30 June 2023

Sustainable Finance Disclosure Regulation (SFDR)

Summary of Principal Adverse Sustainability Impacts (PASI) Statement Report

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.

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 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 available and 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.

Indicators applicable to investments in investee companies: 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

Indicators applicable to investments in sovereigns and supranationals: 15. GHG Intensity

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters: 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.

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 Secateur 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.