Private Bank

SFDR Report

Principal Adverse Sustainability Impacts (PASI) Statement

Citibank Europe plc (Luxembourg Branch)
LEI: N1FBEDJ5J41VKZLO2475

30 June 2023 (for financial year 2022)

SFDR Report: Principal Adverse Sustainability Impacts (PASI) Statement

Financial market participant

Citibank Europe plc (Luxembourg Branch), LEI: N1FBEDJ5J41VKZLO2475

Summary

Citibank Europe plc (Luxembourg Branch) (LEI: N1FBEDJ5J41VKZLO2475) considers principal adverse impacts ("PAIs") of its investment decisions on sustainability factors in relation to certain portfolios, as set out below. The present statement is the consolidated statement on PAIs on sustainability factors of Citibank Europe plc (Luxembourg Branch) ("CIM"). This statement covers the reference period from 1 January 2022 to 31 December 2022.

CIM's processes have not, and do not integrate consideration of all PAIs in its investment process, and in most cases no actions are planned, or targets set. But, in relation to certain specific portfolios (ESG Focus Portfolios, Sustainable Multi Thematic Portfolios (SMT) and MACS ESG Portfolios), as described below, certain PAI were considered in the investment process on a limited basis, through the application of exclusionary criteria that map across to the relevant PAIs (wholly or partly), or through the application of screening processes capturing investments identified as exhibiting favourable ESG ratings which may be influenced by or linked to certain PAIs, or through investments in Article 8 funds with sustainable investments ("Article 8+ funds") or Article 9 funds, which are required to take into account PAI indicators in their investment decision making process for sustainable investments.

The specific PAIs considered through the exclusionary criteria described above, were: i) PAI 4: Exposure to companies active in the fossil fuel sector, ii) PAI 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, iii) PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons). However, the potential mitigation of their impacts are limited to the portfolios that consider them as part of their investment process, and therefore, have limited impact in the entirety of CIM's holdings. Since in most cases CIM has not planned any PAI-related actions, or set PAI-related targets, and more generally acknowledging CIM's limited investee engagement capabilities (i.e. given the relatively small stakes held in investee companies) – CIM doesn't have a prediction whether the PAIs will increase or decrease for the next reporting year.

CIM's consideration of sustainability factors is constantly evolving, as is the consideration of PAIs in our investment processes. As noted above, currently this is limited to certain portfolios only, and being a global investment management organization, and due to the nature of the Private Bank business, CIM aims to deliver investment solutions designed to meet clients objectives, within the regulatory framework where it operates. CIM's goal is to establish the processes to capture relevant data and create a reference from where future actions can be developed.

The ability to source detailed and reliable ESG data on investee companies remains an ongoing challenge in the market. CIM's methodology to identify PAIs relies on third party data providers which are well established specialists in sourcing such data, and which can source such data in a more efficient manner and granular level than CIM could at this point in time. CIM does not currently supplement third party data with proprietary analysis and therefore relies on the methodologies for data collection, estimation and computation used by these data providers.

Summary (continuing)

Where PAI data is unavailable for an investment, CIM understands MSCI uses a reweighting approach – i.e. instead of assuming that the adverse impact is zero or to exclude the relevant investment from the PAI figures disclosed below, for PAI indicators based on quantitative data, MSCI will seek to fill such data gaps by assigning values to the investments with missing data based on the average of the PAI data for investments for which the data is available in certain indicators. This estimation methodology may not be accurate, representative or otherwise reflective of the actual PAI values of the investments for which the data has been estimated, and implicitly assume that the average indicator value for the issuers of the securities that do report data is representative of the investments in the portfolio for which there is no information. For PAI indicators based on qualitative data, adverse impacts are identified by MSCI using data reported by, or about, the investee company. However, where such data is not available, this will be interpreted by the MSCI methodology as indicative (i.e. not conclusively nor necessarily accurately) of there being no adverse impact.

