

ESG at Citi

2020 Executive Summary

Making Healthcare More Accessible

Sustainability Issues to Watch in 2021 and Beyond

Setting a New Standard for Affordable Housing Development

Talking Risk and Control



2020

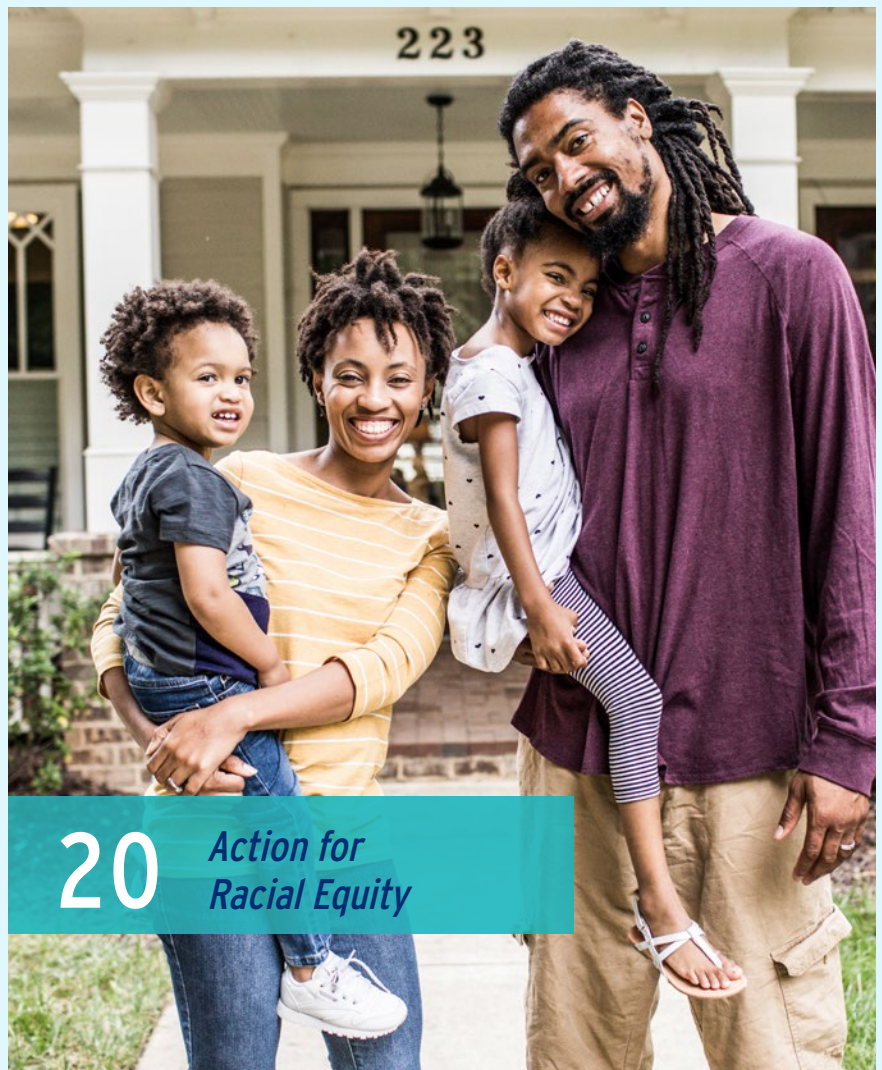
ABOUT THIS SUMMARY

This is an Executive Summary of our 2020 Environmental, Social and Governance Report, which covers our ESG activities and performance for the calendar year 2020. This summary and the full report highlight how we bring our mission and value proposition to life through our business. All reporting and performance data are limited to information for the owned and operated facilities of Citigroup Inc. and its subsidiaries unless stated otherwise. Additional information about Citi can be found on our website at [citigroup.com](https://www.citigroup.com). For more information on Citi's ESG efforts, please visit [citigroup.com/citi/about/esg/](https://www.citigroup.com/citi/about/esg/) or contact:

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Letter from Our CEO, Jane Fraser

One year into the pandemic, the impacts of this global crisis are a reminder that Citi's mission of enabling growth and economic progress isn't just a bunch of words on our website. It's something we take very seriously and bring to life through our day-to-day work in all parts of our business. I joined Citi more than 16 years ago, and my proudest moments at the firm have been when we have used our talent, experience and capabilities as a global bank to help solve some of society's toughest problems.

