Private Bank

Citi Investment Management

Periodic Disclosures – Citi US and Global Equity ESG Focus Portfolio

SFDR: Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Product name[1]: Citi Global Equity ESG Focus Portfolio, Citi US Equity ESG Focus Portfolio, or Tailored Discretionary Portfolio utilizing the investment processes from the Citi Global Equity ESG Focus Portfolio and/or Citi US Equity ESG Focus Portfolio.

Legal entity identifier: Citibank Europe plc (Luxembourg Branch) N1FBEDJ5J41VKZLO2475 ("CEP")

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

●● ☐ Yes ●○ ☒ No

☐ It made **sustainable investments with an environmental objective: ___%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ___%**

☐ **It promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of _____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

In the period running from 1 January 2022 to 31 December 2022 (the "reference period"), the environmental and/or social characteristics promoted by this financial product were met by adhering to an investment process which used a combination of positive screening and exclusion criteria ('ESG integration') to define an investment universe for the respective portfolio.

The ESG integration followed the four binding elements which determined investment selection based on data sourced from third-party environmental, social and governance ("ESG") data providers, as set out in the pre-contractual disclosure made for the purposes of Article 8(1) of SFDR, and these four binding elements were met as follows:

1. The current indices which are used to establish a base universe were screened so that only investments which exhibited favourable ESG ratings were included.
2. From this investable universe, companies which are 'non-compliant' with UN Global Compact ("UNGC") Principles or were regarded as UNGC by our third-party ESG data provider were excluded.

[1]This periodic report has been prepared at the level of the Citi Global Equity ESG Focus Portfolio and Citi US Equity ESG Focus Portfolio strategy (the "Strategy"). If you invest in a Tailored Discretionary Portfolio that incorporates the Strategy or have any other special investment instruction or limitation that is applied to the Strategy within your portfolio, certain information in this disclosure may not wholly reflect your actual holdings in such portfolios. If this applies to you, and you would like to receive a periodic disclosure which is specific to your own portfolio composition, contact your Citi private banker.

3. The investment process excluded companies that had greater than 10% revenue in a company's prior fiscal year from either production or distribution of the following product types as assessed by our third-party ESG data provider:
   A. Alcohol
   B. Adult Entertainment
   C. Gambling
   D. Tobacco (producers and retailers)
   E. The following Fossil Fuel Categories:
      i. Thermal Coal Generation
      ii. Shale Gas Production
      iii. Shale Oil Production
      iv. Oil Sands
4. The investment process also excluded companies with a direct or indirect association with manufacturing or distributing Controversial Weapons and Civilian Firearms as identified by the third party data provider.

How did the sustainability indicators perform?

In the reference period, there were no breaches and/or exceptions identified to any of the sustainability indicators set out below. The exclusion data was updated monthly and the ESG scores were updated annually (in the first quarter of 2022).

- Sustainability indicators embedded in our ESG ratings: The financial product used positive screening so that only the top 50% by sector scoring investments which exhibit favourable ESG ratings as defined by our third party ESG data provider were included in an investable universe. Scores are evaluated on an annual basis and names that have dropped out of the top 50% because of the individual security market cap size can be held at the portfolio's manager discretion.
- UNGC: The financial product successfully excluded companies from the investable universe using sustainability indicators relating to 'non-compliance' with UNGC Principles or violation of the UNGC.
- Excluded sectors: The financial product successfully excluded companies that had greater than 10% revenue in its prior fiscal year from either production or distribution of the following product types: alcohol, adult entertainment, gambling, tobacco (producers and retailers), and fossil fuel (specifically, thermal coal generation, shale gas production, shale oil production and oil sands).
- Controversial Weapons and Civilian Firearms: The financial product successfully excluded companies from the investable universe using sustainability indicators relating to Controversial Weapons and Civilian Firearms.

...and compared to previous periods?

Not applicable as this is the first reporting period. Comparisons will be made available from 2024 onwards.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

N/A – the financial product did not make any sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A – the financial product did not make any sustainable investments.

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A – the financial product did not make any sustainable investments.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A – the financial product did not make any sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

This financial product considered the following principal adverse impacts ("PAIs"):

PAI 4: Exposure to companies active in the fossil fuel sector: The financial product considered this PAI through the application of exclusion criteria that map across to this PAI (partly). By excluding companies with more than 10% revenue from activities in certain fossil fuel sectors (as described in the items above), CEP mitigated the overall impact of this PAI.

