali celebration in November 2004.*

## A LEADER IN WORK/LIFE PROGRAMS

Citigroup recognizes that its employees strive to succeed in their lives at work and outside of work. Often the needs of one impact the other. That's why we continually seek to make tools and programs available to our employees around the world to help them meet the challenges of their work and personal responsibilities.

The very concept of work-life balance suggests a static, unchanging state where employees are either living balanced lives or they are not. Recognizing that our employees' needs and issues vary over their lifetimes, and that facing different circumstances, employees will make different choices, we have identified programs to help employees during the various stages of their lives.

We know that if we provide resources to employees both personally and professionally, it contributes to their satisfaction with both work and life, and results in focused and more productive employees. We understand that vast differences exist in the needs of employees dealing with new parenthood, elder care, family substance abuse concerns and natural disasters, as well as employees striving to improve their health. We aim to offer a unique blend of high-quality work-life programs to help meet their needs.

## The LifeWorks® Program at Citigroup

Citigroup's LifeWorks® program helps employees and their dependents better manage the demands that individuals typically confront throughout their lifetimes. Open to employees, their partners and dependents in the U.S., Puerto Rico and Canada, the program is available through a toll-free telephone number and via the Web around the clock. It provides access to information, research and resources, along with customized referrals to help employees achieve practical solutions on a wide variety of topics.

In 2004, LifeWorks resources addressed a range of real-life issues, such as helping to locate temporary child care and finding contractors to rebuild homes following the Florida hurricanes, to commuting to work during the New York City and Boston national political conventions. In 2004, LifeWorks was used by employees and their dependents 29,000 times, with child care and senior services ranking as the top concerns.

## Employee Assistance Programs at Citigroup

The demands of business and pressures outside of work can sometimes make things difficult. That's why Citigroup offers Employee Assistance Programs (EAP) to our employees and their immediate family members in the U.S., Puerto Rico, Australia, Canada, Ireland and the United Kingdom, as well as to expatriate staff around the world. Access to the EAP is available around the clock via toll-free telephone numbers. The EAP provides a place to begin to fully assess a problem with the support of a licensed counselor. Callers can receive short-term confidential counseling and, for longer-term needs, referrals to professionally trained counselors and other qualified service providers on a wide range of personal, family and work issues.

In 2004 the U.S. EAP launched an awareness campaign in collaboration with the National Youth Anti-Drug Media Campaign targeted to employees with teenage family members. The EAP also provided resources for families affected by military deployment, as well as natural disasters.

## Dependent Care Options

Citigroup offers full-time and backup child care programs, and elder care management services and backup programs to over 81,000 employees in the U.S. and Europe. In fact, Citigroup owns or participates in 14 child care centers.

In the U.S., employees working in participating businesses in 18 states have access to a backup child and elder care program that helps them identify and pay for care when their primary dependent care is unavailable for any reason. U.S. employees may also receive discounts when they use leading national child care centers. More than 5,900 children and older family members of employees are served through these programs.

Employees in the U.S. also have access to elder care management services to assist them when their elder care needs become more critical. The program, offered through Citigroup's LifeWorks Program, provides assessment and evaluation, coordination of care and respite services free of charge during these critical times.



## Highlights of 2004 on-site health and wellness programs:

- More than 1,000 women screened for breast cancer
- More than 1,700 employees screened for cholesterol
- More than 700 employees screened for skin cancer
- More than 2,000 employees participated in on-site weight management classes
- 11,000 U.S. employees enrolled as wellness center members

## GOOD HEALTH CONTRIBUTES TOWARD STRONG PRODUCTIVITY

Health and productivity are the focus of Citigroup's medical programs. On-site facilities are located in the U.S. in New York, New Jersey and Florida; and in London, England and Dublin, Ireland. Services offered include: assessment, treatment, recommendations and/or referral for illness and injury; periodic medical exams for expatriate staff and their spouses and partners; periodic screening/health promotion programs; immunizations for business travel; flu shots; and, as directed by an employee's physician, laboratory blood tests, allergy injections and electrocardiograms. More than 60,000 visits were documented at these sites in 2004.

Automatic External Defibrillators (AEDs) also have been placed in Citigroup locations across the U.S. AEDs are devices designed to be used by lay people to provide lifesaving technology to a person who has had a cardiac arrest. To date, 410 AEDs have been placed in 270 different locations and more than 2,000 employees have been trained in Cardiopulmonary Resuscitation (CPR) and AED. By the end of 2005, more than 1,000 AEDs will be in place and more than 3,500 employees will be trained.

