

19 July 2024

Citi Global Equity ESG Focus Portfolio

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 Equity ESG Focus Portfolio.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but it does not have as its investment objective sustainable investment.

Environmental or social characteristics of the financial product

The financial product promotes 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 positive ESG screen is applied to the investment universe to ensure that investments exhibit favorable ESG ratings (as indicated by our third-party ESG data providers); 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 product 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. Please see the full website disclosure for further details.

Proportion of investments

The financial product commits to a minimum proportion of 80% of investments to attain the characteristics promoted by the financial product. The remaining portion of the investment of the financial product consists of cash and cash equivalents, including securities issued by money market mutual funds, held for the purposes of efficient portfolio management. The financial product does 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 product's investment strategy is implemented through an investment process that refreshes the financial product's ESG scores annually 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 product are aligned to the binding elements used by this product to promote environmental or social characteristics.

Methodologies

The MSCI World Index (Citi Global Equity ESG Focus Portfolio) is used to establish a base universe for the financial product, to which a positive ESG ratings screen and exclusionary ESG screens applied based on third-party ESG ratings and data. 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 regarded to the activities of the company. On an 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 positive 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 product's 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 product 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 product.

Engagement policies

Engagement is not directly part of the environmental or social investment strategy promoted by the financial product. We do 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.

Designated reference benchmark

The financial product 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>

Citibank Europe plc, Luxembourg Branch, registered with the Luxembourg Trade and Companies Register under number B 200204, is a branch of Citibank Europe plc. It is subject to the joint supervision of the European Central bank and the Central Bank of Ireland. It is furthermore subject to limited regulation by the Commission de Surveillance du Secteur Financier (the CSSF) in its role as host Member State authority and registered with the CSSF under number B00000395. Its business office is at 31, Z.A. Bourmicht, 8070 Bertrange, Grand Duchy of Luxembourg.

Citibank Europe plc is regulated by the Central Bank of Ireland. It appears on the Central Bank register with reference number C26553 and supervised by the European Central Bank. Its registered office is at 1 North Wall Quay, Dublin 1, Ireland. Citibank Europe plc is registered in Ireland with company registration number 132781. It is regulated by the Central Bank of Ireland under reference number C26553.

© 2024 Citigroup Inc. All Rights Reserved. Citi and Citi with Arc Design are registered service marks of Citigroup or its affiliates.