

2023 Statement of the Principal Adverse Sustainability Impacts

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1. SUMMARY

Principal adverse impacts (PAI) are impacts of investment decisions, which have an adverse impact on sustainability factors. Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

KB Penzijní společnost, a.s., LEI 5493003FZL2TOZBAVZ42 (hereinafter referred to as “KBPS”), considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is a consolidated statement of the principal adverse impacts on the sustainability factors of KBPS.

KBPS uses **Amundi Czech Republic, investiční společnost, a.s.** (hereinafter referred to as “Amundi”) to manage its funds. The funds are managed in accordance with the Amundi corporate policy applicable to responsible investment and in accordance with its internal and external models.

This statement of principal adverse impacts on sustainability factors applies to the reference period from 1 January 2022 to 31 December 2023. A description of the principal adverse impacts, which KBPS considers is presented in the following table:

| Applies to | Subject | PAI indicator | Number |
|---|---|--|--------------|
| Investment company | Greenhouse gas emissions | Greenhouse gas emissions | 1 |
| | | Carbon footprint | 2 |
| | | Intensity of greenhouse gas emissions of investee companies | 3 |
| | | Exposure to companies active in the fossil fuel sector | 4 |
| | | Share of consumption and production of non-renewable energy | 5 |
| | | Energy consumption intensity on high impact climate sector | 6 |
| | Biodiversity | Activities adversely affecting areas sensitive to biodiversity. | 7 |
| | Water | Emissions to water. | 8 |
| | Waste | Ratio of hazardous and radioactive waste. | 9 |
| | Emissions | Further PAI: Investing in companies without carbon emission reduction initiatives. | 4 (Table 2) |
| | Social and employee matters | Violations of UN Global Compact Initiative principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. | 10 |
| | | Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises. | 11 |
| | | Unadjusted gender pay gap. | 12 |
| | | Board gender diversity. | 13 |
| Human rights | Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons). | 14 | |
| | Further PAI: Missing human rights policy. | 9 (Table 3) | |
| Sovereign and multinational enterprises | Environmental | Greenhouse gas intensity. | 15 |
| | Social | Countries with social unrest. | 16 |
| Real estate | Fossil fuels | Exposure to fossil fuels through real estate | 17 |
| | Energy efficiency | Exposure to energy inefficient real estate. | 18 |
| | Energy consumption | Further PAI: Energy consumption intensity. | 19 (Table 2) |

2. DESCRIPTION OF PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Amundi presents the 2023 version of the Principal Adverse Impact Statement (PAI), which marks the second year of this publication. This year we continued to improve our PAI Statement by improving the transparency and robustness of our methodology while achieving substantial progress in reducing adverse impacts across our portfolios. Amundi's reference point at the end of 2023 was exposure to companies active in the coal sector. We also introduced significant methodological changes to ensure that the results will accurately reflect our activities. This period also provided major data providers with the opportunity to review and refine their methodologies and so improve the rating of activities of issuers.

Given the current regulatory environment which offers limited methodological guidance and constant efforts of data providers to refine certain PAI metrics, it is important to note that the key indicators, such as PAI 1, 2, 3, 8, 9, 15 and 4 (Table 2) are not directly comparable to the data of the previous year. Changes to these indicators are more a reflection of the methodological adjustments than the actual development of the portfolio.

In addition, we would like to emphasise that direct comparisons to partners are currently of limited value due to the emerging state of regulatory guidance and data maturity. Methodologies may differ significantly between asset managers and calculations at various data providers are not harmonised as yet. For example, in the scope 3 emissions calculation we observed 30% dispersion in absolute emissions between two major data providers, which directly affects PAI 1, 2 and 3. Thus, the comparison of PAI metrics between asset managers may result in the wrong conclusions.