While I was the CEO of Citi's Latin America region, for example, we worked with Mexico's central bank to develop a new platform that allows anyone to make and receive cashless payments for free. In a country where a little more than a third of adults have a bank account but many more have a mobile phone, Cobro Digital has since paved the way for millions of Mexicans to access affordable financial services. It has also reinforced our belief that by living our core values we generate business value.

This is the kind of solution that banks like ours can forge to build a better world – and there is an increasing expectation from all our stakeholders that we do so. Our environmental, social and governance (ESG) agenda cannot just be a separate layer that sits above what we do day to day. It is embedded in what we do and creates concrete examples of the empathy I see in our firm every day as we work to serve our clients, customers and communities.

With trust in public institutions at record lows, there is greater opportunity for those of us in the private sector to step up and lead. One of the most urgent issues we can help to address



is confronting climate change. We are pleased to see the U.S. rejoin the Paris Agreement, and we are committed to doing our part. In 2020, in the midst of the pandemic, we announced our 2025 Sustainable Progress Strategy. At its heart is a five-year commitment to finance and facilitate \$250 billion in environmental activities. In conjunction with this ambitious climate finance goal, we're working with our clients to evaluate their climate risks and vulnerabilities while continuing to minimize

our own company's direct impacts on the planet. Earlier this year, on my first day as CEO, we committed Citi to net zero emissions by 2050. For us, the transition to more sustainable business practices mitigates risk and can be another competitive advantage.

Building on these goals, we recently took another step and committed \$1 trillion to sustainable finance by 2030, aligning with the agenda of the United Nations' Sustainable Development Goals. This

commitment includes extending our environmental finance target from \$250 billion by 2025 to \$500 billion by 2030, as well as an additional \$500 billion for investments in other important areas such as education, affordable housing, health care, economic inclusion, racial diversity and gender equality. It's a significant effort that expands on our many initiatives to help ensure a more sustainable and equitable future, especially as we continue to tackle challenges posed by COVID-19. As one example, last year we were selected by Gavi, the Global Vaccine Alliance, as sole financial advisor to the COVAX Facility to support the fair and equitable distribution of vaccines worldwide.

20 years ago, U.S. GDP could have increased by an estimated \$16 trillion. We are already making meaningful progress – including investments in Minority Depository Institutions to strengthen community banking, investments in minority-owned housing developers to build affordable housing, and a partnership with the National Urban League to expand access to Citibank's no-fee banking accounts.

Action for Racial Equity builds on Citi's ongoing efforts to support those who are creating solutions to the social and environmental challenges facing communities. In January 2020, we launched the Citi Impact Fund with \$150 million in capital for startups,

in our industry for recognizing the importance of transparency and accountability to these efforts. In 2018, Citi was the first major U.S. financial institution to publicly release the results of a pay equity review comparing compensation of women to men and U.S. minorities to U.S. non-minorities.

Our people are Citi's greatest asset, and we are absolutely committed to being a firm where everyone can show up to work as their true, authentic and whole selves, knowing that their contributions will be judged solely on their merits and their voices will always be heard. To hold everyone to the highest standards of ethics and professional behavior, we have implemented a new accountability framework that contains clear and consistent consequences for misconduct or risk management concerns.

I invite you to learn more about our ESG efforts in the pages that follow. This is a journey that we began at Citi many years ago and is now an essential part of our firm-wide strategy, harnessing the full power of our businesses to help solve society's toughest challenges. But the pandemic has changed our world irrevocably, and as we work to support an equitable recovery, we need to be even more responsive to the needs of all of our stakeholders, including those who have been most challenged by this public health crisis. The opportunities and obligations for companies like ours have never been greater and, as CEO, I am determined for Citi to continue answering the call.



Jane Fraser
Chief Executive Officer

“Our ESG agenda cannot just be a separate layer that sits above what we do day to day. It is embedded in what we do and creates concrete examples of the empathy I see in our firm every day as we work to serve our clients, customers and communities.”

The global pandemic has also laid bare the systemic inequities that have impeded communities from reaching their full potential, and we cannot ignore the role our own industry has played in contributing to these disparities. In the aftermath of George Floyd's murder in Minneapolis, as calls for racial justice intensified across the U.S., we launched *Action for Racial Equity*, more than \$1 billion in strategic initiatives to help close the racial wealth gap and increase economic mobility. It's an investment that promises to pay tremendous dividends: recent research by Citi found that if key racial gaps for Black Americans had been closed

many of them founded by women and minorities, that are focused on the “double bottom-line.” We later allocated an additional \$50 million to the fund to support businesses owned by Black entrepreneurs. In addition, the Citi Foundation is investing \$100 million in its successful Pathways to Progress initiative, which is equipping 1 million youth worldwide by 2023 with the skills they need to access meaningful jobs and careers.

