



Action for Racial Equity

Year One Progress Report

November 2021

citi.com/racialequity





About This Report

This report illustrates how we bring our mission to life through our business; it covers our *Action for Racial Equity* activities, performance and approach in its first year of operation (September 2020 - September 2021), focusing on the issues we have determined to be of significant importance from a racial equity perspective, which is a broader standard than that used in our financial disclosures.

We have included commentary from Citi executives, partners and investees in relevant sections of the report to illuminate how Citi and the Citi Foundation are making progress toward our commitments to help close the racial wealth gap in the U.S. Finally, this report supplements information in our *Action for Racial Equity* press release, published on November 9, 2021.

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. For more information on Citi's and the Citi Foundation's *Action for Racial Equity* initiatives, please visit citi.com/racialequity or contact:

Global Public Affairs

Citigroup Inc.

388 Greenwich Street, New York, NY 10013

racialequity@citi.com

Table of Contents

- Letter from the CEO** _____ **01**
- Citi and Citi Foundation’s Commitment** _____ **02**
- An Update on Our Progress – One Year In** _____ **03**
- Goal 1: Expand Banking and Access to Credit in Communities of Color** _____ **07**
 - Citi’s Approach to Working with Minority Depository Institutions (MDI) 07
 - Q+A with Gina Nisbeth, Inaugural Citi MDI Rotational Program Fellow 08
- Goal 2: Invest in Entrepreneurship** _____ **09**
 - Closing the Racial Wealth Gap Through Each Investment We Make 09
 - Q&A with Citi Impact Fund Investee, Jean Brownhill 11
- Goal 3: Invest in Affordable Housing and Promote the Growth of Black Homeownership** _____ **13**
 - Embedding Equity in Affordable Rental Housing 13
 - Spotlight on Laurel Street 14
- Goal 4: Strengthen Citi’s Policies and Practices in Order to Become an Anti-Racist Institution** _____ **15**
 - Our Approach to Embedding Racial and Gender Equity into Asset Management 15
 - Citi Will Conduct a Racial Equity Audit 17
- Philanthropy** _____ **18**
 - Extending Citi Foundation’s Support for Community Organizations to Back Small Businesses 18
 - Bedford Stuyvesant Restoration Corporation: Closing Gaps in Black Community Wealth 20

Letter from our CEO

Following the murder of George Floyd, we felt an incredible responsibility to not only say something, but to act. In the midst of a global pandemic that disproportionately impacted communities of color, we had to take a hard look at ourselves and our own contribution to the status quo. More importantly, we had to use our power - as individuals, as a company and as an industry - to turn the lessons of tragedy into a lasting transformative movement toward greater equality.

Today, I'm proud to share that as part of our *Action for Racial Equity* commitment, [Citi has now invested \\$1 billion in strategic initiatives](#) to provide greater access to banking and credit in communities of color, increase investment in Black-owned businesses, expand affordable housing and homeownership among Black Americans, and advance anti-racist practices in our own company and in the financial services industry. We are on track to exceed the \$1.1 billion goal we set in 2020, years ahead of schedule - and we are not about to stop there. We are committed to keep going and investing significant additional resources to help close the racial wealth gap.



Over the last year, we have engaged every level of our business to think and act in support of equity and the goal of closing the racial wealth gap and increasing economic mobility in the United States. We've made great progress over the year and continue to deepen our commitments with new initiatives to support racial equity. For example, we are creating a Diverse Financial Institutions Unit, a dedicated team within Citi that will serve as a hub to lead and expand engagement with Minority Depository Institutions, driving investment and revenue generating opportunities. Citi Global Wealth is also embedding racial equity in asset management, including a goal to onboard 5-15 diverse owned or managed fund managers to Citi's platform, with \$200 million of client capital expected to be invested in these funds by the end of 2023.

We recognize that to continue closing the gap, we need an approach that both lifts people up now, while creating economic solutions that support systemic change for the long term. We also recognize the need to hold ourselves accountable, starting with being transparent about where we are and where we need to continue pushing to improve. That's why we've committed to a [third-party racial equity audit](#) to review Citi's *Action for Racial Equity* goals. Additionally, Citi is among the first 50 companies and the first major Wall St. bank to participate in the Management Leadership for Tomorrow Black Equity at Work Certification, which was created to help guide companies and keep them accountable for making progress around equity. We are going to listen, learn and evolve so we can continue driving equity and inclusion for our colleagues, clients and communities.

My proudest moments at Citi have been when we've worked together to solve society's toughest problems and improve the human condition. Through these efforts - and many more - we are leveraging the core strengths of our bank to make sizable impacts in closing the racial wealth gap while also recognizing there's a lot more work to do to advance anti-racist practices within our own walls and in the industry overall.

I want to thank all of our colleagues, clients and partners who have joined us in this effort. It's easy to make a commitment. But when we say at Citi that we are going to do something, we do it. It is one of the things I love about this firm. And with you at our side, we will continue to push to make a difference in the communities that need it most.

