



388 Greenwich St.
New York, NY 10013

Ryan Brightwell
Human Rights Campaign Coordinator
BankTrack
Vismarkt 15
6511 VJ Nijmegen
The Netherlands
ryan@banktrack.org

April 15, 2016

Dear Ryan,

Thank you for your letter dated March 21, 2016 regarding BankTrack's upcoming Drummond Company Inc Case Study. Understanding how finance can support human rights is a priority of ours, and respect for human rights is critical to Citi's vision of enabling our clients and global communities to make progress. Citi is particularly active with human rights and environmental issues as a founder and steering committee member of The Equator Principles, a risk management framework adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects.

Policy Commitment

Citi published its first Statement on Human Rights in 2007, and we released an updated Statement in 2014 (http://www.citigroup.com/citi/citizen/data/citi_statement_on_human_rights.pdf). In the Statement, Citi publicly states its support for the key international human rights instruments, including the Universal Declaration on Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. This Statement provides a summary of our policies and practices that help us fulfill our corporate responsibility to respect human rights. These policies and practices apply to Citi's activities across the value chain, to our employees, suppliers, clients and communities, and countries where we do business. Prior to publishing the updated Statement in 2014, we engaged with several external human rights experts on the update and incorporated much of the feedback they provided.

Due Diligence Processes

An important element of our implementation of the UN Guiding Principles is our due diligence, particularly as it relates to client transactions covered by Citi's Environmental and Social Risk Management (ESRM) Policy (<http://www.citigroup.com/citi/environment/policies.htm>). Citi's ESRM Policy builds on and expands the environmental and social risk framework of the Equator Principles to a broader range of financial products. Citi was the Chair of the Equator Principles from 2010-2012 and led development of the EP III updating process during our term. Using our influence and leadership in this role, we worked to focus greater attention on a variety of social issues, including Free, Prior and Informed Consent (FPIC) for projects adversely impacting indigenous peoples in emerging markets. The resulting 2013 EP update included more robust and specific human rights standards.



388 Greenwich St.
New York, NY 10013

Prior to participating in the loan issued to Drummond in 2010, Citi's specialized ESRM team conducted due diligence on the company, including their Colombia asset, and specifically on the issues related to the civil suit against Drummond that followed the Alien Tort Claims Act lawsuit filed in 2002 in Alabama.

Citi engaged directly with the company to gain a better understanding of the following issues:

- Regulatory compliance
- Performance benchmarked against the IFC Performance Standards, which covers human rights issues such as labor rights, stakeholder engagement, and grievance mechanisms
- Internal controls, including payments to vendors
- Security management in Colombia benchmarked against the Voluntary Principles on Security and Human Rights

Transactions screened by the ESRM team, including the 2010 loan to Drummond, which have potential human rights issues are tracked in a database and tagged if they involve resettlement, impacts to indigenous peoples, labor rights, or security risks. If a transaction proceeds, Citi continues to engage the company on ESRM issues and only gives final approval if we determine human rights risks are adequately managed.

In our engagement with Drummond, Citi has received and reviewed numerous documents related to the allegations, as well as information about their human rights policy, management plans to proactively engage local communities, and grievance mechanisms. Drummond also adheres to the Voluntary Principles on Security and Human Rights, an area Citi raised in its initial due diligence in 2010.

We will continue to monitor this issue and engage the company as needed, and appreciate Banktrack's partnership in sharing perspectives on our clients.

Sincerely,

Valerie C. Smith
Director, Corporate Sustainability