

Statement of principal adverse impacts in advisory services on sustainability factors

Financial advisor: Komerční banka a.s., LEI IYKCAVNFR8QGF00HV840

This statement is published in accordance with Regulation (EU) 2019/2088 of 27 November 2019 on the disclosure of information related to sustainability in the financial services sector (also "SFDR"), and further in accordance with Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council as regards regulatory technical standards that specify details regarding the content and structure of information in relation to the principle of "significantly do no harm" and which specify the content, methodology and structure of information in relation to sustainability indicators and adverse impacts on sustainability and the content and structure of information in relation to the promotion of environmental or social characteristics and objectives of sustainable investments in pre-contractual documents, websites and regular messages (also "RTS").

The statement contains details of the process that Komerční banka, a.s. (hereinafter also "KB"), as a financial advisor, uses when choosing the financial products for which they provide advisory. KB, as a financial advisor, considers sustainability risk when choosing a partner whose products are the subject of investment advisory

As part of advisory, KB offers its clients, among others, products from the following companies:

- Amundi Czech Republic, investment company, a.s. (hereinafter also Amundi);
- Komerční pojišťovna, a.s. (hereinafter also "KP").

The performed analysis of statements on the principal adverse impacts obtained from financial market participants will be considered for products that KB offers its clients as part of investment advisory. And this with regard to 18 mandatory indicators in the areas of:

- GHG emissions;
- Biodiversity;
- Water;
- Waste or
- Social and employee matters.

KB has so far taken into account some of these negative impacts, as investment advisory products select exclusively from approved investment instruments, from which direct investment in companies' securities whose activities are considered incompatible with a sustainable future, are already excluded.

The set of approved investment instruments is based on the recommendations of Société Générale and it is in accordance with the List of environmental and social exclusions of Société Générale (see <https://www.kb.cz/cs/o-bance/podnikame-udrzitelne/ekonomicka-udrzitelnost>). The inclusion of instruments in the offer of investment advisory is subject to the approval of the KB Investment Committee.

The list below describes the process of assessing the principal adverse impacts on sustainability based on indicators related to climate and environment, social and labor rights, respect for human rights, the fight against corruption and bribery, and indicators related to investments in securities issued by countries and supranationalities.

At this moment, exclusions include, but are not limited to:

- Companies whose turnover from activities related to thermal coal extraction is greater than 10%
- Companies which relate to the energy sector and of which more than 30% of electricity production (energy mix) comes from thermal coal
- Companies involved in the manufacturing, sale, storage or maintenance of controversial weapons. (e.g. landmines, cluster bombs, chemical weapons, biological weapons and nuclear weapons outside Non-Proliferation Treaty - NPT)
- Companies considered as in breach with at least one of the Global Compact principles (source Sustainalytics)
- Companies with the most severe ESG Controversies assessment (source MSCI)
- Producers and distributors of palm oil that has not been labelled at least 70% sustainable by the Roundtable on Sustainable Palm Oil and that do not have a target of 100% compliance before 2030 (source MSCI)
- Companies where unconventional oil and gas production accounts for more than 10% of turnover (fracking, shale oil and sands, Arctic production)
- Companies operating in the tobacco industry companies

As part of the advisory process KB furthermore, when choosing a suitable investment or insurance product with an investment component, it ascertains, among other things, the client's preferences regarding the principal adverse impacts on sustainability factors. KB evaluates the information from the client and offers the client such products that correspond to his preferences in relation to the principal adverse impacts on sustainability factors.

In addition to product risk, fund performance and fund focus, KB selects products for advisory considering also some sustainability criteria. The processes of evaluating and taking into account the sustainability criteria within investment advisory will be gradually adjusted also according to the expanding offer of investment funds by Amundi. KB, as a financial advisor, does not currently rank and select products based on a specific methodology of indicators of the principal adverse impacts on sustainability factors, or criteria or thresholds based on the main adverse impacts on sustainability factors.