

22 January 2024

Citi Global Fixed Income ESG Focus Portfolios

Summary of website disclosure

The Sustainable Finance Disclosure Regulation ('SFDR') requires that we summarize information provided in our pre-contractual disclosure in respect of a financial product which promotes environmental and/or social characteristics and certain other information published on a website. This disclosure is made for these purposes by Citibank Europe plc, in relation to clients of its Luxembourg branch in relation to the Citi Global Fixed Income ESG Focus Portfolio.

No sustainable investment objective

These financial products promote environmental or social characteristics, but they do not have as their investment objective sustainable investment.

Environmental or social characteristics of the financial product

The financial products promote support for the UN Global Compact (UNGC) Principles and seeks to avoid investments in certain activities with the potential to cause harm to human health and wellbeing by applying binding exclusions.

Investment strategy

The following binding Environmental, Social and Corporate Governance ('ESG') elements are applied in the investment selection process using data from third-party ESG data providers and/or CIM assessment:

- (i) a negative ESG screen is applied to the investment universe to eliminate investments exhibiting unfavorable ESG ratings (as defined by our third-party ESG data providers and/or CIM assessment); and
- (ii) the following exclusions are applied: (a) companies that are 'non-compliant' with UNGC Principles or are regarded as UNGC Violators by our third-party ESG data providers and/or CIM assessment; (b) companies that have greater than 10% revenue (in the company's prior fiscal year) from certain activities; and (c) companies with a direct or indirect association with manufacturing or distributing Controversial Weapons.

On an ad-hoc basis, CIM may complement the third party data provider's ESG assessment with its own. Based on our internal fundamental review we may include positions in the financial products that, based on the third-party data, appear to fail any of the above binding elements, where we believe that the third-party data is insufficient, incomplete or inaccurate, and based on our own fundamental analysis, the company is compliant with the binding elements above. We follow a similar process for issuers that are not covered by the third-party data provider. Similarly, we may exclude positions that appear to meet one or more of the criteria above, but where we disagree with the third-party data based on our own fundamental analysis or other data sources.

The good governance practices of investee companies are also considered in the investment due diligence process based upon a third-party ESG data rating and/or CIM assessment. Please see the full website disclosure for further details.

Proportion of investments

The financial products commit to a minimum proportion of 80% of investments to attain the characteristics promoted by the financial products. The remaining portion of the investment of the financial products consists of cash and cash equivalents, including securities issued by money market mutual funds, held for the purposes of efficient portfolio management. The financial products do not intend to make any sustainable investments and does not take into account the EU Taxonomy and as such 0% of the financial products are Taxonomy aligned. All exposure to investee companies is expected to be direct.

Monitoring of environmental or social characteristics

The financial products' investment strategies are implemented through an investment process that refreshes the financial products' ESG scores monthly and on a monthly basis, updates the exclusion data upon which we make our investment decisions. This is complimented by CIM's own assessment. This ensures the investments used in the financial products are aligned to the binding elements used by this product to promote environmental or social characteristics.

Methodologies

The investment strategy is implemented through an investment process that monthly refreshes the ESG scores and updates the exclusion data upon which we make our investment decisions. The ESG ratings are determined by the data provider by having regard to the extent to which a company is exposed to material ESG risks and how well a company is managing its risk exposure. The data points for the exclusionary screens are

determined by the third-party data provider by having regard to the activities of the company. On ad-hoc basis, CIM may complement the third party data provider's ESG assessment with its own. Please see the full website disclosure for further details.

Data sources and processing

The negative ESG screen and the ESG exclusions are applied using ESG ratings and data provided by Sustainalytics. The relevant data is accessed through the provider's website or a data feed we receive from the provider monthly, and used in the investment process, where the investment universe is defined and for periodic monitoring (see above). As we leverage third party data to meet the financial products' environmental and social characteristics, we do not estimate any data ourselves. We understand that Sustainalytics estimates a small amount of the ESG data we receive because of the lack of available data.

CIM may also utilize other publicly available resources as well as external broker's research and information gathered during meetings with company's management.

Limitations to methodologies and data

There are general challenges associated with ESG data, that we expect also apply to the data we leverage from our data provider – these include (among others) data gaps, data lags in terms of reporting timelines, divergent methodologies between data providers and data sources for the calculation or estimation of the data and discrepancies between estimated and reported data. As these are general limitations in the market that are not specific to the financial products or our selected data provider, we consider that we are still able to appropriately meet the characteristics promoted by the financial products. We also maintain an internal vendor review and approval process which involves reviewing the data provider's approach to data management, data coverage and methodologies.

CIM may complement the third party data provider's ESG assessment with its own in order to mitigate any data gaps.

Due diligence

Potential investments will only be included in the financial products if they comply with the binding ESG elements summarized above, that are implemented in the investment process as binding screens. Additionally, our ESG-dedicated investment team engages in ongoing internal discussions related to the investments in the financial products.

Engagement policies

Engagement is not directly part of the environmental or social investment strategy promoted by the financial products. We do not have any procedures applicable to sustainability-related controversies in investee companies.

Designated reference benchmark

The financial products have not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Important information

At Citi Private Bank we take your data privacy seriously. To learn more please visit our website: <https://www.privatebank.citibank.com/privacy>

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