A handwritten signature in black ink that reads "Jane Fraser". The signature is written in a cursive, flowing style.

Jane Fraser | Chief Executive Officer, Citi

Citi and Citi Foundation's Commitment

Our Four Goals



Expand banking and access to credit in communities of color



Invest in Black entrepreneurship



Invest in affordable housing and promote the growth of Black homeownership



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

\$1+ Billion in strategic initiatives by the end of 2023

\$550 Million

to support homeownership for people of color and affordable housing by minority developers

\$350 Million

in procurement opportunities for Black-owned business suppliers

\$100 Million

to support Minority Depository Institutions' Growth and Revenue Generation

\$50 Million

in additional impact investing capital for Black entrepreneurs

\$100 Million

from Citi Foundation to support community change agents addressing racial equity



An Update on Our Progress One Year In

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

What Citi has done so far:

Collaborating with Minority Depository Institutions (MDI)

- Made plans to launch the Diverse Financial Institutions Unit, a dedicated team within Citi that will serve as a hub to lead and expand engagement with MDIs, driving investment and revenue generating opportunities.
- Invested \$39 million out of \$50 million in growth capital to 10 MDIs across the U.S. to strengthen their ability to serve racially diverse households and entrepreneurs.
- Closed nearly \$20 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.
- Launched the Citi MDI Rotational Program, a first-of-its-kind initiative, which embeds Citi executives within MDIs for up to a year to share expertise and help grow the MDI's business.
- Announced Bridge Built by CitiSM, a new online lending platform for small- and medium-sized businesses that will help drive lending opportunities for MDIs, as well as other local banks.
- Piloted an effort that will bring MDIs to participate as investors in Citi's Supply Chain Finance offering.
- Launched a technical assistance program in collaboration with Deloitte and the National Bankers Association to support MDIs' talent development, enhance technology, and expand business networks. This effort includes a Board Ready program to help connect executives from seven MDIs with corporate board seats.

Expanding access to Citi products and platforms in collaboration with community and municipal partners

- Launched a collaboration 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.
- Launched a collaboration with Local Initiatives Support Corporation (LISC) to serve households of color by expanding access to the Citi® Access Account Package that includes low-cost savings and checking products.
- Signed a contract with the City of Los Angeles to provide services in support of its school-based children's savings program called Opportunity LA, which will maintain no-cost college savings accounts for the benefit of students in LA's Unified School district.
- Collaborated with the City of San Jose and San Jose Public Library Foundation which is maintaining no-cost college savings accounts for the benefit of students at select Title 1 public schools using the Citi Start Saving® platform as part of San Jose Aspires.

GOAL 2: Invest in Black entrepreneurship

What Citi has done so far:

- To date, 9 of the first 24 Citi Impact Fund investments were directed to Black founders - most of which are seed stage investments, accounting for 40% of the Fund's portfolio and 20% of the Fund's total equity invested.
- Spent \$875 million with diverse suppliers in 2020, including \$354 million with Black-owned businesses alone.
- On track to achieve target for annual supplier spend with Black-owned businesses in 2021 and goal of increasing overall spend with certified diverse suppliers to \$1 billion annually by 2023. Supplier spend data released annually as part of Citi ESG reporting.

GOAL 3: Invest in Affordable Housing and Promote the Growth of Black Homeownership

What Citi has done so far:

- Committed \$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 identified by Citi Community Capital through a competitive RFP process and selected by an expert advisory committee.
- Expanded the U.S. Consumer Bank's community lending team and its network of correspondent lenders to support Black and Hispanic homeownership.
- Citi continues to invest in its digital mortgage capabilities to better reach all communities, including underserved markets.
- Citi is working toward expanding the eligibility criteria for its Community Lending products and programs, while leveraging its mortgage portfolio and capital to further enable homeownership. This includes Citi's HomeRun program, which requires low down payments and removes mortgage insurance requirements for eligible borrowers with low-to-moderate-incomes, and its Lender Paid Assistance program, which provides eligible homebuyers a credit of up to \$5,000 to lower closing costs to make buying a home more affordable.
- Citi is continuing to strengthen relationships with homeownership counseling groups, such as HomeFree-USA, and is 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:

Embedding racial equity in our policies and business practices

- Announced a third-party racial equity audit of the *Action for Racial Equity* initiatives underway across the company to address the racial wealth gap in the U.S.
- Announced Citi Global Wealth Investments' steps to help embed racial equity in asset management, including a goal to onboard 5-15 diverse owned or managed fund managers to Citi's platform – \$200 million in client capital is expected to be invested in these funds by the end of 2023.
- Since January 2020, Citi has issued \$40 billion debt and capital and included Black-owned broker-dealers in 85% of all transactions, reinforcing the firm's commitment to advancing racial equity in the capital markets. Every transaction included at least one minority, women or disabled veteran-owned firm.
- 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.
- Established a new Citi Ventures team that will help digital and inclusion units across the bank develop financial technology solutions that center racial equity in design strategy and data protocols.
- Piloted a municipal finance modeling training program, in collaboration with minority-owned, municipal broker-dealers and advisors, to support talent development, promote networking and deliver access to industry-leading bankers in the field.
- Obtained detailed diversity data from the majority of Citi's U.S. law firm partners who make up more than two-thirds of our U.S. Legal spend. This data will allow Citi to identify opportunities to increase representation of diverse attorneys on Citi legal matters.
- Began working with advertising agency partners that comprise the largest portion of Citi's marketing spend to increase diverse representation of agency teams, including senior leadership, and to help ensure diversity in Citi marketing materials.
- Announced collaboration with Getty Images to roll out Citi Diversity, Equity & Inclusion Imagery Toolkit that aims to provide marketers and communicators with training around authentically showing underrepresented communities in visuals to accelerate more inclusive marketing and advertising campaigns.

Engaging in multi-sector collaborations that aim to help address racial equity

- Citi was one of the first institutions to sign the Office of the Comptroller of the Currency's Project REACH Pledge to promote the vitality of Minority Depository Institutions and homeownership.
- Citi signed on to the Corporate Call to Action: Coalition for Equity & Opportunity (CEO), launched by the Connecticut State Treasurer and the Ford Foundation.
- Announced participation in MLT's Black Equity at Work Certification, a first-of-its-kind, standard and roadmap for employers that want to achieve Black equity, internally, and support Black equity in society. Citi is the only large U.S. bank among the first 50 companies to participate.



Philanthropy

What the Citi Foundation has done so far:

Granted more than \$40 million of its three-year, \$100 million target to invest in community change agents advancing racial equity. For example, the Citi Foundation:

- Provided support for Historically Black Colleges and Universities and young Black students and leaders, with grants to UNCF (United Negro College Fund) and the Thurgood Marshall College Fund.
- Commissioned The Joint Center for Political and Economic Studies to launch an 18-month research project to help explore structural inequities that made Black communities more vulnerable to COVID-19 and set recommendations for a full and equitable economic recovery for Black Americans.
- Provided support for 50 community organizations providing technical assistance to small businesses in communities of color that have been disproportionately impacted by the COVID-19 pandemic.
- Supported Echoing Green's Racial Equity Philanthropic Fund, which is working to scale social enterprises focusing on racial equity worldwide.
- Funded NPower's Advancing Young Women of Color in Technology Initiative (aka "40 by 22") to increase the enrollment of Black and Latinx women to 40% of the students in their programs by 2022.
- Committed to support the next phase of the Financial Health Pulse™ national research study in collaboration with the Financial Health Network to shine a spotlight on economic disparities across race, gender and age and identify solutions through timely and comprehensive data sets to dismantle systemic barriers to financial health.

GOAL 1

Expand Banking and Access to Credit in Communities of Color

Why it matters

Many communities of color lack access to traditional banking services that are the foundation of financial stability and thriving communities. Economic security is also hampered by insufficient access to credit, which makes it hard to qualify for affordable mortgages and small business loans.

Citi's Approach to Working with MDIs

Minority Depository Institutions (MDI) are central to the financial services ecosystem, providing customers with banking, homeownership and small business lending products and services. Hear from Harold Butler on Citi's comprehensive approach to collaborating with MDIs.

Since 2017, with the U.S. government, Citi has led an initiative to create opportunities for MDIs to understand and learn how to do business with the Federal government. But in the midst of the global pandemic and calls for racial equity last year, we recognized an opportunity to deepen our commitment and investments to improve liquidity among MDIs. For example, we set up a facility to purchase Paycheck Protection Program (PPP) loans from MDIs, freeing up capital and room on their balance sheets for further investments in their communities.

Yet our work has only just begun. In the past year, as corporations across the country have made significant financial commitments to advance racial equity, Black MDIs have seen an unprecedented influx of investments. With this infusion of equity, they need new solutions and ways to partner that help put their balance sheets to work. Through collaboration with colleagues from across the firm, we continue to launch new opportunities to engage with and support MDIs.

Our approach is about more than just providing equity, we deliver a comprehensive method designed to help strengthen MDI partner balance sheets through equity investments, and maximize those investments through additional revenue growth and capacity building opportunities. From up to \$50 million in direct equity investments and inviting MDIs into up to \$50 million in loan participation opportunities, to onboarding MDIs as participants in Citi's supplier finance program and providing MDIs with a "resident" Citi employee for in-depth advice and support, we are committed to comprehensive engagement.

To deliver on this strategy, Citi is creating the Diverse Financial Institutions Unit - a new centralized team that will serve as a hub to lead and expand engagement with MDIs, driving investment and revenue generating opportunities. Our goal is to support these organizations to accelerate their transformation agendas and reach deeper into the communities they serve.

To learn more about Citi's approach to collaborating with MDIs, check out our [MDI brochure](#).