Underpinning all of this work is a commitment to a culture that embraces the diversity of our people and the communities we serve. We are notable



ESG at Citi

Through our core business and philanthropy, we address some of society's greatest challenges – an imperative stated in our mission and an idea that shapes our decisions every day. Our ESG commitments are an essential part of our firm-wide strategy, deeply integrated into our business and long-term priorities, yet nimble to adjust and respond to the ever-changing realities around the globe. For a comprehensive view of our ESG governance, approach and initiatives, read our full [2020 ESG Report](#).

Support communities most impacted by COVID-19 and aid in an equitable recovery

- Committed over **\$100 million** in support of COVID-19-related relief and economic recovery efforts
- Selected by Gavi, the Global Vaccine Alliance, as **sole financial advisor** to the COVAX Facility to support the fair and equitable distribution of vaccines

Play a leading role in driving the transition to a low-carbon economy

- Launched our 2025 Sustainable Progress Strategy, including our **\$250 Billion** Environmental Finance Goal; measuring and managing the climate risk and impact of our client portfolio; and reducing the environmental footprint of our facilities
- Committed to **net zero** greenhouse gas emissions by 2050, including emissions associated with our financing, and our own operations by 2030

Leverage our core business capabilities and philanthropy to help close the racial wealth gap and increase economic mobility in the U.S.

- Launched **\$1 billion** in strategic initiatives to provide greater access to banking and credit in communities of color, increase investment in Black-owned businesses, expand homeownership, and advance anti-racist practices in the financial services industry

Continue transparency around pay equity and reduce our raw pay gap

- Publicly shared an update on our progress, showing improvements in median pay for **women globally** and **U.S. minorities**

Invest in companies tackling society's biggest challenges

- Invested in **13 companies** through Citi's **\$200 million** Impact Fund, the majority of which are founded by women and/or minorities

Increase affordable housing in the U.S.

- Provided **\$7 billion** in loans for affordable housing projects in the U.S., making Citi the largest U.S. affordable housing development lender for the **11th consecutive year**
- Issued inaugural **\$2.5 billion** Affordable Housing Bond, the largest-ever social bond from an issuer in the private sector

Advance economic progress in underserved and low-income communities in emerging markets

- Supported **\$289 million** in debt transactions to fund inclusive businesses and microfinance institutions globally

Respect human rights in our financing of client activities

- Screened more than **600 transactions** under our Environmental and Social Risk Management Policy and flagged 25 of those transactions for enhanced due diligence
- Screened an additional **100 client relationships** for region-specific human rights risks

Address global issue of youth unemployment

- Expanded the global Pathways to Progress job skills-building initiative, led by a three-year, **\$100 million** investment from the Citi Foundation

Support the equitable growth of underserved communities around the world

- **\$100 million** in philanthropic grants provided by the Citi Foundation

Make a positive impact in our communities through employee volunteerism

- **Over 63,000** volunteer engagements as part of Citi's 15th annual Global Community Day Reimagined across 73 countries and territories

Making Healthcare More Accessible

By Erica Plybeah, Founder and CEO of MedHaul

CITI IMPACT FUND

Among the many important determinants of health, transportation is often overlooked. Healthcare is only effective if it is accessible; but for millions of people, especially those with special needs or lower incomes, the lack of safe, affordable and reliable transportation options means missed doctor appointments, inconsistent treatments and other interruptions in care that can have life-threatening consequences. When I was a child, I saw this first-hand with my own grandmother; she had lost both legs to Type 2 diabetes and relied on my mother to help her get to her many doctor appointments.



Nowadays, most hospitals and healthcare providers do offer free or reduced-cost rides home, but those trips are often via taxis, rideshare services or public transportation – not really viable choices for new mothers, people undergoing cancer treatments or someone with dementia, even before COVID-19.

There are many other patients, such as those with disabilities, who may have special transportation needs even if they do not have special medical needs. In the U.S., we're continuing to see delays in diagnoses, medical procedures and treatment, leading to further health risks. On top of that, COVID-19's disproportionate and severe impact on people of color and lower-income communities only further highlighted the need to address the tremendous gap in access that already existed.

