

# Statement on principal adverse impacts of investment decisions on sustainability factors

## Summary

---

Komerční banka a.s. (hereinafter also "KB"), LEI code IYKCAVNFR8QGF00HV840, considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is a consolidated statement on the principal adverse impacts of Komerční banka a.s. on sustainability factors.

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023. It is published in accordance with Regulation (EU) 2019/2088, of 27. November 2019, on sustainability related disclosures 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 with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre- contractual documents, on websites and in periodic reports (also „RTS“).

SFDR framework, including RTS, requires the consideration of indicators related to the principal adverse impacts of investment decisions on sustainability factors, i.e. 18 mandatory indicators related to greenhouse gas emissions, biodiversity, water, waste or social and employment matters, applied to investments in companies, states and supranationals, as well as real estate. In addition, 22 additional indicators related to climate and the environment are defined, as well as 24 additional indicators for social and employment issues, respect for human rights and the fight against corruption and bribery. The more detailed consideration of individual indicators by KB is given in the section Description of the main adverse impacts on sustainability factors.

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

---

As part of its investment policy, KB has access to the monitoring and evaluation data of issuers prepared by the parent company SG. The ESG criteria assessment framework is based on an assessment of significant ESG factors in individual industries by SG financial analysts, information on significant ESG issues reported by the assessed companies, and recommendations from the Sustainability Accounting Standards Board (SASB). This assessment framework sets out how companies manage sustainability risks.

In addition to the integration of ESG assessments, KB is committed to applying ESG criteria in relation to its investment policy and investment decisions:

- KB systematically follows Société Générale's recommendations and follows Société Générale's List of Environmental and Social Exclusions (see the full list of exclusions at <https://www.kb.cz/cs/o-bance/podnikame-udrzitelne/ekonomicka-udrzitelnost>).
- KB uses a methodology (see above) according to which investments in companies facing very serious ESG controversies and companies with the worst ESG rating are excluded

Furthermore, one of the policies for identifying and prioritizing the principal adverse impacts on sustainability factors is also the internal regulation INS 23-023 - Principles related to sustainable investment information effective from 11/18/2022.

Komerční banka a.s. further notes that some of the indicators listed in Table 1 of Annex I of the SFDR RTS are not easily available and KB has made every effort to obtain them. For these purposes, KB obtained information from the MSCI One application.

## Engagement policies

---

In accordance with article 3g of SRD II, KB developed and implemented following Engagement policy:

KB, as a manager of individual mandates within the investment strategy, monitors the economic situation of issuers, monitors their general meetings and corporate events related to the securities held. Within the framework of portfolio management for direct equity investments, KB considers whether the issuer and its management meet the requirements for the quality of corporate governance.

If the decision of the issuer's management deviates from the principles of governance expected by KB, the portfolio manager will usually consider reducing the volume of the issuer's shares held. In these aspects, the responsible KB team cooperates with the SG analytical center.

When managing individual mandates, KB considers non-financial ethical aspects and ESG factors (social and environmental responsibility and the quality of corporate governance). KB uses monitoring and scoring (ESG criteria) by the company created by the SG parent group to assess the degree of fulfillment of these criteria.

KB may exercise the voting rights associated with the participating securities exclusively for the benefit of the shareholders, i.e. the persons whose portfolio of securities it manages within the scope of the mandate. In the exercise of voting rights, the interests of shareholders are always given priority, even over the interests of KB. KB monitors and analyzes significant events and documents related to the issuer. KB may cooperate with shareholders whose securities are part of the asset managed by KB within the portfolio management.

KB adopted a high standard of conflict of interest management and prevention, based on the rules of the parent company Société Générale. The asset manager has a high standard of conflict of interest management and prevention, based on the control of conflicts of interest in the case of the investment process of asset management under the mandate takes place at several levels, ensuring an independent assessment of each individual case. The above-mentioned conflict of interest policy is strongly incorporated in KB by-laws and internal procedures and accordingly, all KB employees pass training courses on regular basis.