Harold Butler

Head of Minority Bank Institutional Engagement and Managing Director in Banking, Capital Markets and Advisory

Q+A with Gina Nisbeth

The Citi Minority Depository Institution (MDI) Rotational Program is a first-of-its-kind initiative aimed at sharing the expertise of our executives with MDIs by embedding them in long-term roles within the banks. Hear from Citi's Gina Nisbeth on her experience at Unity National Bank in Houston as the pilot program's first participant.

Why is supporting MDIs important to you personally?

I have a once-in-a-lifetime opportunity to help strengthen the vitality of an institution that is culturally significant to the Black community. At Citi, we have a real commitment to support the communities we serve, but this program has helped me take that commitment to the next level. What's even better is I am learning so much from the experience too.

What will you focus on while at Unity?

In my role with Unity, I have a mandate to help increase revenue. I will help them build a community development finance platform which will add economic value in low-income communities across the U.S., but first in Texas and Georgia where they have a presence. We will start by applying for the New Markets Tax credit federal program. I'll also help grow their affordable housing program, build their network of community-based organizations, develop a committed and passionate advisory board, and support reporting of corporate investments.

How does your experience as a Citi employee help?

I'm finding that the way I approach questions and problems is different being an outsider and having come from a global financial institution. As we are crafting their New Market Tax Credit application, I have the opportunity to help them identify their strategy from the beginning - who they are and what they want to represent. Sometimes those conversations benefit from having the perspective of someone from the outside looking in. I want to be transparent about what I do and don't know. I want to be humble and focus on areas where I can add value.

What is your first impression having started at Unity?

Unity colleagues understand the mission of their organization is about more than just banking. Instead, its community banking in historically Black and Latinx communities. They serve their community with cultural sensitivity, a sense of responsibility and passion, something that I think bank peers of all sizes can learn from.

What can Citi learn from Unity?

I hope my time at Unity reinforces Citi's understanding of how important MDIs are in their communities and that we better appreciate their significance in the banking ecosystem. I think it will also help inform new ways that Citi can partner. My hope is that by working with them in a deeper capacity, I will be able to better understand how we can structure our partnerships so that they are even more effective and sustainable.



Gina Nisbeth

Director, Global Spread Products at Citi and inaugural participant in the Citi MDI Rotational Program

GOAL 2

Invest in Entrepreneurship

Why it matters

Black-owned businesses have long faced obstacles in obtaining loans. They are the most likely to apply for bank financing, but get turned down at twice the rate as white business owners. This financing gap is especially pronounced in the startup world, where studies show that Black entrepreneurs receive only 3% of venture capital funding and even less for Black women.

Closing the Racial Wealth Gap Through Each Investment We Make

Read about the work of the Citi Impact Fund through the eyes of Christa Williams, one of the Fund's senior investors.

Since the Citi Impact Fund (CIF) launched in early 2020, we have made 24 investments into U.S.-based, double-bottom-line companies with business models built around positive social and environmental impact and outcomes. Nine of those investments have been in companies with Black founders who are working to close the racial wealth, education, healthcare, and connectivity gaps in the U.S.—directly impacting marginalized communities for the better.

As the lead investor of the CIF's Black Entrepreneurs Investment Initiative and a Black woman myself, I know well the extent of the racial wealth gap in the U.S. and the complex ecosystem of products and services required to close it. The path from being financially underserved to fully participating in the financial system and building wealth is a multi-step journey that requires a robust suite of solutions.

At the CIF, we are examining wealth in the U.S. holistically and investing in an end-to-end wealth-building process for the communities we serve. Over the past year and a half, we have steadily unpacked the economic and societal challenges that inhibit progress for marginalized communities and are now investing in companies that provide pathways to economic access and participation. Our goal in allocating \$50 million in venture capital funding for Black founders is to play a role in helping close the racial wealth gap.

To help truly address the racial wealth gap in the U.S., it's also important to understand that each of these components requires equitable education and opportunity for underserved communities. Someone who has never owned a debit card can't be expected to have established a healthy credit profile; similarly, someone reliant on payday loans to address immediate expenses is unlikely to have the capital to invest in a standard 401(k) plan.



Christa Williams
Senior Vice President,
Citi Impact Fund

The CIF's four investment pillars (Sustainability, Workforce Development, Physical and Social Infrastructure, and Financial Inclusion) allow us to take a multi-tiered approach to solving intractable problems like these. We invest with the understanding that the best way to reach, engage, and grow with underserved consumers is to understand their unique challenges and meet them where they are.

It's not just about helping Black founders build wealth, its about helping Black communities build wealth through the companies we invest in.

Charting a Path to Equity in Wealth

We're working with several phenomenal companies who are addressing these issues head on and looking to make an impact in the communities they serve. The Citi Impact Fund's investments in Black-founded companies include the following:



MedHaul, a ride-booking platform for non-emergency medical rides, helping often overlooked populations access quality transportation and ultimately the health care they need



Clerkie, an artificial intelligence company with a proprietary financial automation platform that streamlines the relationship between creditors and consumers with an aim to help more than 100 million Americans ease their debt burden



"MoCaFi", or Mobility Capital Finance, a mobile-first, digital banking platform that offers financial services to underserved communities across the U.S.