"Why is it that the word 'mammogram' sounds scary and painful? That's what I've always thought, but I have recently changed my views. For me, mammogram now means lifesaving, informative and thankful... thankful because if I hadn't had one done upon turning 40 last year at the mammogram mobile at Citigroup, I would not have known that I have breast cancer. I am thankful because the cancer is in the early stages—just imagine what stage the cancer would be if I'd decided to wait another year. If someone had predicted that I was going to develop breast cancer, I would have doubted them. I have no history of cancer in my family, I don't smoke and barely drink alcohol. Cancer is a disease as unpredictable as a hurricane in who it strikes."

GRETCHEN KITZIS

*Citibank Latin America Employee  
Tampa, FL*

In most locations where Citigroup has operations, the majority of women in the workforce are under the age of 45. Statistically, at least 40 percent will have children. To help meet their specific needs, lactation facilities are available in the London, Dublin, New York, New Jersey and Florida medical clinics, as well as 25 other worksite locations in the U.S. Citigroup posts an online tutorial about the benefits of breastfeeding, along with a list of U.S. lactation facility locations for mothers returning to work. Also featured on this section of our intranet are guidelines for establishing lactation facilities.

In addition to our on-site medical facilities, we also provide or arrange for medical services for our employees globally. We partner with and manage the Citigroup Travel Health Assistance program with International SOS to provide around-the-clock, worldwide medical access and assistance for expatriates and international business travelers via a dedicated emergency phone line. Additionally, Citigroup Travel Health Assistance can arrange for medical transport and evacuation, if necessary.

Our businesses in more than 30 countries used International SOS's services last year. International SOS also helped us deliver more than 12,000 Web-based e-mail medical alerts to our employees who were traveling away from home on business to inform them of health, prescription and immunization needs to specific destinations.

## Helping Employees Take Steps Toward Health Improvement

The first step is often the hardest for employees striving to make behavioral changes like quitting smoking, starting a physical activity program or adopting healthier eating habits. Citigroup's Health Management Program provides a wide array of convenient options including: on-site, professionally staffed Wellness Centers; lunchtime seminars and programs; print and Web-based health education information/resources; and discounts for commercial health/fitness club memberships and the purchase of home exercise equipment.

In 2004, Citigroup made a significant investment in employee health by opening five new U.S. on-site Wellness Centers. International locations include: Dublin, Ireland; London, England; and Sydney, Australia.



*Our employees' children can participate in numerous activities during the time they spend at Citigroup's Child Care Centers. Pictured here are children at our Sioux Falls, SD, Child Care Center.*

# Highlights of 2004 Awards and Recognition

We are proud to highlight some of the more than 100 corporate citizenship awards and recognitions that Citigroup and its businesses received in 2004.

American Chamber of Commerce—Romania  
**"People for People" Award**

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

*Capital Newspaper*—Romania  
**Oskar Capital Award**

Chamber of Commerce—Ireland  
**Award for Community Commitment**

*Chiang Yi Magazine*—Taiwan  
**Best Corporate Citizen of 2004**

Chilean American Chamber of Commerce—Chile  
**Honorable Mention for Good Enterprise Citizen Award**

Citizens Advisers—U.S.  
**Top 10 Corporate Citizen in Environmental Stewardship**

COSPAC—Panama  
**Corporate Citizenship/Financial Education Award**

Diversitybusiness.com—U.S.  
**Div50 Award as Buyer of Diversity Products and Service**

*Economic Times*—India  
**Corporate Excellence Award 2004**

*Exame Magazine*—Brazil  
**Corporate Citizenship Award**

*Fortune Magazine*—U.S.  
**50 Best Companies for Minorities**

France-Brazil Chamber of Commerce—Brazil  
**Freedom, Equality and Fraternity Award for Environmental Preservation**

Hispanic Chamber of Commerce—California, U.S.  
**Corporation of the Year**

Hong Kong Council of Social Services—Hong Kong  
**A Caring Company**

JumpStart Coalition—U.S.  
**Soaring Star Award for Financial Education**

Junior Achievement—Argentina  
**Volunteer Recognition Award**

*Latin Finance*—Latin America  
**Deal of the Year for Compartamos**

*LIDERES Magazine*—Ecuador  
**Most Respected Company Executive Leadership—1st Place**  
**Most Respected Company—15th Place**

National Urban League—U.S.  
**Million Dollar Hall of Fame**

Operation Smile—Colombia  
**10,000 Smiles Award**

U.S. Department of State—Malaysia  
**Corporate Excellence Award**

U.S. State Department—Bangladesh  
**Corporate Excellence Award**

*USA Weekend Magazine*—U.S.  
**Top "Make a Difference Day" Participant**

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

# GRI Reporting Guide

Citigroup developed the 2004 Citizenship Report with reference to the guidelines developed by the Global Reporting Initiative. These guidelines are intended to enhance the quality, rigor and utility of sustainability reporting and to provide standardized definitions. This year, we have reported on a number of guidelines from the 2002 Sustainability Reporting Framework as well as the Financial Services Sector Supplements for Social Performance and Environmental Performance.