## References to international standards

---

The Société Générale Group, of which Komerční banka, a.s. part of, has adopted and respects the values incorporated in international conventions, pacts and declarations. The Group also recognizes and is guided by international standards and norms, initiatives and best practices, and last but not least, it is an active member of various CSR initiatives involving banking that refer to ESG risk management.

In 2019, the SG Group became a signatory of the so-called Principles of Responsible Banking, obliging the entire financial group to take into account the Sustainable Development Goals and the goals of the Paris Climate Agreement.

SG Group (including KB) is committed to managing the environmental and social (E&S) risks potentially associated with its activities and has set the following internal standards, which complement these General Principles in the area of environmental and social risks:

- Three E&S cross-cutting statements on cross-cutting E&S issues describe the main frame of reference and set out the SG Group's commitments on biodiversity, climate and human rights. While cross-cutting statements apply across sectors, more specific requirements linked to individual sectors are regulated by Sector Policies.
- Eleven E&S sector policies define environmental and social risk factors, reference standards and specific criteria that the Group intends to apply to its activities in sensitive sectors.

A more detailed description is provided in the General Environmental and Social (E&S) Policy document (<https://www.kb.cz/getmedia/421e2958-a8f8-4afd-b792-46a47eec56e5/KB-A4-Vseob-ES-zasady-CZ.pdf>).

The Group (including KB) is aware of the increasing pace of biodiversity loss around the world and is therefore committed to respecting and protecting biodiversity, which is one of the foundations of the Group's environmental and social risk management system, and encourages its clients to do the same.

A more detailed description is provided in the Declaration on the Protection of Biodiversity (<https://www.kb.cz/getmedia/ab0130cf-3e92-471d-953e-dd12da2c54c7/KB-A4-StatementBiodiversity-CZ.pdf>).

Société Générale and its subsidiaries (the "Group"), including KB, are committed to aligning their activities with the goals of the Paris Agreement on Climate Change.

A more detailed description is given in the Declaration on Climate Change (<https://www.kb.cz/getmedia/b4b33cf3-8e10-43c8-9467-31b6ae8d56a2/KB-A4-StatementClimate-CZ.pdf>).

Société Générale and its subsidiaries (the "Group"), including KB, are committed to respecting and promoting human rights as one of the foundations of their environmental and social risk management system.

A more detailed description is given in the Declaration of Human Rights

(<https://www.kb.cz/getmedia/11dc49e5-a70b-4e78-b083-d942e139fc8f/KB-A4-StatementHumanRights-CZ.pdf>).

In accordance with the above obligations, KB with its funding supports projects that mitigate the effects of climate change. For example, through investments in more efficient technologies, by providing financing of installations to limit the discharge of pollutants into the air, water or soil, or by financing the modernization of heating plants. KB also finances projects that are devoted to the creation of greenery not only in cities, but also improve the state of biological diversity or support agriculture and thus help adaptation to the change that is already underway.

Based on its climate strategy, KB decided to withdraw from financing clients connected with the mining or use of coal, especially in the energy and heating industry - KB has committed to gradually withdraw completely from financing client activities in the coal sector by 2030.

KB does not finance companies that are unacceptable from the E&S point of view of principles (e.g. mining and burning of coal, production of certain types of weapons or export of weapons to countries with war conflicts or increased risk of illegal arms trade, companies that do not comply with environmental regulations).

From the beginning of 2020, Komerční banka introduced a system of targeted screening of environmental and social risks of corporate clients, especially companies operating in sensitive sectors. The screening is carried out by a KB environmental expert. The aim is to make sure that the client's business is in accordance with the requirements of environmental, labor-legal and social-legal regulations and that there is no additional reputational and credit risk associated with the client or the transaction.

In accordance with the Regulation of the European Parliament and the Council of the EU on the publication of information related to sustainability in the financial services industry (SFDR), KB publishes specific information on its approach to incorporating sustainability risks and considering adverse sustainability impacts.

## Description of the principal adverse impacts on sustainability factors

---

KB considers principal adverse impacts of its investment decision on sustainability factors according to the SFDR. This statement is the consolidated statement by KB as the financial market participant on principal adverse impact on sustainability in relation to the portfolio management provided by KB Private Banking.

