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Citi Green Bond Framework

Introduction

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

In 2015, Citi announced its Sustainable Progress Strategy, which focuses on combating climate change, championing sustainable cities and engaging with people and communities. Citi's sustainability activities are organized under three primary pillars: Environmental Finance; Environmental and Social Risk Management; and Operations and Supply Chain. Under the Environmental Finance pillar, the flagship initiative is the $100 Billion Environmental Finance Goal to lend, invest, and facilitate $100 billion over 10 years towards environmental solutions and activities to reduce the impact of climate change. Citi has reported $57 billion towards the goal in its first four years, from 2014 through 2017. This goal is in addition to a previous goal made in 2007 to direct $50 billion to climate-friendly projects over ten years, which was achieved ahead of its target in 2013. Citi's Green Bond Eligibility Criteria defined in this framework uses a subset of Citi's environmental finance criteria, and all projects listed as eligible for refinancing under the framework also contribute toward Citi's $100 Billion Environmental Finance Goal.

The following section summarizes Citi's Green Bond Framework, which follows the four key pillars of the ICMA Green Bond Principles (GBP) including: the use of proceeds; process for project evaluation and selection; management of proceeds; and reporting. Sustainalytics, an independent provider of sustainability research, analysis, and services to investors and other financial institutions globally, has provided a second party opinion on this framework, which can be found here. Sustainalytics' opinion intends to provide an assessment of Citi's Green Bond Framework's alignment with the transparency and reporting requirements of the Green Bond Principles[1] as well as assess Citi's overall sustainability performance and its alignment with the framework.

Alignment with the UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were adopted in September 2015 and form an agenda for achieving sustainable development by the year 2030.[2] Citi's environmental finance activities and the use of proceeds for Citi's green bond are particularly relevant to the following SDGs:

- SDG 7: Affordable and Clean Energy, which includes targets to (i) increase substantially the share of renewable energy in the global energy mix, and (ii) double the global rate of improvement in energy efficiency
- SDG 9: Industry, Innovation and Infrastructure, which includes targets to (i) develop quality, reliable, sustainable and resilient infrastructure, and (ii) upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
- SDG 11: Sustainable Cities and Communities, which includes a target to provide access to safe, affordable, accessible and sustainable transport systems for all, notably by expanding public transport

[1] The Green Bond Principles are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. They provide issuers with guidance on the key components involved in launching a credible green bond and aid investors by ensuring availability of information necessary to evaluate the environmental impact of their green bond investments.
[2] unglobalcompact.org/sdgs/17-global-goals

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Framework Overview

Citi's Green Bond Framework has been developed in line with the ICMA Green Bond Principles and follows the four key components: Use of proceeds; process for project evaluation and selection; management of proceeds; and reporting. Citigroup Inc and / or its subsidiaries may issue green bonds in accordance with this Framework.

Use of Proceeds

Proceeds of Citi's green bond will be allocated exclusively to finance or refinance, in whole or in part, "Eligible Green Assets," which refers to loans and/or investments made by Citi for assets or projects that meet Citi's Green Bond Eligibility Criteria defined below.

Citi's Green Bond Eligibility Criteria

Eligible Green Asset Categories	Citi's Green Bond Eligibility Criteria
1. **RENEWABLE ENERGY**	Proceeds may be allocated towards the acquisition, development, operation and maintenance of new and ongoing renewable energy activities (such as wind farms, solar panel installations, biofuel projects, and geothermal* power plants) including costs related to: • Land acquisition and leasing • Purchase of renewable energy applications and technologies and associated equipment • Construction work • Maintenance work • Equipment manufacturing • Energy storage *Biofuel and geothermal projects will be limited to projects with direct emissions of less than 100gCO2/kWh

2. **ENERGY EFFICIENCY**	Proceeds may be allocated towards the financing or refinancing of (i) warehouse facilities for residential energy efficiency loans, and (ii) consumer finance companies that provide residential energy efficiency loans for projects or assets that reduce energy consumption or mitigate greenhouse gas (GHG) emissions. Eligible projects or assets may include:
	• Municipal district heating projects
	• Commercial and residential energy efficiency projects including:
	  o Building envelope (insulation, cool roofing, air sealing, etc.)
	  o Centralized energy control systems
	  o Lighting, pool equipment, water heating, windows, doors, skylights, and HVAC systems
	  o Solar panel systems
	  o Products and technology to address energy loss reduction in transmission and distribution

3. SUSTAINABLE TRANSPORTATION	Proceeds may be allocated toward: • Building or operating mass transit, including electrified public transport, urban metro, rail and non-motorized, multi-modal transportation • Creating or constructing infrastructure to support mass transit, including depot and maintenance facilities, signaling equipment, platform gates, and facilities required for the safe, clean and efficient operation of the network, utilities and

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	other enabling infrastructure that promotes sustainable transportation
4. WATER QUALITY AND CONSVERATION	Proceeds may be allocated towards projects that improve water quality, efficiency and conservation. Eligible projects may include: • Installation or upgrade of water treatment infrastructure, including water recycling systems and wastewater treatment systems • Installation or upgrade of water capture and storage infrastructure, including stormwater management systems, water distribution systems, aquifer storage, and sewer systems • Installation or upgrade of water irrigation systems, including gravity fed canal systems, pumped canal or water distribution systems, and drip or subsurface irrigation • Water metering activities to support conservation initiatives
5. GREEN BUILDING	Proceeds may be allocated towards financing of existing or new construction / renovation of residential and commercial buildings that earn any of the following certifications: (1) Leadership in Energy and Environmental Design (LEED) Gold, (2) LEED Platinum, or (3) Living Building Challenge. This includes allocations towards: • Capital improvements to install or replace older, less energy efficient systems/technologies, such as heating, ventilation, air conditioning, cooling, lighting and electrical equipment • Capital improvements to reduce water use and capture rainwater and graywater • Installation of advanced Building Management Systems that further reduce energy use, water use, and maintenance costs • Any other measures that directly contribute to a building earning LEED Gold, LEED Platinum, or the Living Building Challenge certification, including ancillary items such as administration fees and maintenance improvements