## SUSTAINABILITY REPORTING GUIDELINES

### Vision and Strategy

|     |                                  |       |
|-----|----------------------------------|-------|
| 1.1 | Vision and strategy statement    | pg. 2 |
| 1.2 | Statement from senior management | pg. 2 |

### Profile

|      |   |                |
|------|---|----------------|
| 2.1  | Name of organization  | pg. 4          |
| 2.2  | Major products, services and brands   | pg. 4          |
| 2.3  | Operational structure   | pgs. 4, 8      |
| 2.4  | Description of major divisions, operating companies, subsidiaries and joint ventures              | pg. 4          |
| 2.6  | Nature of ownership   | pg. 4          |
| 2.7  | Nature of markets served  | pg. 4          |
| 2.8  | Scale of the organization*  | pg. 4          |
| 2.9  | Stakeholders*   | pgs. 9, 21, 31 |
| 2.10 | Contact person(s) for the report  | back cover     |
| 2.11 | Reporting period  | front cover    |
| 2.12 | Date of previous report   | pg. 9          |
| 2.13 | Boundaries of report and any specific limitations on scope  | pgs. 5, 8-9    |
| 2.16 | Explanation of restatements of information provided in earlier reports                            | pg. 36         |
| 2.18 | Criteria/definitions used in accounting for economic, environmental and social costs and benefits | pg. 5          |
| 2.19 | Changes from measurement methods in previous year   | pg. 36         |
| 2.20 | Practices to enhance and provide assurance about the accuracy of the report                       | pgs. 24, 35    |
| 2.22 | Additional information  | back cover     |

### Governance Structure and Management Systems

|      |  |                |
|------|--|----------------|
| 3.4  | Board-level processes for overseeing economic, environmental and social risks and opportunities  | pgs. 34-35     |
| 3.5  | Linkage between executive compensation and achievement   | pg. 6          |
| 3.6  | Organizational structure relating to managing economic, environmental and social policies  | pgs. 1, 34-35  |
| 3.7  | Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental and social performance and the status of implementation | pgs. 6, 32-34  |
| 3.9  | Identification and selection of major stakeholders   | pgs. 9, 21, 31 |
| 3.10 | Approaches to stakeholder consultation   | pgs. 9, 21, 31 |
| 3.11 | Type of information generated by stakeholder consultations   | pgs. 9, 21, 31 |
| 3.12 | Use of information resulting from stakeholder engagements  | pgs. 9, 21, 31 |
| 3.14 | Charters, principles or initiatives that the organization subscribes to or endorses  | pgs. 4, 32-34  |

|      |   |       |
|------|---|-------|
| 3.15 | Memberships in industry and business associations and/or advocacy organizations | pg. 4 |
|------|---|-------|

|      |  |                   |
|------|--|-------------------|
| 3.17 | Approach to managing indirect economic, environmental and social impacts | pgs. 32-34, 39-40 |
|------|--|-------------------|

|      |  |       |
|------|--|-------|
| 3.18 | Major decisions during the reporting period regarding the location of, or changes in, operations | pg. 1 |
|------|--|-------|

|      |  |            |
|------|--|------------|
| 3.19 | Programs and procedures pertaining to economic, environmental and social performance | pgs. 32-40 |
|------|--|------------|

### Economic Performance Indicators

|     |                                  |        |
|-----|----------------------------------|--------|
| EC2 | Geographic breakdown of markets* | pg. 10 |
|-----|----------------------------------|--------|

### Environmental Performance Indicators

|      |   |            |
|------|---|------------|
| EN3  | Direct energy use segmented by primary source                                 | pgs. 35-38 |
| EN5  | Total water use   | pg. 37     |
| EN17 | Initiatives to use renewable energy sources and to increase energy efficiency | pg. 38     |
| EN30 | Other relevant indirect greenhouse gas emissions                              | pg. 39     |