The information below describes the procedure for assessing of principal adverse impact on sustainability based on indicators related to climate and environment, social and labor rights, respects of human rights, fight against corruption and bribery, and indicators related to investments in securities issued by sovereigns and supranationals.

As part of providing of asset management, KB considers non-financial aspects related to sustainability and ESG criteria. Currently, the main pillar of KB's approach to limiting the principal adverse impacts 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 list of approved investment instruments. The list is based on the recommendations of Société Générale and 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>).

Exclusions currently apply to, 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

## Indicators applicable to investments in investee companies

	Adverse sustainability indicator	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI <sup>1</sup> year 2022	Coverage from MSCI <sup>2</sup> year 2023 (reported/estimated)	Explanation
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	21,021.34	26,477.43	100.00%	93.48% (87.97%/5.50%)	Sum of portfolio companies' Carbon Emissions – Scope 1 (tCO <sub>2</sub> e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.
		Scope 2 GHG emissions	1,652.99	4,662.33	100.00%	93.48% (86.63%/6.85%)	Sum of portfolio companies' Carbon Emissions – Scope 2 (tCO <sub>2</sub> e) 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	73,826.69	157,632.04	100.00%	93.46% (0.00%/93.46%)	Sum of portfolio companies' Scope 3 – Total Emission Estimated (tCO <sub>2</sub> e) 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	96,501.02	193,626.27	100.00%	93.32% (0.00%/93.32%)	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	779.14	537.16	100.00%	93.32% (0.00%/93.32%)	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).
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,116.80	957.79	100.00%	96.34% (0.00%/96.34%)	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	11.39%	10.29%	100.00%	95.93% (95.93%/0.00%)	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.
	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	68.49%	66.85%	100.00%	70.25% (70.25%/0.00%)	The portfolio's weighted average of issuers' energy consumption and/or production from nonrenewable sources as a percentage of total energy used and/or generated.

<sup>1</sup> As of January 2023, MSCI SFDR's adverse impact metrics covered approximately 10,100 equity and fixed income issuers, including constituents of the MSCI ACWI Investable Market Index. Some of the indicators that MSCI included in the data set will be continuously supplemented with coverage during 2023.

<sup>2</sup> As of January 2023, MSCI SFDR's adverse impact metrics covered approximately 10,100 equity and fixed income issuers, including constituents of the MSCI ACWI Investable Market Index. Some of the indicators that MSCI included in the data set will be continuously supplemented with coverage during 2023.

	Adverse sustainability indicator	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	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	N/A	0.48	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing).
			4.20	0,93	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying).
			1.21	18.36	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code C (Manufacturing).
			N/A	2.08	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply).
			N/A	1.07	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities).
			0.31	0.14	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code F (Construction).
			0.08	0.30	95.40%	85.60% (85.60%/0.00%)	The fund's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles).
			N/A	0.82	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage).
			N/A	0.72	95.40%	85.60% (85.60%/0.00%)	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities).
Biodiversity	7. Activities negatively affecting biodiversity-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	0.00%	11.41%	100.00%	96.11% (0.00%/96.11%)	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.

	Adverse sustainability indicator	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Water	8. Emissions to water	Tones of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	0.17	0.00%	0.76% (0.76%/0.00%)	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).
Waste	9. Hazardous waste and radioactive waste ratio	Tones of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.73	2.55	52.04%	35.40% (35.40%/0.00%)	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).
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>							
Social and employee matters	10. Violations of UN Global Compact principles and Organization 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	0.00%	0.22%	100.00%	96.30% (0.00%/96.30%)	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.
	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	28.13%	0.71%	100.00%	95.28% (95.28%/0.00%)	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	24.56%	13.77%	30.14%	26.68% (26.68%/0.00%)	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.