2.1 INDICATORS APPLICABLE TO INVESTMENTS IN COMPANIES

| Adverse sustainability impact indicator | Metrics | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). | |
|---|-----------------------------|---|---------------|-------------|---|--|
| CLIMATE AND OTHER ENVIRONMENTAL INDICATORS | | | | | | |
| Greenhouse gas emissions | 1. Greenhouse gas emissions | Greenhouse gas emissions scope 1 – tCO ₂ equivalent ¹ | 1,218.65 | 3,784.70 | We calculate the total carbon footprint of the relevant portfolio by combining the carbon emissions of companies in the portfolio, which includes scope 1, scope 2 and scope 3 emissions, and their weighting based on the value of the investment in each company and value of the company's enterprise including cash (EVIC) in euros. The PAI indicator uses the "all investment" approach, which means that the denominator is determined by considering all investments. The portfolio weights are adjusted to account for incomplete data coverage. Scope 1: Amundi changed the data provider for calculating EVIC for the 2023 reporting year. Given the changes in methodology, data from this year and the previous year may not be directly comparable. | Commitment: part of the commitment of KBPS aimed at the transition to a low-carbon economy. Voting: requirement for criteria associated with the energy transformation in the pay of executives in sectors with a significant impact on the climate, use of voting rights as an escalation in the case of significant adverse impacts. ESG score integration: included in the environmental pillar of Amundi's own ESG model, which is also used by KBPS. |
| | | Greenhouse gas emissions scope 2 – tCO ₂ equivalent ² | 426.52 | 1,190.05 | We calculate the total carbon footprint of the relevant portfolio by combining the carbon emissions of companies in the portfolio, which includes scope 1, scope 2 and scope 3 emissions, and their weighting based on the value of the investment in each company and value of the company's enterprise including cash (EVIC) in euros. The PAI indicator uses the "all investment" approach, which means that the denominator is determined by considering all investments. The portfolio weights are adjusted to account for incomplete data coverage. Scope 1: Amundi changed the data provider for calculating EVIC for the 2023 reporting year. Given the changes in methodology, data from this year and the previous year may not be directly comparable. | |

¹ Source of greenhouse gas emissions: Trucost – Selection of data providers (and their estimating models) has a significant effect on the calculation of the carbon footprint and intensity.

² Source of greenhouse gas emissions: Trucost – Selection of data providers (and their estimating models) has a significant effect on the calculation of the carbon footprint and intensity.

| Adverse sustainability impact indicator | | Metrics | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). |
|---|-----------------------------|---|---------------|---------------|--|---|
| CLIMATE AND OTHER ENVIRONMENTAL INDICATORS | | | | | | |
| Greenhouse gas emissions | 1. Greenhouse gas emissions | Greenhouse gas emissions scope 3 – tCO ₂ equivalent ³ | 735.92 | 1,252.59 | <p>We calculate the total carbon footprint of the relevant portfolio by combining the carbon emissions of companies in the portfolio, which includes scope 1, scope 2 and scope 3 emissions, and their weighting based on the value of the investment in each company and value of the company's enterprise including cash (EVIC) in euros.</p> <p>The PAI indicator uses the "all investment" approach, which means that the denominator is determined by considering all investments. The portfolio weights are adjusted to account for incomplete data coverage.</p> <p>Scope 3: For the 2023 reporting year, Amundi reviewed its methodology and published full scope 3 emissions, as opposed to disclosing only scope 3 emissions prior to the first stage of emissions in 2022. Potential distortions and inaccuracies in data associated with scope 3 emissions remain. Also notice that Amundi changed data provider for the EVIC calculation. Given the described significant methodological changes, the data from this and the previous year are not comparable.</p> | <p>Commitment: part of the commitment of KBPS aimed at the transition to a low-carbon economy.</p> <p>Voting: requirement for criteria associated with the energy transformation in the pay of executives in sectors with a significant impact on the climate, use of voting rights as an escalation in the case of significant adverse impacts.</p> <p>ESG score integration: included in the environmental pillar of Amundi's own ESG model, which is also used by KBPS.</p> |
| | | Total greenhouse gas emissions – tCO ₂ equivalent ⁴ | 2,381.09 | 6,227.35 | <p>We calculate the total carbon footprint of the relevant portfolio by combining the carbon emissions of companies in the portfolio, which includes scope 1, scope 2 and scope 3 emissions, and their weighting based on the value of the investment in each company and value of the company's enterprise including cash (EVIC) in euros.</p> <p>The PAI indicator uses the "all investment" approach, which means that the denominator is determined by considering all investments. The portfolio weights are adjusted to account for incomplete data coverage.</p> <p>For the 2023 reporting year Amundi reviewed its methodology and published full scope 3 emissions, as opposed to disclosing only first stage scope 3 emissions in 2022. Potential distortions and inaccuracies in data associated with scope 3 emissions remain. Also notice that Amundi changed data provider for the EVIC calculation.</p> <p>Source of greenhouse gas emissions: Trucost – reported and proxy data. The selection of data providers (and their estimating models) has a significant effect on the calculation of the carbon footprint and intensity. Given the described methodological changes, the data from this and the previous year are not comparable.</p> | |