Data was available for approximately 79% of the in-scope portfolio across all PAIs, and for the remaining 21% no data was available. MSCI has re-weighted the exposures from the available data, only in relation to the PAIs below, to estimate exposures where data was not available.

<u>Indicators applicable to investments in investee companies</u>
1. GHG Emissions
2. Carbon Footprint
3. GHG intensity of investee companies
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
12. Unadjusted gender pay gap
13. Board gender diversity

<u>Indicators applicable to investments in sovereigns and supranationals</u>
15. GHG Intensity

<u>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</u>
23. Average political stability score

For the purposes of this statement, cash, cash equivalent, and any other asset types / trades such as derivatives ("Cash") are excluded by MSCI from the 'current value of all investments' (this being the denominator figure that is used to calculate certain PAI metrics (e.g. GHG emissions)). CIM considers that the Cash held in its portfolios is not being used to directly or indirectly fund 'investments' in investee companies / sovereigns, but rather for non-investment purposes, and efficient portfolio management, and so should not constitute 'all investments'. CIM also considers the exclusion of Cash to be a more conservative approach, given this makes the denominator figure smaller, and in turn the overall PAIs scores larger.

CIM revisits processes and governance frameworks on an on-going basis to make sure they are informed by current best practice, and, regarding this approach, CIM may revisit the approach taken in the PAIs statement (on one or more points) in due course.

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Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies					
Adverse Sustainability Indicator		Metric	Impact	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse Gas Emissions	**1. GHG Emissions**	Scope 1 GHG emissions	141,741.95	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
		Scope 2 GHG emissions	26,072.58	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Scope 3 GHG emissions	1,180,509.09	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Total GHG emissions	1,349,705.17	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	
	2. Carbon Footprint	Carbon Footprint	627.39	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
	3. GHG intensity of investee companies	GHG Intensity of investee companies	938.52	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	12.13%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.	CIM considers this PAI in certain specific portfolios only, in a limited manner, through the application of exclusion criteria that map across to this PAI (wholly or partly). By excluding companies with a certain level of activity in the fossil fuel sector, CIM mitigates the overall impact in this PAI. CIM will continue to consider this PAI in certain specific portfolios through their exclusions, but has not established any targets for the next reference period.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	74.23%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.

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	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.95	NACE Code A (Agriculture, Forestry and Fishing) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
			1.66	NACE Code B (Mining and Quarrying) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B	
			1.12	NACE Code C (Manufacturing) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C	
			8.25	NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code D	
			1.28	NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E	
			0.15	NACE Code F (Construction) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F	
			0.22	NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles) The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G	
			0.69	NACE Code H (Transportation and Storage) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H	
			0.39	NACE Code L (Real Estate Activities) The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L	
Biodiversity	**7. Activities negatively affecting bio diversity-sensitive areas**	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.16%	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
Water	**8. Emissions to water**	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	287.2	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio . Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
Waste	**9. Hazardous waste and radioactive waste ratio**	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	3.88	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.

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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	**10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1.30%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.	CIM considers this PAI in certain specific portfolios only, in a limited manner, through the application of exclusion criteria that map across to this PAI (wholly or partly). By excluding companies flagged as 'non-compliant' with UNGC Principles or are regarded as UNGC Violators, CIM mitigates the overall impact in this PAI. CIM will continue to consider this PAI in certain specific portfolios through their exclusions, but has not established any targets for the next reference period.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	47.83%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15.17%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.21%	The portfolio holdings' weighted average of the ratio of female to male board members.	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.30%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	CIM considers this PAI in certain specific portfolios only, in a limited manner, through the application of exclusion criteria that map across to this PAI (wholly or partly). By excluding companies with a direct or indirect association with manufacturing or distributing Controversial Weapons, CIM mitigates the overall impact in this PAI. CIM will continue to consider this PAI in certain specific portfolios through their exclusions, but has not established any targets for the next reference period.