Perch, a company designed to empower unbanked and underbanked young adults with tools to properly manage their credit



Greenwood, a tech-enabled banking platform built for Black and Latinx communities. Greenwood's mission is to bridge access and wealth gaps via initiatives and solutions that promote financial inclusion and wellness for all.



Sweeten, a digital platform that matches residential and commercial construction projects with vetted general contractors, while offering guidance and financial protection --at no cost to the client.



Moving Analytics, a telehealth company that has helped thousands of patients across multiple states access life-saving cardiac rehab after they have experienced a heart attack or cardiovascular complication.



Flume Internet, an internet service provider that enables high-speed low-cost internet access by leasing unused networks from cities and utilities.



StackShare, an enterprise software-as-a-service company that provides tech stack collaboration for developers, with a community of more than one million developers and over 40,000 companies that have shared the tech stacks they use.

We know that the effects of all this work won't be immediate, but we're on the front lines each day researching these issues, identifying bias, meeting with founders, and making investments we believe in.

Q+A with Jean Brownhill

In 2021, the Citi Impact Fund invested in Sweeten, a company that is transforming construction, with equitable access for women and minority contractors. Hear from Jean Brownhill, Sweeten's Founder, about how and why she started her company.

What inspired you to start Sweeten?

I launched Sweeten after my own frustrating home renovation. After working hard and saving, I purchased my first home in Brooklyn's Bed-Stuy neighborhood. Even being a trained architect and having insider knowledge of the industry, I still wound up hiring the wrong general contractor. When renovating, there is a huge gap between what homeowners know and what they actually need to know. I have a passion for problem-solving and change, so with that and my painful experience as inspiration, I created Sweeten.



Jean Brownhill
Founder, Sweeten

What is Sweeten and how is it transforming construction?

I realized that I couldn't be the only one. I wanted to help others who faced the same circumstances—those who didn't have huge budgets but wanted to renovate and turn their house into their dream home. With Sweeten, homeowners can enter the details of their renovation project. Sweeten will match them with a shortlist of fully vetted, licensed, and insured general contractors. They have access to expert-level support to help bridge the gaps in knowledge and trust. We back every project with our \$50,000 renovation financial protection. All this together allows homeowners to have true peace of mind, knowing Sweeten is here to help until the project is completed.

What challenges have you faced in scaling your company?

Any time you're trying to bring innovation to an industry, especially one as large as the \$1.2 trillion construction industry, you face challenges. We've faced the usual technical challenges when scaling Sweeten. But the real hard part is making the company work in the current state of the industry, while aggressively moving toward where we want to be down the road. Every industry comes with set paths that are safe to follow; the challenge is knowing when and how to break from the status quo.

What does equity investment from Citi mean for Sweeten?

The Citi Impact Fund reached out to me, which speaks volumes about their commitment and support of women and minority-led companies. Right now, a lot of people are interested in how they can back women of color. It was a good signal that they proactively cut through the noise and reached out. While capital is very important, it's been incredibly helpful that Citi has kept Sweeten at the top of their mind. They consider many other aspects of growing a business, including networking and advice. The Impact Fund builds and nurtures an ecosystem, then builds helpful connections within that ecosystem.

How will Sweeten's impact grow? What's next for the company?

Our mission is clear and unwavering: Sweeten aims to build a better-balanced future for women, minorities, and everyone. That means we help homeowners bring their vision of home to life by physically building a reflection of their ideal family. For general contractors, who are small business owners who often have to fight for respect, that means we act as true partners to them in helping to grow their businesses. It also means giving access to women and minorities so they can get started in the industry.



Supplier Diversity Spotlight

\$354 million

Spent with Black-owned suppliers in 2020

Citi is on track to achieve its target for annual supplier spend with Black-owned businesses in 2021 and goal of increasing overall spend with certified diverse suppliers to

**\$1 billion annually
by 2023**

GOAL 3

Invest in Affordable Housing and Promote the Growth of Black Homeownership

Why it matters

Homeownership is a key way to build wealth and equity, and safe, affordable housing is an important platform for financial stability. However, Black homeownership is at its lowest level since the 1960s. In addition, rental housing in many urban areas across the country is scarce and too expensive. Compounding this crisis is the near-absence of minority-owned real estate developers in the affordable housing industry.

Embedding Equity in Affordable Rental Housing

Building on our record as the #1 affordable housing development lender in the U.S. for the last 11 years, we are redoubling our efforts to tackle the housing crisis in communities of color by supporting minority developers who are building affordable housing.

Citi Community Capital, the bank unit through which Citi works to finance all types of affordable housing and community development projects, reported over \$7 billion of lending to finance affordable rental housing projects in 2020. Citi also announced the issuance of our first Affordable Housing Bond. At \$2.5 billion, it's the largest-ever social bond from an issuer in the private sector at the time of issuance. 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 United States, building on Citi's record as the largest financier of affordable housing in the country.

