

Jane Fraser  
Chief Executive Officer  
Citigroup Inc.  
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New York, NY 10013  
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**B4Ukraine** 

August 22, 2024

***RE: (1) Opportunity to respond before publication; and (2) Information on the growing risks of operating in Russia***

Dear Ms. Fraser and Citigroup Leadership Team:

As [B4Ukraine](#), we write to provide you with an opportunity to: (1) comment on facts concerning Citigroup's financial contributions in Russia that we intend to publish as part of an upcoming report; and (2) inform you of the growing landscape of financial, legal, and reputational risks your financial institution is facing by continuing its operations in the country.

B4Ukraine is a coalition of Ukrainian and international civil society organizations that works to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia's war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights ("UNGPs").

### **1. Opportunity to Comment on Facts Concerning Citigroup's Financial Contributions in Russia**

B4Ukraine, in collaboration with the Kyiv School of Economics, is planning to publish a report containing information regarding your company's financial contributions in Russia. We maintain high standards of information verification before publishing, and thus, would like to provide you with an **opportunity to respond** concerning the facts we wish to present in the report. Given the report's publication is imminent, we would request your response **by September 5, 2024**. If we do not receive a response from you, we will indicate this lack of response in our publication.

First, we would like to formally enquire about whether the following information is correct:

- **Data shows that Citigroup paid \$53 million in profit tax to Russia in 2023.<sup>1</sup>**
- **In 2022, Citigroup paid \$108 million in profit tax to Russia.**
- **This data indicates that Citigroup is among the top foreign companies contributing profit taxes in Russia in 2023.**

Second, we would welcome your response to the following questions:

- **What was the company's total revenue in Russia for the year 2023?**
- **What was the total amount of tax the company paid in Russia in 2023?**

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<sup>1</sup> Data sourced from the Central Bank of the Russian Federation.

We would appreciate it if you could confirm the accuracy of this information or provide corrections if necessary, along with any supporting documents. Additionally, we would welcome any context or comments Citigroup wishes to provide regarding these figures and its operations in Russia.

## 2. Growing Risks of Citigroup Continuing to Operate in Russia

We would like to formally notify Citigroup about the serious and increasing legal, financial, and reputational risks that the company faces by continuing its operations in Russia. Under some circumstances, operations that facilitate or support – including financially – human rights abuses and international crimes<sup>2</sup> committed by Russia in Ukraine may amount to complicity in these acts and could lead to liability under national and international laws.<sup>3</sup> **Accordingly, we urge you to immediately:**

- Cease all operations and presence in Russia and completely exit the Russian market;
- Refrain from any future business, trade, investment, or other financial services in Russia until Russia ends its war in Ukraine, territorial integrity of Ukraine is restored, and accountability imposed for war crimes and the destruction of Ukrainian infrastructure and property; and
- Establish and implement comprehensive human rights due diligence measures for any responsible exit from or re-engagement with Russia.

### a. Citigroup's Ongoing Operations in Russia

It has been over two years since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law ("IHL") and international criminal law (war crimes and crimes against humanity) through attacks on civilians and civilian infrastructure (*e.g.*, mass executions, sexual violence, torture, and forcible transfer of civilians). More than 30,000 Ukrainian civilians have been killed or injured, and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of these abuses, in March 2023, the International Criminal Court issued an arrest warrant for Vladimir Putin for war crimes.<sup>4</sup>

In response to Russia's unprovoked and unjustified war,<sup>5</sup> many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Citigroup has decided to stay while scaling back some of its business operations in Russia.

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<sup>2</sup> Under the Rome Statute of the International Criminal Court, international crimes are war crimes, crimes against humanity, genocide, and the crime of aggression.

<sup>3</sup> See, *e.g.*, [Judicial investigation of BNP Paribas \(France\)](#) (2020) (A judicial investigation was opened into the bank's alleged role in mass atrocities in Sudan before the financial crimes and war crimes units (*pôle crimes contre l'humanité, crimes et délits de guerre*). In 2019, two French civil society organizations and nine Sudanese victims filed a criminal complaint against the bank for its provision of financial services to the government of Sudan.); [In re Chiquita Brands International, Inc. \(US\)](#), Case No. 0:08-md-01916-KAM (2024) (A jury in a US federal court in Florida found the multinational fruit company liable for financing a brutal paramilitary death squad in Colombia.)

<sup>4</sup> International Criminal Court, "[Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova](#)," March 17, 2023.

<sup>5</sup> The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow "unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders."

