

## Statement Regarding the Principle Adverse Impact (PAI) of Advice on Sustainability Factors

(30. 6. 2025)

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This statement is published in accordance with the Regulation (EU) 2019/2088 of November 27th, 2019 regarding sustainability-related disclosures in the financial services sector, also known as the Sustainable Finance Disclosure Regulation (SFDR), and further in accordance with the Commission Delegated Regulation (EU) 2022/1288 of April 6th, 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to Regulatory Technical Standards (RTS) specifying details regarding the content and structure of information in relation to the "do no significant harm" principle and specifying the content, methodologies, and structure of information in relation to indicators of sustainability and adverse impacts on sustainability and the content and structure of information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites, and in RTS.

The Statement contains details of the procedure that Komerční banka, a.s. (hereinafter also "KB") as a financial adviser uses when selecting financial products on which it provides advice. KB as a financial adviser takes sustainability risk into account when selecting a partner whose products are the subject of investment advice.

### **KB offers clients, among others, products from the following companies in the advisory role:**

- Amundi Czech Republic, investiční společnost, a.s. (hereinafter also "Amundi");
- Komerční pojišťovna, a.s. (hereinafter also "KB Pojišťovna").

An analysis of the information provided in the statement regarding the PAI of financial market participants will be taken into account in the products that KB offers clients in the advisory role. This is taking into consideration 18 mandatory indicators in the areas of:

- Greenhouse gas emissions,
- Biodiversity,
- Water,
- Waste and
- Social and employment issues.

As part of the advisory process, KB determines, when selecting a suitable investment or insurance product with an investment component, the client's preferences regarding PAI on sustainability factors, among other things. The current product offering for clients who have specific preferences in the area of PAI usually leads to the adaptation of these preferences.

KB selects products for advisory services by taking into account, in addition to product risk, fund performance and fund focus, certain sustainability criteria. The processes for evaluating and taking into account sustainability criteria in advisory services will also be gradually adjusted in line with the expanding product offering, e.g. Amundi investment funds. KB, as a financial adviser, does not currently rank or select products based on a specific methodology for indicators of PAI on sustainability factors, or criteria or thresholds based on PAI on sustainability factors.

KB also takes some of the adverse impacts into account by selecting products for investment advice exclusively from a set of approved investment instruments, which already excludes direct investments in securities of companies whose activities are considered incompatible with a sustainable future.

The set of approved investment instruments is in accordance with the Société Générale List of Environmental and Social Exclusions (see <https://www.kb.cz/cs/o-bance/podnikame-udrzitelne/ekonomicka-udrzitelnost>). The list below describes the procedure for assessing the PAI on sustainability by Amundi and KB Pojišťovna.

Amundi Czech Republic, investiční společnost, a.s. takes into account the PAI of investment decisions on sustainability factors according to the SFDR by using its own ESG methodology based on a "best-in-class" approach and quantitative scoring of issuers across environmental, social, and governance areas.

### **Among the key PAI indicators, Amundi monitors in particular:**

- Greenhouse gas emissions (PAI 1-3) – including Scope 1, 2, and 3,
- Carbon footprint and emissions intensity,
- Fossil fuel exposure and
- Energy consumption from non-renewable sources.

Within its portfolios, Amundi uses tools such as issuer engagement, voting at general meetings, exclusion policies, and integration of ESG scores. Particular emphasis is placed on the transparency of the methodology and the limitation of exposure to coal.

Further information on Amundi's approach to PAI and exclusions is also available in the statutes of specific funds:

- For Funds classified under Article 8 of the SFDR, information on the PAI assessment is detailed in Annex II of their statutes.
- In the case of Funds classified under Article 6 of the SFDR, Amundi only considers PAI 14 (Exposure to controversial weapons, anti-personnel mines, cluster munitions, chemical and biological weapons) according to Annex 1 Table 1 of the RTS.

Information about the PAI on sustainability factors is available in the Fund's annual report and in the Amundi Sustainable Finance Statement published on their website.

Komerční pojišťovna, a.s. takes into account most of the PAI (e.g. greenhouse gas emissions, biodiversity, social and employment issues) and relies on a combination of exclusion policies (normative and sectoral) and the integration of ESG assessments into the investment process.

KB Pojišťovna manages its assets in cooperation with Amundi Czech Republic Asset Management, a.s. (hereinafter also "ACRAM"). This cooperation is also reflected in the application of ESG principles/methodologies, where KB Pojišťovna uses the ESG methodology developed by ACRAM as part of its investment process.

KB Pojišťovna, as part of the SG Group, follows the group's ESG policies and implements them into its internal management and control system.

Currently, the main pillar of KB Pojišťovna's approach to limiting the PAI of investment decisions on sustainability factors is the fact that companies whose activities are considered incompatible with a sustainable future are already excluded from the set of approved investment instruments.

As part of its investments in bonds and direct investments in shares, KB Pojišťovna applies the recommendations of the Société Générale group and does not allow investments in the following sectors:

- Tobacco: all issuers that produce tobacco and for which at least 10% of their revenue comes from the distribution, supply, and licensing of tobacco products.
- Defense: companies engaged in activities related to the production of prohibited or controversial weapons (anti-personnel mines, cluster munitions, nuclear weapons, biological and chemical weapons, depleted uranium weapons).
- Coal: companies engaged in the mining of thermal coal and whose electricity production is more than 30% from coal, companies developing new thermal coal projects, and companies that have not publicly committed to phasing out thermal coal by 2030 (EU/OECD) or 2040 (rest of the world).
- Oil and gas: companies with more than 5% of turnover (for new investments) or more than 10% of turnover (for existing securities) related to the exploration, extraction, or production of tar sands, Arctic oil or gas, shale oil or gas, or deepwater (excluding green bonds and renewable energy subsidiaries).
- Biodiversity: producers and distributors with more than 25% of turnover related to palm oil that are facing significant unresolved land disputes and companies (from any sector) facing serious controversies related to spatial planning and biodiversity.