The notion that everyone deserves safe, reliable, and compassionate transportation, regardless of their unique needs, is why I started MedHaul. MedHaul connects healthcare providers with specialized medical transportation providers, providing patients with free, safe, and accountable transportation to and from their medical appointments. Our tech-enabled marketplace replaces outdated, idiosyncratic systems used by hospitals with a standardized platform that pairs patients with a ride that accommo-

dates their specific transportation needs, such as a wheelchair, stretcher, or door-through-door transport. By enabling more people to keep their appointments and wellness visits, MedHaul is improving healthcare outcomes for vulnerable and underserved communities – while also reducing the amount of revenue lost by healthcare providers due to missed appointments. Specialized medical transportation providers also benefit from increased revenue, since we seek out and enlist vetted, high-quality providers to participate in MedHaul who might otherwise have gone overlooked.

But launching a successful technology startup takes much more than just a good idea. Bringing MedHaul from a promising concept to an actual business required investment, networks and other resources that are not nearly as available to Black women founders – especially at the seed stage. According to Project Diane, the median seed round funding for a startup is \$2.5 million, but that number falls to just \$125,000 for

Black women founders, who received just .06% of all venture capital investment raised from 2009 to 2018. Black founders don't have the same kind of access to venture funding sources and networks as other founders, and many cannot rely on family to help raise capital. And then there's what I call the "quadruple due diligence," the many additional hoops a Black woman founder needs to jump through in order to meet a much tougher level of funder scrutiny. The obstacles to growth and scale are high, and they are deeply embedded in the structures that fuel the startup ecosystem.

Investment through the Citi Impact Fund was a critical step toward shifting that dynamic for founders like me. By dedicating its \$200 million fund to making equity investments in minority- and women-owned companies like MedHaul, which seek to deliver a positive impact on society in addition to economic success, Citi is working to make the startup world more inclusive and equitable. The early-stage investment MedHaul received from the Impact Fund has been pivotal for our growth – enabling us to build the next version of our online platform for booking and scheduling, develop a



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marketing campaign to recruit and onboard transportation companies, and scale our operations so we have the capacity to grow smoothly.

For MedHaul's users, this investment will increase access, support the medical transportation providers, and ultimately improve healthcare outcomes. And through efforts like the Citi Impact Fund, more companies like MedHaul can access the vital funding they need at an early stage, enabling them to provide vulnerable communities with the services they deserve.

As of December 2020, only 93 Black women in the U.S. have raised over \$1 million in funding for their companies. I am proud to be one of those women. But this startling statistic shows us that we still have so much more work to do – especially during a time where inequities have widened and we work to rebuild equitable communities for all. ■



Erica Plybeah

Sustainability Issues to Watch in 2021 and Beyond

By Val Smith, Chief Sustainability Officer of Citi

SUSTAINABLE FINANCE

2021 will be a pivotal and consequential year for sustainability initiatives and climate change. Around the world, a broad set of stakeholders are focusing their attention on the breadth of climate-related risks and opportunities.



In the U.S., following the release of the Biden Administration's long-term plan for greenhouse gas (GHG) reductions on Earth Day, we expect to see changes through executive and congressional action, a welcome contribution as we seek to re-join governments around the world in driving climate leadership in support of the Paris Agreement. Industries across every sector of the global economy – including banking and financial services – are working to meet their own GHG commitments and those that policy makers are setting out. This effort will require

no small amount of collaboration, innovation, big thinking, and large-scale partnerships between the public and private sector.

In the past, I have used this space to highlight efforts that Citi has undertaken on our path to incorporate sustainability into how we do business. We are proud of the work we have done; from 2014 to 2019, we financed and facilitated \$164 billion in low-carbon solutions, and last year we committed to an additional \$250 billion in environmental finance by 2025. We also reached

our goal of purchasing 100% renewable electricity for our facilities around the world. Earlier this year, we took another important step in our journey and committed to net zero GHG emissions by 2050. With so much focus on the broader trends and innovative approaches to sustainability, I'd like to highlight the related issues we are tracking externally. These range from specific to broad, from short term to long, but within each, there is a pivotal role that Citi can and will play in building a more sustainable future.

1

Net Zero

On Jane Fraser's first day as CEO, she committed Citi to a goal of net zero emissions by 2050, an ambitious goal that we are mapping out over the next year. Other companies in financial services, as well as the tech, power and energy sectors, have made similar commitments in recent months. So what does it all mean? To state it simply, net zero means reducing emissions associated with business and operations activities to as close to zero as possible, and neutralizing any remaining emissions through removal from the atmosphere. How companies actually get there and deal with that remainder is a challenge I am keenly interested in. There are a growing number of approaches – things like regenerative agriculture and hydrogen fuel are gaining steam, and the Biden administration is considering establishing a Carbon Bank to further legitimize those efforts. Other areas under exploration include afforestation and finding ways to deal with fugitive methane emissions. There has also been significant investment in private-sector companies developing innovative sequestration technologies. As always, we'll share our learnings and disclose our progress along the way.