PAI 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises: The financial product considered this PAI through the application of exclusion criteria that map across to this PAI (wholly). By excluding companies flagged as 'non-compliant' with UNGC Principles or are regarded as UNGC Violators, CEP mitigated the overall impact of this PAI.

PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons): The financial product considered this PAI through the application of exclusion criteria that map across to this PAI (wholly). By excluding companies with a direct or indirect association with manufacturing or distributing Controversial Weapons, CEP mitigated the overall impact of this PAI.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1 January 2022 to 31 December 2022.

Citi Global Equity ESG Focus Portfolio

Largest Investments		Sector	Country	% Assets
AAPL	Apple Inc.	Information Technology	United States	4.2596%
GOOGL	Alphabet Inc.	Communication Services	United States	3.5799%
MSFT	Microsoft Corp.	Information Technology	United States	3.5510%
UNH	UnitedHealth Group Inc.	Health Care	United States	3.1894%
TMO	Thermo Fisher Scientific Inc.	Health Care	United States	2.4245%
NEE	Nextera Energy Inc.	Utilities	United States	2.2460%
CS-FR	AXA SA	Financials	France	2.1325%
CYBR	Cyberark Software Ltd.	Information Technology	United States	2.1069%
MDLZ	Mondelez International Inc.	Consumer Staples	United States	2.0639%
TD	Toronto Dominion Bank	Financials	Canada	2.0583%
CLH	Clean Harbors Inc.	Industrials	United States	2.0491%
VRTX	Vertex Pharmaceuticals Inc.	Health Care	United States	1.9895%
DTE-DE	Deutsche Telekom	Communication Services	Germany	1.9685%
AZN-GB	Astrazeneca	Health Care	United Kingdom	1.9344%
NVDA	Nvidia Corp.	Information Technology	United States	1.8880%

Citi US Equity ESG Focus Portfolio

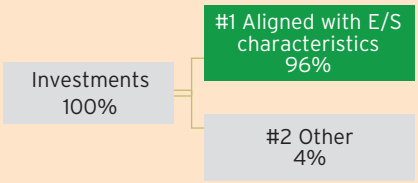
Largest Investments		Sector	Country	% Assets
AAPL	Apple Inc.	Information Technology	United States	6.3991%
MSFT	Microsoft Corp.	Information Technology	United States	5.3397%
GOOGL	Alphabet Inc.	Communication Services	United States	4.4495%
UNH	UnitedHealth Group Inc.	Health Care	United States	3.4110%
PG	Procter & Gamble Co.	Consumer Staples	United States	2.8636%
TMO	Thermo Fisher Scientific Inc.	Health Care	United States	2.6302%
MRK	Merck & Co.	Health Care	United States	2.4851%
EL	Estee Lauder Companies Inc.	Consumer Staples	United States	2.3822%
MDLZ	Mondelez International Inc.	Consumer Staples	United States	2.3514%
V	Visa Inc.	Financials	United States	2.2195%
NEE	Nextera Energy Inc.	Industrials	United States	2.1368%
NVDA	Nvidia Corp.	Information Technology	United States	2.1360%
CYBR	Cyberark Software Ltd.	Information Technology	United States	2.1172%
TFC	Truist Financial Corp.	Financials	United States	1.9835%
VRTX	Vertex Pharmaceuticals Inc.	Health Care	United States	1.8579%

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

The financial product invested 96% in investments aligned with the environmental or social characteristics part of the ESG integration, as described above. The financial product also invested 4% in investments that do not have environmental or social characteristics, held for the purposes of efficient portfolio management.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

In which economic sectors were the investments made?

Citi Global Equity ESG Focus Portfolio: Communication Services (7.7%), Consumer Discretionary (8.6%), Consumer Staples (9.7%), Energy (3.6%), Financials (15.5%), Health Care (14.6%), Industrials (11.5%), Information Technology (16.5%), Materials (4.2%), Real Estate (1.2%), Utilities (3.5%)

Citi US Equity ESG Focus Portfolio: Communication Services (7.5%), Consumer Discretionary (8.8%), Consumer Staples (12.0%), Energy (3.8%), Financials (17.7%), Health Care (16.0%), Industrials (6.5%), Information Technology (20.7%), Materials (2.7%), Real Estate (1.2%), Utilities (2.9%)

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A – the financial product did not make any sustainable investments.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[2]?