³ Source of greenhouse gas emissions: Trucost – Selection of data providers (and their estimating models) has a significant effect on the calculation of the carbon footprint and intensity.

⁴ Source of greenhouse gas emissions: Trucost – Selection of data providers (and their estimating models) has a significant effect on the calculation of the carbon footprint and intensity.

| Adverse sustainability impact indicator | | Metrics | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). |
|---|---|--|---------------|---------------|--|---|
| CLIMATE AND OTHER ENVIRONMENTAL INDICATORS | | | | | | |
| Greenhouse gas emissions | 2. Carbon footprint | Carbon footprint – tCO ₂ equ. /€m invested ⁵ | 8.41 | 15.10 | <p>We calculate the total carbon footprint associated with 1 million EUR invested in the portfolio by combining the carbon emissions of companies from the portfolio, which includes Scope 1, Scope 2 and Scope 3 emissions, and their weighting based on the value of the investment in each company and the company's enterprise value (EVIC) in euros for displaying emissions associated with 1 million EUR invested in the portfolio.</p> <p>The PAI indicator uses the “all investment” approach, i.e. is determined by weighting all investments. The portfolio weights are adjusted to account for incomplete data coverage. For the 2023 reporting year Amundi reviewed its methodology and published full scope 3 emissions, as opposed to disclosing only first stage scope 3 emissions in 2022. Potential distortions and inaccuracies in data associated with scope 3 emissions remain. Also notice that Amundi changed data provider for the EVIC calculation.</p> <p>Given the described methodological changes, the data from this and the previous year are not comparable.</p> | <p>Commitment: part of the commitment of KBPS aimed at the transition to a low-carbon economy.</p> <p>Voting: requirement for criteria associated with the energy transformation in the pay of executives in sectors with a significant impact on the climate, use of voting rights as an escalation in the case of significant adverse impacts.</p> <p>ESG score integration: included in the environmental pillar of Amundi's own ESG model, which is also used by KBPS.</p> |
| | 3. Greenhouse gas intensity of investee companies | Greenhouse gas intensity of investee companies – tCO ₂ equ. /€m income ⁶ | 17.15 | 41.62 | <p>We calculate the intensity of the greenhouse gases of the given portfolio by calculating the weighted average of the intensity of the total greenhouse gas emissions per 1 million euros of the company's income in the portfolio.</p> <p>The PAI indicator uses the “all investment” approach, which means that the denominator is determined by considering all investments. The portfolio weights are adjusted to account for incomplete data coverage.</p> <p>For the 2023 reporting year Amundi reviewed its methodology and published full scope 3 emissions, as opposed to disclosing only first stage scope 3 emissions in 2022. Potential distortions and inaccuracies in data associated with scope 3 emissions remain. Also notice that Amundi changed data provider for the EVIC calculation. Given the described significant methodological changes, the data from this and the previous year are not comparable.</p> | <p>Commitment: part of the commitment of KBPS aimed at the transition to a low-carbon economy.</p> <p>Voting: requirement for criteria associated with the energy transformation in the pay of executives in sectors with a significant impact on the climate, use of voting rights as an escalation in the case of significant adverse impacts.</p> <p>ESG score integration: included in the environmental pillar of Amundi's own ESG model, which is also used by KBPS.</p> |

⁵ Source of greenhouse gas emissions: Trucost – Selection of data providers (and their estimating models) has a significant effect on the calculation of the carbon footprint and intensity.