2

ESG Governance

Citi isn't the only company where ESG has become more and more integrated into the business. Companies across every industry are shifting their focus from short term gains (i.e. stock prices) to a longer term approach focused on sustainable growth. We are also seeing more deliberate board oversight of ESG, and executive compensation is being linked to ESG metrics and performance. As the ESG reporting landscape continues to evolve, with the potential consolidation of different frameworks and new global bodies to oversee reporting practices, the key and consistent through-line for us

is accountability. At Citi, we publicly report on our progress for all ESG initiatives, including our efforts to advance pay equity, racial equity, and our previously announced sustainability goals. That transparency goes hand-in-hand with the stakeholders and communities to which we hold ourselves accountable. It is our hope that other companies launching efforts like this for the first time will do the same.

3

Environmental Justice

When we look at the potential impacts of climate change, both domestically and globally, an important area of focus is the communities



where those effects will be felt most acutely. Current analysis tells us that low income communities around the world are much more susceptible to the negative impacts from climate change than higher income areas. In the US, communities of color have long suffered disparate health outcomes due to significantly higher levels of exposure to air pollution based on the location of industrial development. More recently, terms like “climate gentrification” – meaning the movement of whiter, more affluent populations to areas less at-risk, while pushing poorer communities to higher risk areas – have gained significant traction. Citi has been working with local governments to address issues like this for years, but as the problem accelerates – both in terms of timing and severity – so too will the impacts. The issue is front and center in the Biden Administration’s whole of government approach to climate change and will loom large in Congressional legislation as well. How the private sector works to address these disproportionate effects in the U.S. and around the world will be important. And since the most severe impacts will likely play out in countries more susceptible to flooding and drought, a global focus – and global collaboration – will be a central part of any mitigation efforts.

4

Biodiversity

It is hard to ignore the ripple effect that climate change will have not only on the people in our communities, but also on the environments those communities are in. Specifically, plant and animal life are greatly impacted by climate change, with some studies projecting that up to one third of all species could be extinct by 2070 if our behavior does not change. If even a small percentage of that destruction is realized, it will reshape the way millions of people live, alter the livelihoods of entire countries, and ravage local economic and food systems, to name just a few potential outcomes. This is an emerging issue not just for Citi, but across private industry and for governments around the world, and we still lack many of the tools and data needed to make a direct impact. In some ways, it reminds me of where we started with assessing climate risk over a decade ago. When I look at how far we have come on that front, I am encouraged that we will have more actionable information in short order, and that Citi can play a major role in ensuring the safety and growth of our natural environments.

5

Sustainable Finance Innovation

Across many of these trending issues is the notion that we cannot do this alone. All of our efforts require action not just by Citi, but by our clients and partners as well. We have pledged to actively engage with our clients on their efforts to achieve net zero, and to help with their transitions, we offer a range of innovative financing solutions. Over the past few years, we’ve seen increased interest in incentive structures – linking financing to environmental and social performance through a set of pre-determined Key Performance Indicators (KPIs) – such as sustainability-linked loans and bonds, and sustainable supply chain finance. We are looking closely at how sustainability characteristics can be integrated into all financing solutions, and how these types of incentive structures can be extended to additional products. As a financial institution, we know we can play an important role here by directing capital to where it can have the most positive impact, and facilitating the transition to a more sustainable future.

I look forward to seeing how these areas evolve as part of our conversations with clients, investors and partners in the year ahead. ■

Research shows that access to affordable housing is the most effective way to address inter-generational poverty, secure financial stability, and increase economic mobility in the United States.

Setting a New Standard for Affordable Housing Development

By Richard Gerwitz, Co-Head of Citi Community Capital



There's no doubt that housing is a major issue for communities throughout the United States – and that its availability and location has a real impact on the financial stability of families and individuals, local communities, and their economic development.

According to a study conducted by Stanford Economist Raj Chetty, children living in lower income neighborhoods whose families were able to move to areas with less poverty had earnings as adults over 30% higher than would have been the case had they not moved. They

also had an increased likelihood of living in better neighborhoods themselves as adults. The Center for Housing Policy also found that the development of affordable housing increases spending and employment in the surrounding community, serves as an important source of local government revenue, and reduces the likelihood and the associated costs of foreclosure. These and other studies show that affordable housing is beneficial for all parties, and as essential to our nation's infrastructure as roads, bridges, tunnels, and the energy grid.