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Indicators applicable to investments in sovereigns and supranationals					
Adverse Sustainability Indicator		Metric	Impact	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	**15. GHG Intensity**	GHG intensity of investee countries	415.62	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP)	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
Social	**16. Investee countries subject to social violations**	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	8.00	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
			7.05%	The portfolio's percentage of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports	

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Additional climate and other environment-related indicators					
Adverse Sustainability Indicator		Metric	Impact	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies					
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Water, waste and material emissions	**9. Investments in companies producing chemicals**	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0.02%	The percentage of the portfolio's market value exposed to issuers classified as manufacturers of pesticides and other agrochemical products by NACE Group (NACE Group Code 20.2).	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
Indicators applicable to investments in sovereigns and supranationals					
Green securities	**17. Share of bonds not issued under Union legislation on environmentally sustainable bonds**	Share of bonds not issued under Union legislation on environmentally sustainable bonds	N/A	Not currently available	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters					
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse Sustainability Indicator		Metric	Impact	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies					
Anti-corruption and anti-bribery	**17. Number of convictions and amount of fines for violation of anticorruption and anti-bribery laws**	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	149.5	The sum of number of convictions against the portfolio's holdings for violation of anti-corruption and anti-bribery laws.	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.
			26,430,914,315.62	The sum of fines for convictions against the portfolio's holdings related to a violation of anti-corruption and anti-bribery laws.	
Indicators applicable to investments in sovereigns and supranationals					
Governance	**23. Average political stability score**	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column	6.56	The weighted average of the portfolio's issuers' Stability & Peace score (Assesses the level of stability and peace in a region. This sub-factor is assessed using two data points: (1) political stability and absence of violence/ terrorism, which captures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism; and 2) global peace index, which measures the relative position of nations' and regions' peacefulness by gauging ongoing domestic and international conflict, safety and security in society, and militarization in different regions. Regions with high political instability and violence and conflict score poorly. (Score: 0-10)).	CIM does not, and has not considered this PAI as part of its investment process for the reference period, and has not established targets, or actions, for the next reference period.

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Other indicators for principal adverse impacts on sustainability factors

CIM has selected the following voluntary PAIs (further details are set out in the tables above). However, CIM has not established any targets or actions to avoid or reduce these PAIs.

- (Table 2) 9. Investments in companies producing chemicals
- (Table 2) 17. Share of bonds not issued under Union legislation on environmentally sustainable bonds
- (Table 3) 17. Number of convictions and amount of fines for violation of anticorruption and anti-bribery laws
- (Table 3) 23. Average political stability score

Description of policies to identify and prioritize principal adverse sustainability impacts on sustainability factors

CIM has formulated a policy on how it identifies and prioritises the PAIs and indicators (the 'PAI policy') - however as set out below, CIM currently considers PAIs in a limited manner only. The PAI Policy was approved by CIM's Governance body, and by the Citibank Europe Plc (Luxembourg Branch) governing body on 24 February 2023. As CIM's consideration of PAIs is through exclusionary/negative and positive screens for certain portfolios only (see below) the mandatory elements of the PAI Policy are subject to CIM's relevant implementation procedures, oversight, and controls. In relation to all strategies where the portfolio management service is provided by CEP Luxembourg, CIM has identified PAIs by using third party data on PAIs for the purposes of the preparation of the regulatory disclosure in the annual statement on PAIs. The impacts and the PAI indicators will not be assessed directly by CIM at this point in time, other than as set out below.

Pursuant to the PAI policy, CIM currently considers PAIs in a limited manner, in relation to certain specific portfolios only (ESG Focus Portfolios, Sustainable Multi Thematic Portfolios (SMT) and MACS ESG Portfolios) :

- For ESG Focus Portfolios and SMT, certain PAIs are considered through the application of binding exclusions. The exclusionary criteria cover activities-based exclusions (e.g. alcohol; gambling; tobacco etc.), as well as companies which are non-compliant with the UN Global Compact and which have a direct or indirect exposure to controversial weapons. The activities-based exclusions map across to the themes covered by those PAIs (wholly or partly). Additionally, ESG Focus Portfolios apply screening processes capturing investments that have been identified as exhibiting favourable ESG ratings which may be influenced by or linked to certain PAIs.