⁶ Source of greenhouse gas emissions: Trucost – Selection of data providers (and their estimating models) has a significant effect on the calculation of the carbon footprint and intensity.

| Adverse sustainability impact indicator | Metrics | | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). | |
|--|--|--|--|--|---|--|---|
| CLIMATE AND OTHER ENVIRONMENTAL INDICATORS | | | | | | | |
| Greenhouse gas emissions | 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector - %. | | 4.21 | 2.57 | <p>We calculate exposure to companies active in fossil fuel sectors in the given portfolio by adding together the weights of companies in the portfolio, which have active exposure in fossil fuel sectors or have links to industry associated, for example, with coal, oil or natural gas. The PAI indicator uses the “all investment” approach, which means that the denominator is determined by considering all investments. The portfolio weights are adjusted to account for incomplete data coverage. For the 2023 reporting year Amundi reviewed its methodology and published full scope 3 emissions, as opposed to disclosing only first stage scope 3 emissions in 2022. Potential distortions and inaccuracies in data associated with scope 3 emissions remain. Also notice that Amundi changed data provider for the EVIC calculation. Given the described methodological changes, the data from this and the previous year are not comparable.</p> | <p>Commitment: part of the commitment of KBPS aimed at the transition to a low-carbon economy. Voting: requirement for criteria associated with the energy transformation in the pay of executives in sectors with a significant impact on the climate, use of voting rights as an escalation in the case of significant adverse impacts. Exclusion policy: part of Amundi’s exclusion policy dealing with coal and unconventional hydrocarbons, which KBPS also accepted along with the adoption of the policy.</p> |
| | 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 share of total energy sources - %. | Non-renewable energy consumption | 70.46 | 67.04 | <p>We rate the share of the portfolio invested in the sector of energy consumption from non-renewable sources by calculating the weighted percentage average of this consumption in companies in the portfolio. The PAI indicator uses the “relevant” approach, which means that the denominator is determined by considering the relevant portfolio. The portfolio weights are adjusted to account for incomplete data coverage. For the 2023 reporting year the data provider reviewed its methodology to estimate the share of consumption and production of non-renewable energy. Given the methodological changes, the data from this and the previous year are not comparable.</p> | <p>Commitment: part of the commitment of KBPS aimed at the transition to a low-carbon economy. ESG score integration: included in the environmental pillar of Amundi’s own ESG model, which is also used by KBPS.</p> |
| | | | Non-renewable energy production | 18.59 | 14.59 | <p>We rate the share of the portfolio invested in the sector of energy produced from non-renewable sources by calculating the weighted percentage average from non-renewable sources in companies in the portfolio. The PAI indicator uses the “relevant” approach, which means that the denominator is determined by considering the relevant portfolio. The portfolio weights are adjusted to account for incomplete data coverage. For the 2023 reporting year the data provider reviewed its methodology to estimate the share of consumption and production of non-renewable energy. Given the methodological changes, the data from this and the previous year may not be directly comparable.</p> | |
| 6. Energy consumption intensity per high impact climate sector | Energy consumption per GWh per million EUR of revenue of investee companies, per high impact climate sector – GWh/€m revenue | NACE A ⁷ NACE B NACE C NACE D NACE E NACE F NACE G NACE H NACE L | 0.00 0.11 0.05 1.14 0.16 0.02 0.03 0.13 0.06 | 0.00 0.07 0.24 1.62 0.00 0.00 0.02 0.06 0.08 | <p>We rate the portfolio’s rate energy efficiency by calculating the weighted average of energy consumption intensity (measured in GWh per million EUR of sales) in companies active in high impact climate sectors (NACE codes A, B, C, D, E, F, G, H, and L). The portfolio weights take into account missing data.</p> | <p>Commitment: part of the commitment of KBPS aimed at the transition to a low-carbon economy. ESG score integration: included in the environmental pillar of Amundi’s own ESG model, which is also used by KBPS.</p> | |