	Adverse sustainability indicator	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	38.45%	35.00%	100.00%	95.51% (95.51%/0.00%)	The portfolio holdings'weighted average of the percentage of board members who are female.
	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	0.00%	0.16%	100.00%	96.44% (96.44%/0.00%)	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.
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS							
Environmental	15. GHG intensity	GHG intensity of investee countries	510.71	393.97	100.00%	96.17% (96.17%/0.00%)	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP)
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	0	8	100.00%	96.17% (0.00%/96.17%)	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports
			0.00%	7.45%	100.00%	96.17% (0.00%/96.17%)	The portfolio's percentage of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS							
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction , storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	0.00%	Not currently available
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-in-efficient real estate assets	N/A	N/A	N/A	0.00%	Not currently available



## Actions taken, and actions planned and targets set for the next reference period

As part of the providing of the portfolio management service, KB considers non-financial aspects related to sustainability and ESG criteria, especially in the case of direct investments in stocks and bonds. A key pillar of our approach to limiting the principal adverse impacts of investment decisions on sustainability factors is the fact that companies whose activities are deemed incompatible with a sustainable future are already excluded from our portfolio of approved investment instruments.

This portfolio of instruments is based on the recommendations of Société Générale and 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>, section „Application of obligations in practice“). Sustainability factors, including the so-called principal adverse impacts, are also included in the valuations and target prices for almost all stocks in the list of approved investment instruments. For the next period, our effort will be to deepen the integration of non-financial criteria, including the principal adverse impacts on sustainability factors, into the investment process as part of portfolio management. KB considers factors related to respect for human rights and climate change to be key.

## Historical comparison

A historical comparison of the reporting period, i.e. for the year 2023, with the previous reporting period of 2022 is shown in the tables in the section Impact - year 2023 and Impact - year 2022. The first reporting period was the year 2022, i.e. the information for the year 2022 was first published on 30. 6. 2023.

## Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Emissions	1. Emissions of inorganic pollutants	TTones of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average	0.84%	0.54	43.82%	2.50% (2.50%/0.00%)	The total annual inorganic pollutants (metric tons reported) discharged as a result of companies' operations associated with 1 million EUR invested in the portfolio. Companies' emissions of inorganic pollutants are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).
	2. Emissions of air pollutants	Tones of air pollutants equivalent per million EUR invested, expressed as a weighted average	82.62%	0.43	31.81%	3.09% (3.09%/0.00%)	The total annual air pollutants (metric tons reported) released as a result of companies' operations associated with 1 million EUR invested in the portfolio. Companies' emissions of air pollutants are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).
	3. Emissions of ozone-depleting substances	Tones of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average	0.00%	0.00%	8.56%	1.65% (1.65%/0.00%)	The total annual ozone depletion substances (metric tons reported) discharged as a result of companies' operations associated with 1 million EUR invested in the portfolio. Companies' emissions of ozone depletion substances are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).
	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	18.10%	42.29%	100.00%	96.11% (0.00%/96.11%)	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.



Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	0.00 %	2.90%	68,40%	48.95% (48.95%/0.00%)	The energy consumption from coal (GWh), as a percentage of total energy consumption. An issuers' energy consumption is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Exposure to energy consumption is based on the portfolio's market value in the issuer to the issuer's EVIC, which is then multiplied by the issuer's total energy consumption by source.
			0.00%	0.00%	68,40%	48.95% (48.95%/0.00%)	The energy consumption from lignite (GWh), as a percentage of total energy consumption. An issuers' energy consumption is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Exposure to energy consumption is based on the portfolio's market value in the issuer to the issuer's EVIC, which is then multiplied by the issuer's total energy consumption by source.
			0.09%	14.89%	68,40%	48.95% (48.95%/0.00%)	The energy consumption from natural gas (GWh), as a percentage of total energy consumption. An issuers' energy consumption is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Exposure to energy consumption is based on the portfolio's market value in the issuer to the issuer's EVIC, which is then multiplied by the issuer's total energy consumption by source.
			0.00%	0.00%	68,40%	48.95% (48.95%/0.00%)	The energy consumption from oil & gas (GWh), as a percentage of total energy consumption. An issuers' energy consumption is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Exposure to energy consumption is based on the portfolio's market value in the issuer to the issuer's EVIC, which is then multiplied by the issuer's total energy consumption by source.
			0.00%	0.01%	68,40%	48.95% (48.95%/0.00%)	The energy consumption from nuclear (GWh), as a percentage of total energy consumption. An issuers' energy consumption is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Exposure to energy consumption is based on the portfolio's market value in the issuer to the issuer's EVIC, which is then multiplied by the issuer's total energy consumption by source.
			0.00%	3.57%	68,40%	48.95% (48.95%/0.00%)	The energy consumption from fossil fuel (GWh), as a percentage of total energy consumption. An issuers' energy consumption is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Exposure to energy consumption is based on the portfolio's market value in the issuer to the issuer's EVIC, which is then multiplied by the issuer's total energy consumption by source.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	94.22%	65.57%	68,40%	48.95 % (48.95 %/0.00 %)	The energy consumption from other non-renewables (GWh), as a percentage of total energy consumption. An issuers' energy consumption is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Exposure to energy consumption is based on the portfolio's market value in the issuer to the issuer's EVIC, which is then multiplied by the issuer's total energy consumption by source.
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	N/A	58,535.20	0.00%	49.37% (49.37%/0.00%)	1. Sum of portfolio companies' Reclaimed Water Intensity (m3/EUR million sales) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash (EVIC).
		2. Weighted average percentage of water recycled and reused by investee companies	N/A	0.01%	0.00%	3.51% (3.51%/0.00%)	2. Sum of portfolio companies' Percentage of Reclaimed Water Relative to Total Water Consumed (measured in cubic meters) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash (EVIC).
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	27.68%	35.76%	90.37%	95.65% (95.65%/0.00%)	The percentage of the portfolio's market value exposed to issuers without evidence of setting water reduction targets, measuring water footprint, implementing water conservation measures, or other initiatives focused on water management.
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	4.60%	6.04%	90.37%	95.64% (95.64%/0.00%)	The percentage of the portfolio's market value exposed to issuers that reported having operations in areas of high-water stress but showed no evidence of a water management policy.
	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	0.00%	0.05%	100.00%	98.03% (0.00%/98.03%)	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).
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing	0.00%	5.07%	100.00%	95.94% (95.94%/0.00%)	The percentage of the portfolio's market value exposed to issuers that report involvement in activities, which cause land degradation, desertification, or soil sealing.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
Water, waste and material emissions	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies	40.11%	52.94%	100.00%	95.83% (95.83%/0.00%)	The percentage of the portfolio's market value exposed to issuers without evidence of disclosure related to its policies or practices towards sustainable agriculture or management of land.
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies	88.67%	77.75%	100.00%	95.61% (95.61%/0.00%)	The percentage of the portfolio's market value exposed to issuers without evidence of disclosure related to its policies or practices towards sustainable management of ocean resources.
	13. Non-recycled waste ratio	Tones of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0.17	91.73	31.33%	34.39% (34.39%/0.00%)	The total annual non-recycled waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' non-recycled waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).
	14. Natural species and protected areas	1. Share of investments in investee companies whose operations affect threatened species	0.00%	15.31%	100.00%	95.93% (95.93%/0.00%)	1. The percentage of the portfolio's market value exposed to issuers with operations that affect IUCN Red List species and/or national conservation list species.
		2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas	14.67%	0.97%	100.00%	23.57% (23.57%/0.00%)	2. The percentage of the portfolio's market value exposed to issuers that operate near protected areas or an area of high biodiversity value outside protected areas without a biodiversity protection policy covering operational sites owned, leased, managed.
	15. Deforestation	Share of investments in companies without a policy to address deforestation	92.80%	82.57%	100.00%	95.72% (95.72%/0.00%)	The percentage of the portfolio's market value exposed to issuers without a deforestation policy.
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds	N/A	N/A	N/A	0.00%	Not currently available

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
<b>Indicators applicable to investments in sovereigns and supranationals</b>							
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	N/A	N/A	0.00%	Not currently available
<b>Indicators applicable to investments in real estate assets</b>							
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets	N/A	N/A	N/A	0.00%	Not currently available
		Scope 2 GHG emissions generated by real estate assets	N/A	N/A	N/A	0.00%	Not currently available
		Scope 3 GHG emissions generated by real estate assets	N/A	N/A	N/A	0.00%	Not currently available
		Total GHG emissions generated by real estate assets	N/A	N/A	N/A	0.00%	Not currently available
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	N/A	N/A	N/A	0.00%	Not currently available
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	N/A	N/A	N/A	0.00%	Not currently available
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and bio-sourced) compared to the total weight of building materials used in new construction and major renovations	N/A	N/A	N/A	0.00%	Not currently available
Biodiversity	22. Land artificialization	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets	N/A	N/A	N/A	0.00%	Not currently available

## Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
<b>Indicators applicable to investments in investee companies</b>							
<b>Social and employee matters</b>	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0.00%	4.55%	100.00%	95.81% (95.81%/0.00%)	The percentage of the portfolio's market value exposed to issuers without a workplace accident prevention policy.
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.01	0.57	47.36%	39.33% (39.33%/0.00%)	Sum of portfolio companies' recordable incident rate (fatalities, lost time injuries, restricted work injuries and medical treatment injuries) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash (EVIC).
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	3.18%	0.93%	18.20%	18.07% (18.07%/0.00%)	The total Workdays Lost Due to Workplace Accidents or Illness associated with EUR 1 million invested in the portfolio. It is calculated as the weighted average of Workdays Lost Due to Workplace Accidents or Illness per company divided by the company's most recently available enterprise value including cash (EVIC).
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)	55.31%	52.23%	100.00%	95.76% (95.76%/0.00%)	The percentage of the portfolio's market value exposed to issuers' where their supplier code of conduct does not include commitments to eradicate unsafe working conditions, precarious work, child labor and forced labor.
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	35.02%	27.22%	100.00%	95.83% (95.83%/0.00%)	The percentage of the portfolio's market value exposed to issuers without evidence of disclosure indicating availability of grievance and complaint-handling procedures.
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	13.26%	4.69%	100.00%	95.95% (95.95%/0.00%)	The percentage of the portfolio's market value exposed to issuers without a whistleblower protection policy.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
Social and employee matters	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average	0.00	0.00	100.00%	96.28% (0.00%/96.28%)	1. The total number of severe and very severe discrimination and diversity controversies associated with EUR 1 million invested in the portfolio. It is calculated as the weighted average of Number of Severe and Very Severe Discrimination and Diversity Controversies per company divided by the company's most recently available enterprise value including cash (EVIC).
		2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average	N/A	N/A	N/A	0.00%	2. Please note that we are currently unable to provide any data for "Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average" due to the ambiguity of the definition. While we can report on the number of incidents of discrimination or provide a list of companies on the EU sanctions list, there is no evidence to suggest the causality of the incidents and the imposition of sanctions and trade restrictions.
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	250.61	193.34	62.52%	73.94% (73.94%/0.00%)	The portfolio's weighted average of issuers' ratio of CEO pay to average employee pay.
Human Rights	9. Lack of a human rights policy	Lack of a human rights policy	0.00%	5.41%	100.00%	95.73% (95.73%/0.00%)	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	5.84%	17.42%	100.00%	95.23% (95.23%/0.00%)	The percentage of the portfolio's market value exposed to issuers without defined processes, set targets or reported achievements for monitoring the effectiveness of its human rights policy.
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings	21.13%	21.74%	100.00%	95.71% (95.71%/0.00%)	The percentage of the portfolio's market value exposed to issuers without a policy against trafficking in human beings.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
Human Rights	12. Operations and suppliers at significant risk of incidents of child labor	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labor in terms of geographic areas or type of operation	10.67%	4.86%	100.00%	95.85% (95.85%/0.00%)	The percentage of the portfolio's market value exposed to issuers with disclosed operations and suppliers at significant risk of child labor incidents involving hazardous work based on geographic location or type of operation.
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labor	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labor in terms in terms of geographic areas and/or the type of operation	1.54%	4.73%	100.00%	95.85% (95.85%/0.00%)	The percentage of the portfolio's market value exposed to issuers that have reported having operations and suppliers at significant risk of forced or compulsory labor incidents based on geographic location or type of operation.
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0.00	0.00	100.00%	96.28% (0.00%/96.28%)	The total number of severe and very severe human rights concerns controversies associated with EUR 1 million invested in the portfolio. It is calculated as the weighted average of Number of Severe and Very Severe Human Rights Concerns Controversies per company divided by the company's most recently available enterprise value including cash (EVIC).
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0.00%	1.45%	100.00%	95.38% (95.38%/0.00%)	The percentage of the portfolio's market value exposed to issuers without an anti-corruption and anti-bribery policy consistent with the United Nations Convention against Corruption.
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0.00%	0.00%	100.00%	95.36% (95.36%/0.00%)	The percentage of the portfolio's market value exposed to issuers that have not disclosed sufficient actions taken to address anti-corruption and/or anti-bribery policy or procedure violations.
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	1.25  225,758, 624.78	1,035.75  331,868, 245,775.05	100.00%  100.00%	98.07% (98.07%/0.00%)  98.07% (98.07%/0.00%)	The sum of number of convictions against the portfolio's holdings for violation of anti-corruption and anti-bribery laws.  The sum of fines for convictions against the portfolio's holdings related to a violation of anti-corruption and anti-bribery laws.



Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
<b>Indicators applicable to investments in sovereigns and supranationals</b>							
Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column	25.30	29.50	100.00%	96.08% (0.00%/96.08%)	The weighted average of the portfolio's issuers' GINI Index score (measures the equality of income distribution within a population. Ranges from 0 (perfect equality) to 100 (perfect inequality)). (Source: CIA, WDI)).
	19. Average freedom of expression score	Measuring the extent to which political and civil society organizations can operate freely including a quantitative indicator explained in the explanation column	80.00	79.94	100.00%	95.99% (0.00%/95.99%)	The weighted average of the portfolio's issuers' Press Freedom score (Countries with lower scores demonstrate higher press freedom. Data source: Freedom house).
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column	0.78	0.75	100.00%	95.97% (0.00%/95.97%)	The portfolio's weighted average of issuers' WJP Rule of Law Index, Fundamental Rights Sub-score (measures a country's performance on human rights issues, as per Factor 4 of the WJP Rule of Law Index. Scores can range from 0-1.0, and higher values denote stronger national performance across a broad range of human rights issues. Values are updated annually via the World Justice Project with no analytical inputs from MSCI ESG Research. Data source: World Justice Project (WJP) Rule of Law IndexA®.
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	56.00	59.62	100.00%	96.16% (0.00%/96.16%)	The weighted average of portfolio's issuers' Corruption Perception Index score (measures the degree to which public sector corruption is perceived to exist in different countries around the world. Data source: Transparency International. Countries with lower score are perceived to be more corrupt).
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0.00%	0.06%	100.00%	96.17% (0.00%/96.17%)	The percentage of the portfolio's market value exposed to issuers' domiciled in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Impact year 2023	Coverage from MSCI year 2022	Coverage from MSCI year 2023 (reported/estimated)	Explanation
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	9.15	8.48	100.00%	96.19% (0.00%/96.19%)	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)).
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column	1.13	1.12	100.00%	96.17% (0.00%/96.17%)	The weighted average of the portfolio's issuers' Rule of Law score (Capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Data source: Worldwide Governance Indicators (WGI). Countries within her score demonstrate better rule of law.).

#### Disclaimer:

This document contains information (hereinafter "Information") originating from MSCI Inc., its affiliates or information providers, MSCI ESG Research LLC ("MSCI Parties") which may be used to calculate scores, ratings or other indicators. MSCI ESG Research LLC is an independent provider of ESG data, reports and assessments based on published methodologies and available to clients on a subscription basis. The MSCI parties do not guarantee the originality, accuracy and/or completeness of any data or information contained herein and expressly disclaim all guarantees, express or implied, including guarantees of merchantability and fitness for a particular purpose. The information does not constitute investment advice or a recommendation to make (or refrain from) any investment decision and cannot be relied upon as such, nor should it be considered an indicator or guarantee of any future performance, analysis, forecast or prediction. None of MSCI parties shall be liable for any errors or omissions in the data or information contained herein or for any direct, indirect, special, punitive, consequential or other damages (including lost profits), even if that the possibility of such damages has been pointed out.