In April 2021, Citigroup declared its plans to withdraw from its consumer business in Russia. After the full-scale invasion of Ukraine, Citigroup announced in March 2022 that it would broaden the exit process to include other lines of business and further reduce its ongoing operations and exposure.<sup>6</sup> The plan to wind down the Russian business was further expanded in December 2022, when Citigroup announced its intention to shut down its institutional banking operations in Russia.<sup>7</sup>

Following this, Citigroup sold its retail consumer loan portfolio to Uralsib.<sup>8</sup> However, in March 2023, media reported that Citigroup could not sell its Russian business due to the impossibility of transferring a set of IT systems, consisting of Cisco and Oracle software and equipment, that service Citibank to potential buyers.<sup>9</sup>

In continuing to wind down the operations, Citibank announced that its ATM network would be dismantled by the end of 2023 and that it would suspend the acceptance and purchase of dollars and euros at its cash desks beginning on August 22, 2023.

In January 2023, Citigroup stated: “Finding a buyer for our Russian business also proved near impossible. After exhausting all options, in August we started winding down both our consumer and local commercial banking businesses in Russia, selling select consumer banking portfolios where possible and making sure our colleagues, clients and partners were supported during the wind down process. [...] At that point, our only operations in Russia will be those necessary to fulfil our remaining legal and regulatory obligations.”<sup>10</sup>

However, despite the scaling back of some operations, AO Citibank is still one of the largest banks in terms of assets and the number of deposits in Russia. Consequently, Citigroup is one of the highest foreign taxpayers still operating in Russia.

## **b. Expanding Universe of Risks for Citigroup**

On September 21, 2022, President Vladimir Putin escalated the war by announcing a “partial mobilisation” of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.<sup>11</sup> They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or

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<sup>6</sup> Citigroup, “Update Regarding Citi's Operations in Russia,” March 14, 2022, <https://www.citigroup.com/global/news/perspective/2022/update-regarding-citis-operations-in-russia> (accessed July 23, 2024).

<sup>7</sup> Imani Moise, “Citigroup accelerates exit from Russian operations,” *Financial Times*, October 14, 2022, <https://www.ft.com/content/732324f6-465c-4ff1-80cf-eaac65be300d> (accessed July 23, 2024).

<sup>8</sup> The Moscow Times, “Uralsib Bank Closes Purchase of Citi's Retail Consumer Loan Portfolio,” December 13, 2022, <https://www.moscowtimes.ru/2022/12/13/bank-uralsib-zakril-sdelku-pokupki-roznicnogo-portfelya-potrebkr-editov-citi-a28341> (accessed July 23, 2024).

<sup>9</sup> Valery Kodachigov and Natalia Ilyina, “Credit Disorganization: Citibank Cannot Be Sold Due to IT Problems; What will happen to his Russian business and clients?” March 27, 2023, <https://iz.ru/1487984/valerii-kodachigov-natalia-ilina/kreditnaia-dezorganizatcia-sitibank-ne-mogut-prodat-iz-z-a-problem-s-it-sistemoi> (accessed July 23, 2024).

<sup>10</sup> Citigroup, “Our Strategy to Simplify: Lessons from Our Divestiture Journey,” January 23, 2024, <https://www.citigroup.com/global/news/perspective/2023/our-strategy-to-simplify-lessons-from-our-divestiture-journey-titi-cole> (accessed July 23, 2024).

<sup>11</sup> Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

Furthermore, a decree, issued by President Vladimir Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that do not fulfil state defence contracts under conditions of martial law. In practice, the decree effectively creates an opportunity for "partial nationalization."

With legislation introducing partial mobilisation, nationalisation, and potentially, martial law in Russia, it is highly likely that corporations will not be able to prevent or mitigate negative human rights impacts, as prescribed by the UNGPs. As such, continuing to conduct business in Russia entails serious and ever-increasing risks for companies, including potential legal liability under comprehensive sanctions regimes, anti-money laundering laws, and international criminal law. International companies remaining in Russia are now at a greater risk of violating sanctions regimes, as implementation of Russia's legislation will likely involve transacting with sanctioned individuals or entities.

Moreover, in recent years, multinational corporations, including financial institutions, and their directors and officers have faced criminal accountability in national courts, *e.g.*, under the principle of universal jurisdiction, for complicity in human rights abuses and international crimes (war crimes and crimes against humanity) committed abroad.<sup>12</sup> Many companies have also faced civil liability for these abuses and crimes, leading them to pay millions of dollars in compensation.<sup>13</sup>

In addition, financial institutions continuing to operate in Russia have added exposure under anti-money laundering and other financial crime laws,<sup>14</sup> particularly in jurisdictions where international crimes are predicate offences to money laundering.<sup>15</sup> A recent report shows that Russia poses a "real threat to global financial integrity, as well as to national security more broadly."<sup>16</sup> President Putin has also confirmed that the notorious paramilitary organisation, the "Wagner

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<sup>12</sup> [Judicial investigation of BNP Paribas \(France\)](#) (2020) (A judicial investigation was opened into the bank's alleged complicity in genocide, torture, and crimes against humanity committed by the Sudanese government in Darfur.); [Criminal Case against Lundin Energy \(Sweden\)](#) (2023) (The oil company's former executives are being tried for complicity in war crimes in Sudan between 1999 and 2003.); [Judicial investigation and charging of Lafarge \(France\)](#) (2024) (In June 2024, the French Supreme Court confirmed the charge of complicity in crimes against humanity against the French cement manufacturer. Between 2012 and 2014, Lafarge allegedly paid up to 13 million euros to several armed groups in Syria, including the Islamic State, to keep its cement factory running in the midst of the Syrian civil war and its atrocities.).