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Description of policies to identify and prioritize principal adverse sustainability impacts on sustainability factors (continuing)

- For MACS ESG Portfolios (which invest in Article 8, Article 8 with sustainable investments (“8+”) and Article 9 funds), in relation to any Article 8+ and Article 9 funds which are selected for inclusion in the ESG MACS Portfolios, CIM relies on the relevant third-party manager’s consideration of PAI indicators in its investment processes since Article 8+ (for the ‘sustainable investment’ portion only) and Article 9 funds are required under SFDR to take into account PAIs for ‘do no significant harm’ assessments. The portfolio therefore indirectly considers such PAI indicators by investing in these third-party managed funds. However, as there is no minimum allocation to Article 8+ or Article 9 funds, ESG MACS portfolios cannot commit to indirectly considering PAIs on sustainability factors.

In addition to the mandatory PAIs applicable to CIM, CIM has selected additional PAIs for each type of investments within its financial products, based on the observation of the largest coverages in terms of availability amongst the universe of voluntary PAIs (as listed in Commission Delegated Regulation (EU) 2022/1288) related to our entire universe of investments. These additional PAIs are included in the tables above.

CIM has identified PAIs in respect of its portfolio management activities conducted through Citibank Europe Plc, Luxembourg Branch by collecting data on the PAIs, where available, which may include data from third-party providers. As the use of third-party data is embedded in CIM’s investment process, CIM takes care in selecting data providers.

CIM revisits processes and governance frameworks on an on-going basis to make sure they are informed by current best practice. Regarding our ‘Procedure to identify and prioritise PAIs on sustainability factors’, noting that this is a rapidly evolving and dynamic area CIM expects that our processes and governance will develop over time to reflect market practice and client expectations.

CIM does not currently prioritise PAIs at the entity level. However, in relation to certain specific portfolios only (ESG Focus Portfolios, Sustainable Multi Thematic Portfolios (SMT), CIM has prioritized the consideration of the following PAIs through the portfolios specific exclusions:

- (Table 1) 4. Exposure to companies active in the fossil fuel sector *(only certain activities result in exclusions, applicable to ESG Focus Portfolios)*
- (Table 1) 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- (Table 1) 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

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Description of policies to identify and prioritize principal adverse sustainability impacts on sustainability factors (continuing)

CIM's methodology to identify PAIs relies on third party data providers which are well established specialists in sourcing such data and can source such data in a more efficient manner than it could itself at this point in time. CIM does not currently supplement third party data with proprietary analysis and therefore relies on the methodologies for data collection, estimation and computation used by these data providers. CIM is also aiming into improving the coverage of the PAIs by looking for alternative ways of sourcing data, which may include additional 3rd party data providers.
Currently, CIM derives its data from two principal sources:

- MSCI for data relating to PAIs
- Sustainalytics for screening and exclusion data

Neither CIM, nor MSCI, have addressed associated probability of occurrence and the severity of those PAIs within their methodologies.

Whilst MSCI has not addressed associated margin of error within their methodologies, this can arise for example in the following circumstances:

- Issuer data/information may be non-audited data, incorrect, or stale
- Issuers might not disclose data on certain indicators
- MSCI does not capture the data that Issuers do disclose
- MSCI uses an estimation methodology in some cases where there is missing Issuer data.