⁷ You can find further information in the documentation of [NACE codes](#) of the European Commission.

| Adverse sustainability impact indicator | | Metrics | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). |
|---|---|--|---------------|---------------|--|--|
| CLIMATE AND OTHER ENVIRONMENTAL INDICATORS | | | | | | |
| Biodiversity | 7. Activities negatively affecting biodiversity sensitive areas | Share of investments in investee companies with sites/operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas – %. | 0.01 | 6.33 | We rate exposure and the potential risk to biodiversity and the environment by the sum of the weights of the companies in the portfolio, which have client operations located in areas sensitive to biodiversity and are embroiled in controversies with a serious impact on climate. The portfolio weights are adjusted to account for incomplete data coverage. Given the methodological changes, the data from this and the previous year may not be directly comparable. | Commitment: part of the commitment of KBPS aimed at the protection of natural capital. Voting: use of voting rights as an escalation in the case of significant adverse impacts. Controversy screening: screening among a large number of issuers with respect to biodiversity and land use. ESG score integration: included in the environmental pillar of Amundi's own ESG model, which is also used by KBPS. |
| Water | 8. Emissions to water | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average – t/€m invested. | 0.00 | 0.00 | We rate 'emissions to water' associated with investment of 1 million EUR in the portfolio by the sum of the emissions of companies (measured in tonnes) in the portfolio and their weighted value of the investment in each company at the final value of the company including cash (EVIC). The portfolio weights take into account missing data. | Commitment: part of the commitment of KBPS aimed at the protection of natural capital. Controversy screening: screening among a large number of issuers with respect to biodiversity and waste attributes. ESG score integration: included in the environmental pillar of Amundi's own ESG model, which is also used by KBPS. |
| Waste | 9. Hazardous waste and ratio of radioactive waste | Tonnes of hazardous and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average – t/€m invested. | 0.23 | 0.07 | We rate the share of hazardous waste associated with 1 million EUR invested in the given portfolio by the sum of hazardous waste (measured in tonnes) of companies in the portfolio and their weighted value of the investment in each company at the final available values of the company including cash (EVIC). The portfolio weights take into account missing data. | Commitment: part of the commitment of KBPS aimed at the protection of natural capital. Controversy screening: screening among a large number of issuers with respect to toxic emissions, waste waters and waste attributes. ESG score integration: included in the environmental pillar of Amundi's own ESG model, which is also used by KBPS. |