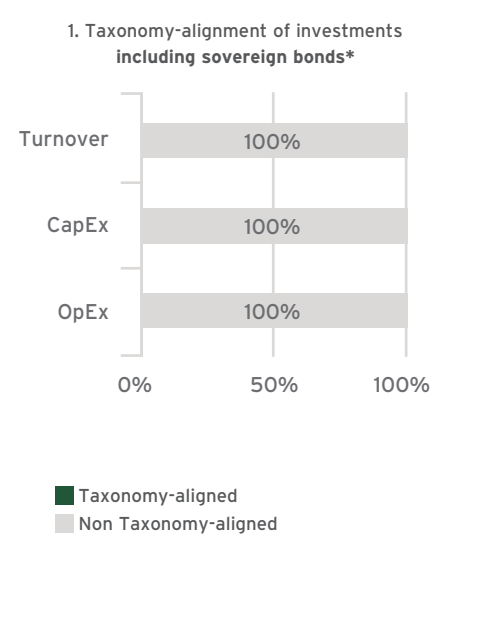
- [ ] Yes
  - [ ] In fossil gas
  - [ ] In nuclear energy
- [x] No

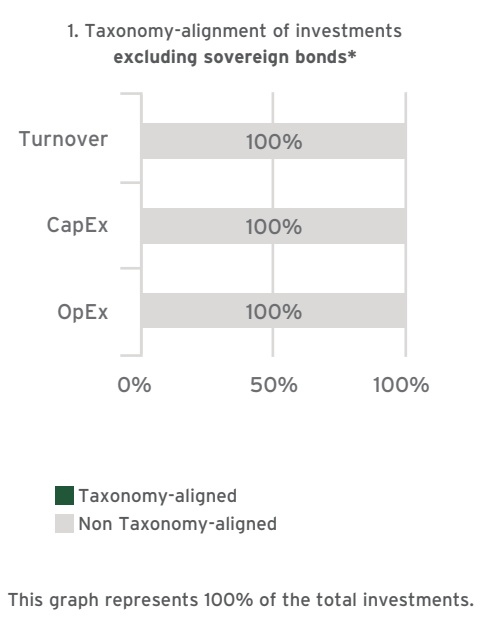
[2]Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- ***What was the share of investments made in transitional and enabling activities?***

  N/A – the financial product did not invest in transitional and enabling activities.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

  N/A – the financial product did not make any investments aligned with the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A – the financial product did not make any sustainable investments.

What was the share of socially sustainable investments?

N/A – the financial product did not make any sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Cash or cash equivalents, including securities issued by money market mutual funds, held for the purposes of efficient portfolio management. No minimum environmental or social safeguards were applied to such investments.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the reference period, financial product has ensured all the binding elements related to the environmental and/or social characteristics were met by adhering to the ESG integration investment process, as described above.

Through its exclusion criteria, the financial product considered the following PAIs by removing entirely from the investable universe, and/or limiting the exposure to, companies that did not meet the financial product's requirements.

PAI 4: Exposure to companies active in the fossil fuel sector, PAI 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons), as described above.

Finally, the financial product sustained an allocation of at least 80% in investments aligned with the environmental or social characteristics part of the ESG integration.

Engagement is not directly part of the environmental or social investment strategy promoted by the financial products. The financial product does not have any procedures applicable to sustainability-related controversies in investee companies. However, we engage with investee companies through our proxy voting preferences, which may direct votes to issues aligned to some sustainability matters.

How did this financial product perform compared to the reference benchmark?

N/A. No specific index has been designated as a reference benchmark to meet the sustainable investment objective.

- **How does the reference benchmark differ from a broad market index?**

  N/A. No specific index has been designated as a reference benchmark to meet the sustainable investment objective.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

  N/A. No specific index has been designated as a reference benchmark to meet the sustainable investment objective.

- **How did this financial product perform compared with the reference benchmark?**

  N/A. No specific index has been designated as a reference benchmark to meet the sustainable investment objective.

- **How did this financial product perform compared with the broad market index?**

  N/A. No specific index has been designated as a reference benchmark to meet the sustainable investment objective.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.