### Social Performance Indicators: Labor Practices

|      |   |             |
|------|---|-------------|
| LA1  | Breakdown of workforce*   | pg. 48      |
| LA10 | Description of equal opportunity policies or programs                       | pgs. 46, 49 |
| LA11 | Composition of senior management and corporate governance bodies            | pgs. 6, 48  |
| LA12 | Employee benefits beyond those legally mandated                             | pgs. 50-51  |
| LA13 | Provision for formal worker representation in decision-making or management | pg. 47      |
| LA17 | Policies and programs for skills management or for lifelong learning        | pgs. 6, 47  |

### Social Performance Indicators: Human Rights

|      |  |                   |
|------|--|-------------------|
| HR2  | Consideration of human rights impacts as part of investment and procurement decisions*                     | pgs. 32-34, 39-40 |
| HR4  | Description of global policy and programs preventing all forms of discrimination in operations             | pg. 46            |
| HR8  | Employee training on policies and practices concerning all aspects of human rights relevant to operations* | pg. 39            |
| HR12 | Description of policies, guidelines and procedures to address the needs of indigenous people               | pgs. 32-34, 39-40 |

### Social Performance Indicators: Society

|     |  |                   |
|-----|--|-------------------|
| S01 | Description of policies to manage impacts on communities in areas affected by activities | pgs. 32-34, 39-40 |
| S04 | Awards received relevant to social, ethical and environmental performance                | pg. 52            |

## FINANCIAL SERVICES SECTOR SUPPLEMENT (SOCIAL)

### Management System

|      |                                |                   |
|------|--------------------------------|-------------------|
| CSR1 | CSR policy                     | pgs. 8, 32-34     |
| CSR2 | CSR organization               | pgs. 34-35        |
| CSR4 | Management of sensitive issues | pgs. 32-34, 39-40 |
| CSR6 | Stakeholder dialogue           | pgs. 9, 21, 31    |

### Internal Social Performance

|      |                       |            |
|------|-----------------------|------------|
| INT1 | Internal CSR policy   | pgs. 32-34 |
| INT3 | Employee satisfaction | pg. 47     |
| INT7 | Employee profile      | pg. 48     |

### Performance to Society

|      |                          |                          |
|------|--------------------------|--------------------------|
| SOC1 | Charitable contributions | pgs. 7, 14-19, 27, 41-42 |
|------|--------------------------|--------------------------|

### Suppliers

|      |                               |        |
|------|-------------------------------|--------|
| SUP1 | Screening of major suppliers* | pg. 20 |
| SUP2 | Supplier satisfaction*        | pg. 20 |

### Retail Banking

|     |                                   |                   |
|-----|-----------------------------------|-------------------|
| RB1 | Retail banking policy             | pgs. 20-25        |
| RB2 | Lending profile                   | pgs. 20-25        |
| RB3 | Lending with high social benefit* | pgs. 18-19, 22-25 |

### Investment Banking

|     |                                       |            |
|-----|---------------------------------------|------------|
| IB1 | Investment Policy                     | pgs. 32-34 |
| IB3 | Transactions with high social benefit | pgs. 42-45 |

### Asset Management

|      |  |        |
|------|--|--------|
| AM 2 | Assets under management with high social benefit | pg. 43 |
|------|--|--------|

## FINANCIAL SERVICES SECTOR SUPPLEMENT (ENVIRONMENTAL)

|    |   |                   |
|----|---|-------------------|
| F1 | Environmental policies applied to core business lines   | pgs. 32-34        |
| F2 | Process(es) for assessing and screening environmental risks in core business lines  | pgs. 32-34, 39-40 |
| F3 | Threshold(s) at which environmental risk assessment procedures are applied to each core business line                               | pgs. 32-34, 39-40 |
| F4 | Processes for monitoring clients' implementation of and compliance with environmental aspects raised in risk assessment process(es) | pgs. 32-34        |
| F5 | Process(es) for improving staff competency in addressing environmental risks and opportunities                                      | pg. 39            |
| F7 | Interaction with clients regarding environmental risks and opportunities  | pgs. 32-40, 39-40 |



This report has been printed on paper produced from raw materials that are independently certified by the SmartWood program of the Rainforest Alliance, to the Forest Stewardship Council (FSC) standards. The paper was manufactured by Mohwak Paper Mills using 100% Post Consumer Waste and alternative energy provided by wind power. This report was also printed with soy ink.

For more information on the community and workplace programs described in Citigroup's Citizenship Report, please e-mail [helen.steblecki@citigroup.com](mailto:helen.steblecki@citigroup.com). For more information on Citigroup's environmental and sustainability initiatives, please e-mail [valerie.cooksmith@citigroup.com](mailto:valerie.cooksmith@citigroup.com).

For additional information on Citigroup's Corporate Citizenship initiatives, please visit:  
<http://www.citigroup.com/citigroup/citizen/index.htm>