In 2021, after soliciting applications and engaging with a number of industry participants, Citi and its independent advisory council selected five Black-led managers to receive \$40 million each to invest in, and manage, workforce and affordable housing in partnership with L+M Development Partners. The program will acquire multifamily housing primarily for the benefit of low- to moderate-income individuals and communities (including workforce, regulated and mixed-income housing) with a commitment to community development and engaging diverse professionals throughout the acquisition and ownership infrastructures. We recognize that increasing access to capital funding with clients who have the expertise and cultural competency to identify and finance affordable housing is essential to supporting more inclusive neighborhoods and to closing the racial wealth gap.



Kathy Millhouse
Managing Director/
Co-Head of Citi
Community Capital

Spotlight on Laurel Street

Laurel Street is a leading multi-family residential development company experienced in developing and preserving high-quality, mixed-income communities for working families and seniors. In May, Citi deployed \$40 million in equity to Laurel Street. Learn about the impact of this investment from its founder and CEO, Dionne Nelson.

Since our founding in 2011, Laurel Street has grown to become one of the most active developers of mixed-income housing in the Southeast with a portfolio of approximately 5,000 units. We have deep experience in creating and maintaining affordable, high-quality communities that will endure as desirable places to live.

Historically, Laurel Street has focused on the new construction of affordable and mixed-income housing. However, in recent years, we have observed rents for existing housing rise tremendously in neighborhoods that were once affordable leading to the displacement of long-term residents and decreasing the possibility for mixed-income communities to survive. We see the preservation of existing affordable housing, in addition to the development work we do, as a crucial way to mitigate these trends. Citi's \$40 million investment in Laurel Street makes it possible for us to meaningfully participate in this work by directly preserving approximately 1,000 units of affordable housing over the next three years.

At the core of our mission is the belief that everyone should have access to opportunity. As Laurel Street's founder and CEO, I have established one of the few affordable housing companies owned and operated by an African American woman. There should be more, and we are always looking for ways that we can provide opportunities for other women- and minority-owned businesses. One of the most significant challenges that Laurel Street has faced is raising capital, and it remains a hurdle that entrepreneurs of color disproportionately face. We are thrilled that Citi's commitment to racial equity is helping more entrepreneurs of color over this hurdle and are grateful that Citi's investment will allow us to further our impact in the affordable housing arena, while building a track record that will aid us in raising additional institutional capital and continue our company's growth in the future.



Dionne Nelson
Founder and CEO,
Laurel Street



GOAL 4

Strengthen Citi's Policies and Practices in Order to Become an Anti-Racist Institution

Why it matters

Advancing racial equity requires a more intentional focus on the challenges faced by communities of color and a commitment to becoming an anti-racist institution. Citi is closely examining our own policies and practices to actively identify potential bias - including unintentional blind spots or overlooked opportunities - to help advance equity for communities of color.

Our Approach to Embedding Racial and Gender Equity into Asset Management

At its launch, *Action for Racial Equity* stimulated an open call for participation from diverse business lines and functions, leading to a wide range of commitments to expand Citi's efforts to address the barriers that impede communities of color from building generational wealth. Read an excerpt of a blog by Citi's David Bailin, detailing how the newly formed Citi Global Wealth team is embedding equity into asset management.

Citi is proactively taking a hard look at its own policies and practices to help level the playing field for communities of color. To further this goal, Citi Global Wealth and its global investments team has planned a series of actions to embed racial equity in asset management. Our investments team will hold us accountable regarding our own hiring and talent development. We will also consider the diversity and inclusion profile of third-party managers as a part of our onboarding process. While we are evaluating what diversity means globally, the Citi Global Wealth Investments team (CGWI) is developing a diversity, equity, and inclusion (DEI) lens as part of all new manager selections and existing manager monitoring in the United States. We will review managers of third-party funds included in our platform on a periodic basis and assess their diversity, equity and inclusion characteristics as to whether their firm's policies and practices are consistent with evolving industry standards that provide more opportunities for women and traditionally underrepresented minorities in asset management. Investing in diverse, high-performing asset managers is invaluable, and we will ensure consistency with our fiduciary responsibility to clients. In fact, at Citi, the global diversity and talent of our leadership, colleagues, clients, and communities is one of our greatest assets as an institution.

CGWI also will increase the number of diverse-owned third-party asset managers and managers investing in diverse-owned businesses available to Citi clients. Our goal is to onboard 5-15 diverse fund managers to our platform and anticipate that more than \$200 million of client capital will be invested into these funds by the end of 2023. By identifying and onboarding diverse managers and those investing in companies managed by diverse owners, we can help close the racial and gender wealth gap in the industry.



David Bailin

Chief Investment Officer
and Global Head of
Investments, Citi Global
Wealth

Collectively, these new actions reflect our values and commitment to do our part.