Exclusionary Criteria

Citi has developed a list of exclusionary criteria for the proceeds of its green bond. Citi commits itself to not knowingly be involved in financing any of the following projects or activities through the proceeds of its green bond:

- Large-scale hydropower plants that have a generation capacity of over 15MW
- Nuclear power plants
- Fossil fuel projects, including:
    - Refined or alternative coal technologies
    - Gas-to-liquid projects
    - Natural gas projects

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Project Evaluation and Selection Process

Citi will maintain a single pool for eligible green assets in a "Green Bond Asset Portfolio". Citi's specialist teams, including Corporate Sustainability and ESRM, are responsible for screening potentially eligible assets against Citi's Green Bond eligibility criteria. Once screened, eligible green assets will be added to Citi's Green Bond Asset Portfolio.

Citi's eligible green assets selection process takes into account the following objectives, features and benefits:

- Each eligible green asset included meets Citi's Green Bond eligibility criteria for inclusion in Citi's Green Bond Asset Portfolio.
- Each eligible green asset included is also reviewed to ensure compliance with Citi's Environmental and Social Risk Management ("ESRM") Policy, which includes the Equator Principles.

If Citi's investment in any asset in the Green Bond Asset Portfolio is terminated or if an asset no longer meets Citi's Green Bond eligibility criteria, Citi's Corporate Sustainability and ESRM teams will remove the asset from Citi's Green Asset Bond Portfolio.

Further detail on Citi's ESRM Policy and approval process can be found in Citi's Environmental and Social Policy Framework.

Management of Proceeds

All eligible green assets in Citi's Green Bond Asset Portfolio will be tagged as "Green Bonds Eligible" within Citi's global credit management system which tracks Citi's credit exposure on an ongoing basis. As such, the Citi Green Bond Asset Portfolio is dynamic with assets maturing and new eligible assets being added.
Citi established a Green Bond Asset Working Group; "the Group" in 2019, which is chaired by Citi's Global Head of Corporate Sustainability and consists of representatives from Citi Treasury, Capital Markets and ESRM.

The Group is responsible for supervising the Citi Green Bond Asset Portfolio and total aggregate amount issued in Citi Green Bonds. The Group meets quarterly aiming to ensure that the aggregate amount in the Green Bond Asset Portfolio is equal to or greater than the aggregate amount raised by Citi Green Bonds. For this purpose, the aggregate size and maturity of the Green Bond Asset Portfolio is monitored quarterly.

If for any reason the aggregate amount in Citi's Green Bond Portfolio is less than the total outstanding amount of Citi Green Bonds issued, Citi will hold the balance unallocated amount in cash, cash equivalents and/or other liquid marketable instruments (including U.S. Treasury securities) in Citi's liquidity portfolio until the amount can be allocated towards the Citi Green Bond Asset Portfolio.

Reporting

Citi will publish a Green Bond Report on its website within a year from issuance and will renew it annually until full allocation and in case of any material changes. The Green Bond Report will detail the total amount of assets in the Green Bond Asset Portfolio and the total outstanding amount raised by Citi Green Bond issuances.

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Furthermore, the Green Bond Report will provide details of eligible assets within the Green Bond Asset Portfolio along with Citi's financial commitments to each asset; the total amount of unallocated proceeds, if any; and environmental impacts of the Green Bond Asset Portfolio to the extent it is practical to do so.

Our estimated impact metrics were developed in partnership with an external consultant and have been vetted by external stakeholders. The following metrics may be used to assess Citi's green bonds:

Criteria	Metrics
1. RENEWABLE ENERGY	• Total energy produced in MW • GHG emissions avoided per year
2. ENERGY EFFICIENCY[3]	• MWh saved/reduced per year • GHG emissions avoided per year
3. SUSTAINABLE TRANSPORTATION	• Annual ridership of each transit system supported • GHG emissions avoided per year
4. WATER QUALITY AND CONSERVATION	• Total population served by the system • Number of water meters installed • Volume of water (m^3) saved/reduced/treated
5. GREEN BUILDING	• Number of units financed • GHG emissions avoided per year

External Review

Citi will engage external independent accountants to review that the assets included in the Citi Green Bond Asset Portfolio meet the Citi Green Bond Eligibility Criteria and are not invested in assets as defined by the Exclusionary Criteria. Further, the independent accounts will be engaged to review that the aggregate amount in the Green Bond Asset Portfolio is equal to or greater than the aggregate amount raised by Citi Green Bonds and to the extent the total amount of the outstanding bonds is less than the aggregate amount in Citi's Green Bond Portfolio, the difference will be held in cash, cash equivalents and/or other liquid marketable instruments (including U.S Treasure securities) in Citi's liquidity portfolio.

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[3] Citi may rely on assumptions based on publicly available information or general market assumptions to calculate approximate energy efficiency. This information will be gathered and the impact will be reported on a best effort basis.

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