The COVID-19 pandemic, however, has made an already significant affordable housing crisis in the U.S. worse – adding to a shortage of over seven million affordable homes for the nation's 11 million-plus lower income families. And with unemployment and economic hardship further widening the inequality gap, access to housing has become more vital than ever for struggling Americans. For those who are experiencing poverty or financial strain, a safe and comfortable home makes an immeasurable difference.

At Citi, we're committed to addressing this problem through our promotion and support of innovative building techniques, targeted funding, and strategic partnerships with local governments, nonprofits, and businesses. Here is just one example.

833 Bryant

A new affordable housing project in San Francisco, 833 Bryant, set to open for residents in October 2021, includes 145 studio apartments of permanent supportive housing for adults who have previously experienced homelessness. The site

features clean and spacious apartments, and is centrally located in the South of Market area of San Francisco, close to public transit, grocery stores, and community parks.

The ambitious project brought together Citi Community Capital, Public Finance, the Municipal Sales & Trading team, as well as public and private partners.

Through its partnership with the City of San Francisco, 833 Bryant will provide permanent affordability and high quality maintenance of the building for residents.

Innovative Construction

Among the barriers to affordable housing development in major cities is the cost of construction, and the time it takes for developments to be ready for residents to move in. Building a unit of affordable housing through traditional means in San Francisco can cost as much as \$750,000 per unit, and take three years or more to build and lease, making it a costly and unnecessarily prolonged process.

In contrast, Citi-funded 833 Bryant was built using modular construction, an approach which moves much of the construction process off-site and onto a factory floor. This method not only expedites the process of building affordable housing in major cities, but also ensures that the high standard of quality for units is upheld and that the construction is uniform. Modular construction is also more eco-friendly – the process reduces waste thanks to a controlled environment, uses recyclable materials, and requires less energy. This is consistent with Citi's commitment to ESG.

As a result of the efficiencies of modular construction, the cost of the 833 Bryant project will be about half the typical per unit cost of building a project in San Francisco, and it is



expected to be ready for occupancy a mere 14 months from bond closing. These are significant reductions in the cost and time needed to complete a project of this magnitude relative to traditional construction. The time and money saved will also allow 833 Bryant to provide affordable housing for 70 more people, for the same amount of money, than a typical project.

Creating Permanent Jobs

The modular construction approach taken at 833 Bryant doesn't just save money and time. It creates permanent jobs in lower-cost areas. We invested in Factory OS, a new company located in Vallejo, California, which employs a diverse group of mostly new immigrant workers to build the housing units for this building and others. These permanent jobs provide vital support to the Vallejo and surrounding communities. Factory OS is revolutionizing home construction using state of the art technology to build multi-family modular buildings. Citi's contributions to Factory OS and 833 Bryant, while providing much needed housing to San Francisco residents experiencing homelessness, have also created stable jobs and stimulated the local economy in Vallejo.

Innovative Financing

Citi played multiple roles in the effort to construct 833 Bryant: Low Income Housing Tax Credit investor, construction loan administrator, and Letter of Credit provider guaranteeing construction completion. Citi's innovative approach to financing the project exemplifies our strong commitment to affordable housing in low-to-moderate communities, and combating homelessness in the United States.

Homes for the Homeless, a subsidiary of the San Francisco Housing Accelerator Fund (a public/private entity for which Citi has been the lead lender), acquired the site for 833 Bryant back in 2018.

Then, an innovative financing approach expedited and economized the construction process. Homes for the Homeless advanced pre-development costs to the developer, Mercy Housing, including the initial deposits to Factory OS, and purchased the site, which is being leased to the Mercy ownership entity. Mercy will then lease the completed project to the City of San Francisco, which will sublease it back to the partnership to operate. This lease/leaseback structure allows the City's lease payments to go directly to service

debt on the bonds, which were structured and sold to the public by Citi's Public Finance Department and Underwriting and Sales team. By virtue of San Francisco's Triple-A GO rating, the 30-year bonds were rated Aa2 by Moody's Investor Service and sold at a net interest cost of 2.91%. Through its agreements with Mercy, the City is also funding all operating and supportive services costs for the project.

Through these strategic partnerships and financing efforts, 833 Bryant was constructed more quickly and efficiently than most affordable housing developments in the San Francisco area, allowing residents timely access to a home when they most need it.