| Adverse sustainability impact indicator | Metrics | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). | |
|---|---|--|---------------|-------------|--|---|
| INDICATORS FOR SOCIAL AND EMPLOYEE MATTERS, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | | | | | |
| Social and employee matters | 10. Violations of UN Global Compact Initiative principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | Share of investments in investee companies that have been involved in violations of the UN Global Compact Initiative principles or Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises – %. | 0.01 | 0.00 | We rate violations of the UN Global Compact principles in the given portfolio by the sum of weights of companies who very seriously violate the UN Global Compact Guidelines. The portfolio weights take into account missing data. | Exclusion: issuers are excluded who repeatedly and seriously violate one or more of the ten UN Global Compact principles without taking credible corrective actions. Commitment: part of the commitment of KBPS aimed at social cohesion. Voting: using voting rights as an escalation for companies with controversial social practices. Controversy screening: screening among a large number of issuers while taking into account violations of the UNGC. |
| | 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 UN Global Compact principles and OECD Guidelines for Multinational Enterprises or without mechanism complaints handling mechanisms to address violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises – %. | 0.00 | 1.00 | For rating the share of investment in investee companies without policies monitoring compliance with the UN Global Compact Principles and without OECD Guidelines for Multinational Enterprises or without a mechanism for resolving complaints about violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, we add together the weights of the companies in the given portfolio, which lack any proof of the monitoring mechanism for compliance with the UN Global Compact. The portfolio weights take into account missing data. | Commitment: part of the commitment of KBPS aimed at the strong management of public matters for sustainable development. Voting: using voting rights as an escalation for companies with controversial social practices. Controversy screening: screening among a large number of issuers while taking into account attributes applicable to public policies and incidents in management and governance. |
| | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies – %. | 25.44 | 4.88 | We calculate the unadjusted gender pay gap in the given portfolio by calculating the weighted average of the gender pay gap ratio. When the gender pay gap ratio is less than 100%. The portfolio weights take into account missing data. | Commitment: part of the commitment of KBPS aimed at social cohesion. Voting: part of Amundi's priority subject applicable to social cohesion. Controversy screening: screening among a large number of issuers while taking into account the attributes applicable to employee management in working relationships. |
| | 13. Board gender diversity | Average board gender diversity in investee companies expressed as a percentage share of all board members – %. | 27.84 | 24.09 | We calculate the unadjusted gender pay gap in the given portfolio by calculating the weighted percentage average of women on boards in investee companies expressed as a ratio of women to all board members. The portfolio weights take into account missing data. | Commitment: promoting gender diversity is part of the KBPS commitment policy. Voting: part of Amundi's policy in voting on companies with controversial social practices. |
| | 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons). | Share of investments in investee companies involved in the manufacture or selling of controversial weapons – %. | 0.00 | 0.00 | We rate exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) of the given portfolio by the sum of the weights of the companies in the portfolio, which are exposed to controversial weapons. The portfolio weights take into account missing data. | Exclusion policy: controversial weapons are excluded in accordance with Amundi's weapons exclusion policy. As part of our policy, Amundi may build on a closer relationship with specific issuers for the purpose of confirming their links to controversial weapons. Voting: part of the KBPS policy in voting on companies with controversial social practices. |

| Adverse sustainability impact indicator | Metrics | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). | | |
|---|---|--|---|-------------|---|---|---|
| INDICATORS APPLICABLE TO INVESTMENTS IN STATES AND MULTINATIONAL ENTERPRISES | | | | | | | |
| Environmental | 15. Greenhouse gas intensity | Greenhouse gas intensity in investee countries – tCO ₂ ekv./€m GDP. | 486.71 | 515.74 | Carbon intensity in investee countries is calculated by the ratio of emissions to GDP of the given country resulting in carbon intensity of each position. The carbon intensity of the given portfolio is calculated as the weighted average of individual intensities. The portfolio weights take into account missing data. | ESG score integration: part of the Amundi ESG sovereign methodology within the framework of the environmental pillar adopted by KBPS. | |
| Social | 16. Investee countries that violate social rights | Number of investee countries in which there is violation of social rights (the absolute number in the ratio to all investee countries), as presented in international treaties and conventions, UN principles and possibly in national legislation – absolute and relative number %. | Absolute number of investee countries | 0.00 | 0.00 | We calculate the absolute number of investee countries, by adding together the countries with detected social violence. | Exclusion: Countries on the European Union (EU) Sanctions List with sanctions involving frozen assets and with an index of the most severe sanctions (with respect to sanctions of the United States and EU) are excluded after a formal check and confirmation by the Amundi rating committee whose conclusions are also accepted by KBPS |
| | | | Relative number divided by all investee countries | 0.00 | 0.00 | Relative number of investee countries with social violence is defined as the share of the absolute number of countries to the total number of countries in the portfolio. | |
| INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE | | | | | | | |
| Fossil fuels | 17. Exposure to fossil fuels through real estate assets | Share of investments in assets in the form of real estate which contribute to mining, storage, transport or production of fossil fuels – %. | 0.00 | 0.00 | Pollution is included in the ESG asset rating. | ESG analysis: ESG analysis during acquisition and the management phase. | |
| Energy efficiency | 18. Exposure to energy inefficient real estate assets | Share of investments in investments in energy inefficient real estate assets – %. | 89.79 | 71.27 | The level of energy savings of each building is taken into account thanks to the EPC concept. | ESG scoring method: ESG analysis during acquisition and the management phase. | |
| FURTHER INDICATORS OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS | | | | | | | |
| Energy consumption | 19. Energy consumption intensity | Energy consumption in GWh of owned real estate per metre square – GWh/m ² | 0.00 | 0.00 | The level of energy efficiency of each building is taken into account thanks to the EPC concept. | ESG rating methodology: ESG analysis during the course of acquisition and period of management. | |

