Citi’s Forest Products Policy

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What is a Forest Product Obligor?

Forest Product Obligor

Customers that are directly involved in logging or primary processing of timber:

Includes milling of logs for pulp, paper, sawn wood, plywood, or veneer;

Includes timber plantations, but does not include oil palm or other agriculture
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Risk Management at two levels:

1. CLIENT LEVEL: Forest Products Risk Assessment/ Annual Reviews

2. TRANSACTION LEVEL: May also be subject to broader Environmental and Social Risk Management (ESRM) Policy

Two criteria must be met in order for the ESRM Policy to apply:

- Does the facility meet the $$ threshold?
- Do we know the use of proceeds?
# Sustainable Forestry Policy

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<th>Level 1 – All Forest Product Obligors</th>
<th>During the annual review, complete the FPO Questionnaire and confirm compliance with local and national laws and regulations</th>
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| Level 2 – Operations in “high risk” countries (source: World Bank) | FPO required to submit an Action Plan to achieve independent sustainable forestry certification within 3-5 years  
During the annual review, progress on the Action Plan, including completion of intermediary milestones, will be reviewed |
| Level 3 – Legality of operations is in question | FPO required to submit an Action Plan to achieve Forest Stewardship Council (FSC) certification within 3-5 years |
| Level 4 – Operation significantly converts or degrades a critical natural habitat | Precluded under Citi ESRM Policy |