Setting a New Standard

As the leading funder of affordable housing development in the U.S., we strive to maximize efficiency, quality, and innovation in this space. By emphasizing teamwork and marshaling internal resources, through collaboration with local governments, nonprofits, and partners, and with innovative financing, Citi is helping make 833 Bryant a shining example of what can be achieved when we address the affordable housing crisis with creative and comprehensive solutions. ■

Our Action for Racial Equity Goals

An Update on Our Progress

As of April 26, 2021



Highlights

- More than half of the way to its \$100 million commitment to Minority Depository Institutions (MDIs) that are expanding banking and credit access in communities of color.
- Investing more than \$200 million – out of a \$550 million three-year commitment to affordable housing – in five equity funds that will be co-managed by Black investment managers to preserve multi-family affordable rental housing in cities all across the country.
- Collaborating with the cities of Los Angeles and San Jose to provide college savings accounts for public school students.
- Working with the National Urban League to offer the Citi® Access Account Package that includes no fee savings and checking products through its network.

“Action for Racial Equity was meant to be a three-year goal, but our teams have matched the urgency these issues deserve, making incredible progress towards that goal in just over six months. We are determined to do everything we can to help close the racial wealth gap in our communities and continue to do the work to become an anti-racist institution.” – Jane Fraser, Citi CEO

GOAL 1: Expanding banking and access to credit in communities of color

What Citi has done so far:

- As part of Citi’s \$100 million goal in support of MDI growth and revenue generation, allocating nearly \$50 million in growth capital to MDIs to strengthen their ability to serve racially diverse households and entrepreneurs. To date, Citi has made equity investments in the following MDIs: [Broadway Financial Corporation](#), [Citizens Trust Bank](#), [Mechanics & Farmers Bank](#), [OneUnited Bank](#), [Optus Bank](#), and [Unity National Bank of Houston](#), with legal pro bono advice provided by Paul, Weiss, Rifkind, Wharton & Garrison LLP.
- Closed nearly \$15 million out of \$50 million in affordable housing loan participation opportunities for MDIs to generate revenue and build their capacity to invest in larger transactions.
- Established a technical assistance program to support MDIs’ talent development, enhance technology, and expand business networks through a collaboration with [Deloitte](#) and the [National Banker’s Association](#).
- Working with the National Urban League to serve Black households by expanding access to the Citi® Access Account Package that includes low-cost savings and checking products through its network.
- Collaborating with the cities of Los Angeles and San Jose to provide college savings accounts for public school students.

“The financial inequality and other systemic problems people of color face will not go away until we confront them head on - and that’s what we’re working towards here at Citi.” – Mark Mason, Citi CFO

GOAL 2: Invest in black entrepreneurship

What Citi has done so far:

- As part of Citi’s commitment of \$50 million in additional impact investing capital for Black entrepreneurs, 6 of the first 16 Citi Impact Fund investments were directed to Black founders, accounting for 18% of the Fund’s equity invested to date.
- Spent \$875 million with diverse suppliers in 2020, including \$354 million with Black-owned businesses alone. On track to increase Citi business procurement spend with certified diverse suppliers to \$1 billion annually by 2023.

GOAL 3: Invest in affordable housing and promote the growth of black homeownership

What Citi has done so far:

- Final stages of committing \$200 million of equity to the preservation of affordable and workforce housing projects that will be co-managed by five Black investment managers. The co-managers were sourced by Citi Community Capital through a competitive RFP process and selected by an expert advisory committee.
- Continue to invest in its digital mortgage capabilities to better reach all communities, including underserved markets.
- Expanding Community Lending products and programs, while leveraging its mortgage portfolio and capital to further enable homeownership, including Citi's HomeRun program and its Lender Paid Assistance program.
- Continuing to strengthen relationships with homeownership counseling groups such as HomeFree-USA and participating as a member of the Office of the Comptroller of the Currency's Project REACH Homeownership workstream to promote financial inclusion through greater access to credit and capital.

GOAL 4: Strengthen Citi's policies and practices in order to become an anti-racist institution

What Citi has done so far:

- Issued first affordable housing bond with a notional value of \$2.5 billion, the largest-ever social bond from an issuer in the private sector. Citi utilized a syndicate of minority and women owned broker dealers, with Black-owned broker-dealers comprising 75% of the joint-lead managers. The use of proceeds from the bond will finance the construction, rehabilitation and preservation of quality affordable housing for low-and moderate-income populations in the U.S.
- Issued \$2.5 billion bond with an underwriting syndicate exclusively comprised of Black-owned broker-dealers, reinforcing the firm's commitment to increasing racial equity in the capital markets and broader financial services industry.
- Piloted a municipal finance modeling training program, in collaboration with Citi and minority-owned, municipal broker-dealers and advisors, to support talent development, promote networking, and deliver access to industry-leading bankers in the field.
- To date, a majority of Citi's law firm partners in the U.S. have volunteered to participate in the bank's efforts to increase representation of diverse attorneys on Citi matters.
- Successfully updated the Citi Environmental and Social Risk Management Policy for project-related financing to strengthen due diligence processes for environmental justice and social impacts on communities of color.