| Adverse sustainability impact indicator | Metrics | Impact [2023] | Impact [2022] | Explanation | Actions taken, actions planned and target set for the next reference period (for further information, see point b)). | |
|--|---|--|---------------|-------------|---|---|
| FURTHER INDICATORS OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS | | | | | | |
| Emissions | 20. Investment in countries without carbon emission reduction initiatives | Share of investment in investee companies without carbon emission reduction initiatives aimed at alignment with the Paris Agreement – %. | 0.00 | 0.00 | We rate the scope of investments in companies without a carbon emission reduction initiative in the given portfolio by calculating the sum of the weights of these companies in the portfolio, which have a valid science-based target. The portfolio weights take into account missing data. | Commitment: share of the commitment of KBPS aimed at transformation to a low-carbon economy Voting: requirement of criteria associated with energy transformation in the compensation of executive power in significant impact climate sectors, using voting rights as an escalation in the case of significant adverse impacts. ESG score integration: part of the Amundi ESG model environmental pillar adopted by KBPS. |
| Human rights | 21. Missing human rights policy | Share of investment in entities without a human rights policy – %. | 0.00 | 0.00 | We rate the share of investments in enterprises without a human rights policy in the given portfolio by adding together the weights of these companies in the portfolio, which do not disclose a human rights policy. The portfolio weights take into account missing data. | ESG score integration: part of the environmental pillar of Amundi’s own ESG model also adopted by KBPS. Controversy screening: screening among a large number of issuers while taking into account the attributes of violation of the human rights of the UNGC. |

2.2 ACTIONS TAKEN DURING PERIODS AND ACTIONS PLANNED TO PREVENT OR REDUCE PRINCIPAL ADVERSE IMPACTS

During this period Amundi introduced two new policies: The “Human Rights Policy” and the “Biodiversity and Ecosystem Services Policy” which were approved by the ESG Strategic and Climate Committee in 2023. These policies are integrated into the Global Responsible Investment Policy as part of the Amundi minimum standards and exclusion policies.

In specific terms, they outline Amundi’s screening approach to companies marked as especially exposed to high risks or exposed to potential risks which lack adequate processes or disclosures. It emphasises the process of exclusion of extremely severe cases of companies and for those which face controversial or specific risks, the process of engagement and the process of escalation. In this second case, our voting rights could be used or the ESG rating could be overwritten as the last option if the order (contract) does not meet the required targets.

Apart from this, the Global Responsible Investment Policy now provides a detailed description not just of threshold values for the exclusion of sectors (as far as power coal, unconventional fossil fuels, tobacco and nuclear weapons are concerned), but also all processes which are implemented (the target and scope of use, engagement, ESG rating, related data).

In future, Amundi will focus for example on negotiating with issuers about specific issues which have a direct impact on PAI. The planned actions include:

- Proactively re-engage all issuers with which we have initiated the NetZero process.
- Promote greater disclosure of methane data within oil and natural gas, but also in other sectors, particularly in public services, mining and finance.
- Continue to actively engage with water issues through the collaborative campaign of the Valuing Water Finance Initiative⁸.
- Continue to actively develop our commitment to working conditions.

As part of the annual rating and lessons learned from the 2023 proxy season, the Amundi global voting policy was updated to include the following improvements:

- **ESG and climate criteria for pay of executives:** enhanced expectations, which require that at least 10% of the variable pay is based on these criteria.
- **Audit committee independence:** increased minimum threshold of the audit committee’s independence from 50% to 66%.

⁸ You can find more information in the [Amundi 2023 Engagement Report](#).