Concurrently, CGWI will work to make its own workforce more diverse and inclusive by adding resources and enhancing our talent development practices that expand opportunities for professional growth. It is important that our business and leadership becomes the example for attracting and nurturing diverse, 'best-in-class' talent and standards in the asset management industry.

Promoting greater inclusion in asset management requires leveraging our corporate voice and influence to bring about systemic changes that benefit the industry, without compromising standards.

CGWI will engage industry trade associations and database providers to improve the accessibility of data about diverse-owned and managed third-party asset managers to help these companies gain exposure and scale. We will use our industry leadership to speak out about the need to look at newer and smaller managers to advance our gender and racial equity objectives.

No one change will overcome all systemic bias. Yet, we believe by enhancing our own internal and external practices, actively championing the inclusion of diverse third-party managers and investments, as well as leading by voice and example, we can do our part to foster meaningful and sustainable change.

*“Since making our *Action for Racial Equity* financial commitments last year, we’ve been able to activate our teams across different businesses and deepen our efforts rather quickly. While we’ve seen great progress in a short period of time, our commitment doesn’t stop here. We will continue to identify ways we can leverage our capabilities and embed racial equity in our day-to-day practices and use our influence to generate positive, measurable and meaningful impact in our business and in our society.”*



Mark Mason
Chief Financial Officer,
Citi



Citi Will Conduct a Racial Equity Audit

On October 22, 2021, Citi announced its commitment to conduct a third-party racial equity audit. Read the announcement from Citi's Ed Skyler.

We believe that by advancing our communities to help close the racial wealth gap in the United States we can have a meaningful impact on our colleagues, clients and the communities we serve. Measurement and transparency are important components of the work we are doing to advance diversity, equity and inclusion, both at our bank and through our contributions to our communities and society more generally. We have shown our commitment to these principles when we set and disclosed our representation goals and shared the results of our pay equity analysis. Today, we're demonstrating our ongoing support for measurement and transparency by committing to conduct a racial equity audit.



Ed Skyler

Executive Vice President,
Citi

The focus of the audit is to assess Citi's efforts to help address the racial wealth gap in the United States through the design and implementation of our *Action for Racial Equity* (ARE) initiative. The ARE initiative, announced by Citi and the Citi Foundation in September 2020, is a \$1 billion+ commitment to help close the racial wealth gap and increase economic mobility in the United States. This effort is designed to (1) provide greater access to banking and credit in communities of color, (2) increase investment in Black-owned businesses, (3) expand affordable housing and homeownership among Black Americans, and (4) advance anti-racist practices in our company and the financial services industry.

Conducting an audit of our ARE initiative will help us assess the impact our work is having and will help inform how to adapt and grow our work to address the racial wealth gap.

As we've considered the best way to approach this audit, we've received valuable input from SOC Investment Group. Engaging with our shareholders is an important part of how we continue to evolve and strengthen our Environmental, Social and Governance practices and we're confident the dialog we've begun with SOC will strengthen our work to help address the racial wealth gap.

The audit will be conducted by attorneys at Covington & Burling LLP who have civil rights expertise and experience leading racial equity audits across various industries. The audit will include input from a range of stakeholders, including colleagues involved in implementing ARE as well as civil rights organizations that we anticipate will share the views of the customers and communities ARE is designed to support. We look forward to releasing the results from the audit once it is completed.

In response to Citi's announcement, Dieter Waizenegger, Executive Director of SOC Investment Group made the following statement:

By agreeing to a third-party racial equity audit, Citi is taking a critical step toward confronting centuries-old harms against marginalized communities that are still present to this day. We look forward to partnering with Citi to address these concerns to pave the way for a financial industry that understands entrenched racial inequity, changes the way it conducts business, and invests in the communities it serves to close the racial wealth gap.

Philanthropy

The Citi Foundation is committed to adopting anti-racist principles and applying a racial equity lens across its policies and procedures. In doing so, it aims to provide funding to organizations with people of color in leadership positions that engage communities of color in designing and implementing the programs that impact them and that elevate the dialogue around advancing racial equity in communities.

Extending Citi Foundation's Support for Community Organizations to Back Small Businesses

Hear from the Citi Foundation's President, Brandee McHale, on how it is providing change agents with flexible support to help build more equitable communities across the U.S.

The small businesses that line our streets, employ our neighbors, provide the goods and services we rely on everyday, and generally serve as the foundation of our economy, are starting to bounce back - but not all of them. We know that throughout the pandemic, small businesses owned by people of color were closing at disproportionate rates compared to their white counterparts. According to the National Bureau of Economic Research (NBER), Black-owned businesses were closing at more than twice the rate of white-owned businesses, and more recent NBER data shows that Black-owned businesses also experienced the most significant drop in sales.

In an effort to support minority-owned businesses as they navigate the continued economic impacts of COVID-19, the Citi Foundation announced in March a \$25 million Request for Proposals (RFP) for U.S. non-profits that are actively providing technical assistance to small businesses owned by people of color.