<sup>13</sup> [In re Chiquita Brands International, Inc. \(US\)](#), Case No. 0:08-md-01916-KAM (2024) (A jury in a US federal court in Florida found the multinational fruit company liable for financing a brutal paramilitary death squad in Colombia); [Nevsun Resources Ltd. v. Araya \(Canada\)](#) (2020) (The Supreme Court of Canada held that a lawsuit against the Canadian company could go forward for violations of customary international law in Eritrea, including slavery, forced labour, cruel, unusual, or degrading treatment, and crimes against humanity.).

<sup>14</sup> [Criminal complaint against Booking.com \(The Netherlands\)](#) (2024) (Four civil society organisations filed a criminal complaint to the Dutch Public Prosecution Service to hold Booking.com to account for profiting from the commission of war crimes in the occupied Palestinian territory.); [Application of World Uyghur Congress v. National Crime Agency \(UK\)](#) (2024) (UK Court of Appeal ruled that the National Crime Agency's refusal to investigate Uyghur forced labour cotton imported from China was unlawful; companies that knowingly, or with suspicion, import goods made in criminal circumstances could be prosecuted under the UK Proceeds of Crime Act for trading in criminal property); [Judicial investigation of BNP Paribas \(France\)](#) (2020) (In addition to investigating the bank for alleged complicity in international crimes, the French investigating judges are also investigating it for money laundering and concealment.).

<sup>15</sup> See, *e.g.*, like the anti-money laundering laws in The Netherlands, France, and the UK.

<sup>16</sup> Themis, "Russia; Country Risk Report," June 2023, <https://themisservices.co.uk/country-risk-report-russia> (accessed June 26, 2023).

Group", is funded by the Russian government. This fact brings to light further alarming risks for financial institutions, not only concerning money laundering but also terrorist financing.<sup>17</sup> It is now a distinct possibility that financial institutions continuing their operations and paying taxes in Russia may be providing financial support to the Wagner Group.

Lastly, companies continuing to operate in Russia may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.<sup>18</sup>

### c. Questions for Citigroup Regarding Its Ongoing Presence in Russia

Considering the aforementioned risks and the company's ongoing presence in Russia, we would like to pose the following questions to Citigroup and await your response **by September 5, 2024**:

1. Is Citigroup willing to provide details regarding its current position in Russia? Can Citigroup outline its current strategy and timeline for the complete exit from the Russian market?
2. Is Citigroup observing a conflict-sensitive, heightened human rights due diligence with regards to its continued operations in Russia? How is Citigroup ensuring that its practices are in compliance with the UNGPs, the OECD guidance, and other internationally recognised standards on business and human rights?
3. Citigroup has approximately 3000 employees in Russia. How has the company applied heightened human rights due diligence to its operations in Russia considering the new Russian legislation requiring businesses to help conduct military registration, deliver the summons to its employees, and provide resources where required? Has Citigroup received any such requests, and if so, how has the company responded to them? What is Citigroup doing to safeguard its employees from mobilisation? Have any of your employees been mobilised and, if so, what was Citigroup's role in the process?

As mentioned above, B4Ukraine maintains high standards of information verification before publishing. As your enterprise is acknowledged worldwide, we draw your attention to Principle 17 of the UNGPs, which urges companies to conduct human rights due diligence in cases of actual and potential human rights impacts. This includes communicating how impacts are being addressed with relevant stakeholders.

We will be awaiting your response to our questions **by September 5, 2024**. If we do not receive a response from you, then we will indicate your lack of response in our publication. Please respond to the B4Ukraine Coalition at [contact@b4ukraine.org](mailto:contact@b4ukraine.org).

Finally, if representatives of Citigroup wish to discuss the aforementioned facts or concerns in more detail, we are open to scheduling an online call. Any such meeting would be held under Chatham House rules. Please note that this letter and any response provided by Citigroup will be published on B4Ukraine webpages.

Sincerely,

The B4Ukraine Coalition

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<sup>17</sup> Telegram, "Встреча Путина с военными и его заявления по поводу ЧВК "Вагнер," June 27, 2023, [https://t.me/rian\\_ru/207202](https://t.me/rian_ru/207202) (accessed July 3, 2023).

<sup>18</sup> Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.idsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed November 14, 2022).