When data is not available, CIM understands that, in some cases, the MSCI data package includes estimated metrics, which are based on their proprietary estimation methodology. In particular, where PAI data is unavailable for an investment, MSCI uses a reweighting approach – i.e. instead of assuming that the adverse impact is zero or excluding the relevant investment from the PAI figures disclosed in this report, for PAI indicators based on quantitative data MSCI will seek to fill data such gaps by assigning values to the investments with missing data based on the average of the PAI data for investments for which the data is and certain indicators. Thus, the data CIM receives from MSCI is a combination of estimated and firm disclosed data. The estimation methodologies used by MSCI (including the reweighting approach described above) may not be accurate, representative or otherwise reflective of the actual PAI values of the investments for which the data has been estimated, and implicitly assume that the average indicator value for the issuers of the securities that do report data is representative of the investments in the portfolio for which there is no information.

Regarding the preparatory process of this disclosure and the PAI figures disclosed in this report, CIM understands that MSCI will calculate all the impacts from the four quarterly observations at the same time, based on the latest available information on the impacts of the relevant investments. This means, positions held during the year, which are no longer identified in the latest available information (e.g. bonds which have reached their maturity dates) may not be included in the PAI figures disclosed in this report. CIM expects that this approach only impacts a small proportion of its portfolio.

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Description of policies to identify and prioritize principal adverse sustainability impacts on sustainability factors (continuing)

All estimates have an associated margin of error. The magnitude of these errors will vary depending upon which type of data is being analysed. For example, indicators for which related data is relatively sparse will likely have higher margins of error than indicators for which related data is relatively abundant.

Please see the 'Important Information' section below for further details.

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Engagement policies

CIM's portfolio management team are continuously monitoring companies and holdings to ensure that they remain appropriate and aligned with their investment mandates. CIM engages with investee companies through our proxy voting preferences, which may direct votes to issues aligned to some sustainability matters.

Meetings may be held with companies to discuss specific results or events as well as more informal dialogue incorporating site visits and other research initiatives. These meetings may cover a range of topics from corporate strategy, risk management, corporate governance, board composition and remuneration issues.

Third party managers utilised in investment strategies may engage on matters relating to environmental, social, and corporate governance (ESG) developments as well as enhancements or clarifications to company analysis or process improvements.

If CIM were to become aware of any material issues, either financial or non-financial, it would review the investment thesis to see if this had affected the investment rationale.

References to international standards

Currently, CIM does not adhere to specific sustainability-related conduct codes or internationally recognised sustainability-related standards for due diligence and reporting.

Historical comparison

The first historical comparison will be provided in the June 2024 report.

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Important information

ESG data is generally of limited availability, and where available may not necessarily be reliable. Accordingly, CIM currently uses principal adverse impact data sourced from third party data providers (MSCI) as inputs into its ESG processes, including for making the disclosures in this statement. However, such data will also be subject to various limitations, including (inter alia): i) methodological limitations in the third-party data provider's methodologies; ii) data lags, data coverage gaps or other issues impacting the quality of the data; iii) the fact that there are divergent ESG-related views, approaches, methodologies and disclosure standards in the market, including among data providers, with respect to the identification, assessment, disclosure or determination of "ESG" factors or indicators and what precise attributes are required for a particular investment, product or asset to be defined as such; iv) the fact that ESG information, including where obtained from third-party data providers, is often based on qualitative or subjective assessment, and any one data source may not in itself represent a complete 'picture' for the ESG metric that it represents; v) the fact that such data may be subject to change without any notice of this to CIM by the third-party data provider etc. Furthermore, some of the data that CIM obtains from third-party providers is not obtained directly from investee companies, but rather represents estimated / proxy data that the third-party data provider has prepared using its own proprietary methodologies (e.g. because there is no actual investee company data). Such proprietary methodologies are also subject to various limitations of their own, acknowledging that estimates / proxies are in and of themselves an inexact science. Overall - CIM does not make any representation or warranty as to the completeness or accuracy of any such third-party data (whether actual or estimated), or of data that is generated using this third-party data, including where disclosed in this statement. CIM shall have no liability for any errors or omissions in the information contained in this statement, where such information has been obtained from third parties or not.

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Important information

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