In July, the Foundation named the 50 organizations that will each receive \$500,000 in unrestricted grant funding - a total investment of \$25 million - to scale their work in helping to build back our communities. The recipients are local, community-based change agents that have the expertise, experience and relationships to provide tailored, on-the-ground support that meet the specific needs and goals of these affected businesses and the communities they serve.

For example, to support Black-owned small businesses and communities of color, the Citi Foundation invested in organizations like Far South CDC, which works to rehabilitate communities through program services and commercial and residential real estate developments to improve the quality of life for people who live and work in the Chicago area.



Brandee McHale

Head of Citi Community Investing & Development and President of Citi Foundation

We're also supporting New York-based Chhaya Community Development Corporation, which is providing essential services in multiple languages to businesses serving Asian American and Pacific Islander communities, who are continuing to grapple with the additional effects of hate crimes since the pandemic began. And there are organizations like La Cocina in San Francisco that are supporting women and food entrepreneurs of color, whose businesses have been among the hardest-hit by COVID-19.

These are just a few examples of the extraordinary community leaders and work we are investing in. While their innovative approaches are unique to the communities they serve, all 50 of these organizations are trusted pillars acutely aware of the challenges their clients face. They are also purveyors of hope and support for many. By providing these change agents the flexible support they need to further their work, the Citi Foundation is helping to empower the recovery and rebuilding of stronger and more equitable communities across the U.S.



Bedford Stuyvesant Restoration Corporation: Closing Gaps in Black Community Wealth

The Citi Foundation recently awarded Bedford Stuyvesant Restoration Corporation \$500,000 in unrestricted funding as part of its \$25 million small business technical assistance open request for proposals. Read about Restoration's approach to advancing racial equity in Brooklyn, NY by supporting local business owners in the aftermath of COVID-19.

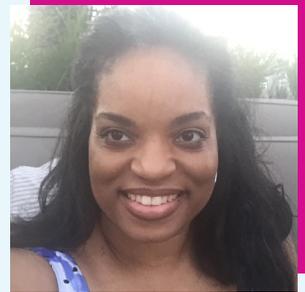
For over 50 years, Bedford Stuyvesant Restoration Corporation (Restoration) has been a beacon for the families and communities of Central Brooklyn by working relentlessly to closing the racial wealth gap and create real economic opportunity for area residents. Through its multi-pronged "centers of excellence" approach, Restoration has successfully pioneered efforts that drive asset creation, upward mobility, and self-sufficiency amongst low and moderate-income Brooklyn residents, especially Black community members.

For instance, the impact of Restoration's Brooklyn Business Center reverberates throughout Kings County by offering free services that empower Black, Indigenous, and People of Color (BIPOC) owned small businesses at every stage of growth ranging from business planning, financial and accounting processes and controls, and marketing. Beyond providing technical services, Restoration has really focused on building a culture of community amongst Black entrepreneurs they work with to encourage them to exchange ideas and support each other's efforts to grow their businesses.

One such example is SJ Solutions Security and Protection Services Inc., a full-service security solutions firm based in Bedford-Stuyvesant. Omowale St. Juste, Founder and President of SJ Solutions, has worked with the Brooklyn Business Center since 2011 when he first formed the company, and at each successive milestone in his company's growth: securing financing, obtaining Minority/Women-owned Business Enterprises (MWBE) certification, and further widening the number of opportunities for the company has had to grow, which today employs 180 members of the local Bedford-Stuyvesant community.

But as small businesses nationwide struggle due to COVID-19, services offered by community organizations like Restoration have become even more critical to helping businesses survive and thrive again. The loss of business due to pandemic closures doubly affected BIPOC-owned businesses as many were left unserved by federal relief programs. To counter some of the challenges Black businesses were facing, the Brooklyn Business Center alerted small business clients about vital capital opportunities helping them to obtain PPP funding; expanded online workshops; increased communication with clients via newsletters and social media; and supported a "Buy Local" campaign to boost community sales.

The Citi Foundation's flexible grant funding is enabling Restoration's Brooklyn Business Center to expand its offerings and double down on new efforts they started during the pandemic, including a business fundamentals course targeting early-stage entrepreneurs, on-demand online learning courses, and adding staff to serve more clients. Community change agents like Restoration have forged longstanding relationships with the communities they serve, building trust with countless individuals like Omowale along the way. Through its investment in Restoration and others, the Foundation aims to catalyze the movement to build a resilient, thriving BIPOC-owned small business community.



Renée Jenkins

Chief Advancement
Officer, Bedford
Stuyvesant Restoration
Corporation



Gordon Bell

Chief Strategy and
Business Development
Officer, Bedford
Stuyvesant Restoration
Corporation

To learn more, visit citi.com/racialequity



© 2021 Citigroup Inc. All rights reserved.
Citi, Citi and Arc Design and other marks used herein are service marks of Citigroup Inc.
or its affiliates, used and registered throughout the world.