PHILANTHROPY & PARTNERSHIPS

- The Citi Foundation has granted more than \$15 million of its three-year, \$100 million target to invest in community change agents addressing racial equity.
- Recently announced \$1 million grant to MENTOR to propel racial justice and equity efforts and \$3.5 million in support of Historically Black Colleges and Universities (HBCUs) and young Black students and leaders, with grants to UNCF and Thurgood Marshall College Fund.
- Citi is a signatory of the Office of the Comptroller of the Currency's Project REACH Pledge to promote the vitality of MDIs.
- Citi also supports the Corporate Call to Action: Coalition for Equity & Opportunity (CEO), launched by the Connecticut State Treasurer and the Ford Foundation.



Q&A with

Karen Peetz

Chief Administrative Officer of Citi

As a financial institution, we are in the risk business. To ensure we're living up to the high standards our stakeholders rightly expect of us, we are embarking on a firm-wide transformation to create a best-in-class risk and control environment at Citi. Not only will this allow us to run an effective and efficient bank, but it will also enable us to innovate, adapt and deliver the best possible results for our colleagues, clients and communities.

This transformation is a strategic priority for Citi, overseen by our CEO and the entire leadership team. Karen Peetz, our Chief Administrative Officer, was brought on board to help steer and centralize our remediation efforts, and guide our transformation into a better bank for the future.

Q: Why is creating a best-in-class risk and control environment a top priority for Citi?

Karen: We are a bank. Effectively managing our risks is our business and our responsibility. By creating a best-in-class risk and control environment, we are positioning our firm to better compete in a digital world and simultaneously address the needs and expectations of our clients, regulators and our shareholders. The COVID-19 pandemic has only accelerated the transition to a digital future, and if we don't have a modern, automated infrastructure that we're continuously improving, we won't be able to move at the pace we want.

Enhancing our risk and controls is also an opportunity for us to strengthen our competitive advantages as the world's most global bank. Our global network, people, expertise, insights, and connectivity – these are our most strategic assets

that we must continue to invest in, and when we reach operational excellence, we'll be known for excellence in what we do, how we do it, and who we are.

Q: How is Citi approaching this transformation work?

Karen: The consent orders we received from regulators last year created the urgency and framework for our transformation, but the transformation encompasses more than the regulatory remediation and we're taking a holistic approach to our efforts. This work builds on the progress we've made since the last financial crisis to make Citi simpler, safer and stronger. We're looking at our transformation as a unique opportunity to make Citi more resilient and better prepared for the future.

Q: How will Citi accomplish its transformation? What efforts are underway?

Karen: Instead of a fragmented approach to remediating issues, we're looking to solve the root causes of our challenges. We're redesigning our key processes from end-to-end, automating them, and ensuring we have the proper controls in place. We're also eliminating much of the organizational and operational complexities that slow us down. All these efforts will allow us to be simpler, which enables us to focus our resources, see from end-to-end, and connect different pieces more easily – with better controls.

We created a Transformation Steering Committee, chaired by our CEO, to drive forward core areas of our transformation work. These areas include efforts to identify changes we need to make in our culture to increase accountability and champion excellence, improve and automate controls, and modernize our data infrastructure.



Q: What role is the CAO Office playing in these remediation efforts?

Karen: Working directly with our CEO and the rest of the Executive Management Team, I'm leading the program management of our transformation. That means coordinating with colleagues across regions, businesses and functions as we put together extremely detailed plans for this multi-year effort. My office is really challenging ourselves and all of the participants in these plans with some consistent governance, consistent platforms, reporting – things that will really help us have transparency for where we are and a roadmap for where we are going.

Q: How are Citi employees taking part in the transformation?

Karen: All Citi employees are responsible for taking part in our transformation – everyone has a role to play. That's why one of our focus areas is creating a culture of excellence. We want to enable all of our colleagues to be better risk managers with direct accountability for protecting the integrity of our firm. It's really a mindset shift, and once you have everyone in the company embracing this culture, it absolutely makes us stronger and more likely to succeed in our ambitious agenda. ■

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