- **Recruitment and executive packages:** expectations regarding recruitment packages, one-off awards and executive exit packages.
- **Talk about climate, social cohesion and board responsibility:** adding details to expectations for these areas and Amundi's analytical framework for shareholder proposals.
- **Board gender diversity:** strengthened our policy for large Japanese companies, because Amundi now requires the board to include at least 2 women.

During the next period, Amundi will continue with its voting policy, while using the experience from the 2024 proxy season to inform about potential development.

KBPS adopts this policy and actions.

2.3 TARGETS

As a member of many international standards and initiatives, Amundi has committed to and set targets according to the principal adverse impact report so that it manages its activities and effectively monitors their development. This ensures that Amundi remains in line with the principles and intentions of PAI reporting and can thus monitor the overall development and KBPS accepts this. We refer you to section 5 of this document for more details about specific standard and initiatives associated with PAIs. In the coming years, Amundi will continue to develop its approach to PAIs according to scientific reference scenarios and in close connection with the targets of its clients.

Since monitoring began in 2022 and given the broad spectrum of asset classes and world regions in which KBPS invests, we do not as yet have analytical frameworks and data required for specialised targets for individual PAIs. In the coming years, KBPS will continue, in cooperation with Amundi, to develop its approach to PAIs according to scientific reference scenarios and in close connection with the targets of its clients.

3. DESCRIPTION OF POLICIES FOR DETERMINING AND PRIORITISING PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

3.1 Political priorities

In the coming years, Amundi will adjust its climate strategy according to scientific reference scenarios and, in close connection with the targets of its clients, by developing the investment solutions to speed up the transition and thus gradually adapting its portfolios to the 2050 neutrality target.

Responsible investment is one of the important priorities of KBPS. All managed participating funds and the Transformed Fund are currently classified according to Article 6 of the Sustainable Finance Disclosure Regulation (SFDR). Therefore, none of the funds take into account adverse impacts on sustainability factors at product level. Nevertheless, the long-term target of KBPS is to incorporate ESG into most managed funds.

3.2 Policy management

KBPS uses Amundi to manage funds. Funds are managed in line with Amundi's corporate policy concerning responsible investment. Amundi is guided by ESG principles in its corporate policy. When evaluating the suitability of investment, it also considers non-financial factors such as impacts on the environment or on companies. The Investment Policy Oversight Committee oversees the investment policy of funds, which is established as an advisory body to the KBPS board of directors. The supreme authority of the investment process is the board of directors, which at its meetings regularly discusses the recommendations of the Investment Policy Oversight Committee and decides on the investment policy of the funds. The board of directors also decides on setting the responsible investment strategy of the managed funds.

3.3 Methodology and sources of data for calculating PAI values

General principles

KBPS fully adopted Amundi's methodology when calculating the PAI values. In order to publish metrics that most closely represent sustainability indicators related to entity-level adverse impacts ("Management Company" or "ManCo"), Amundi adopted an approach for calculating and managing sustainable indicators related to the principal adverse impacts based on the principle of portfolio coverage. The data included are therefore broken down according to the exclusive assets to which they relate.

Although Amundi identified the short-term and long-term adverse impacts which could potentially have a significant impact on investment portfolios, the information available for assessing and reporting adverse impacts is limited and often lacks standardisation across sectors and regions. Therefore, Amundi's bottom-up approach to the adverse impact assessment is applied at the portfolio level. Moreover, investment portfolios are exposed to various acute and chronic adverse impacts depending on the sectors and geographical regions.

The scope for calculating PAI was determined based on the following assumptions:

- Portfolios that we delegate to an external manager fall within the scope of the PAI statement. Portfolios that we manage by delegation are also within the scope of the PAI statement;
- Investments in an internal underlying fund (managed by the same ManCo) are not included, because the investments made by this internal fund are already included in the scope (to avoid double counting). Information on the calculation methodology can be provided on request.

Methodological limitations and error rate

The limitations of our methodology are intrinsically linked to the use of sustainability indicators (“ESG data”). Standardisation of ESG data is currently underway, which may impact data quality; data coverage is also a limitation. Current and future regulations will improve standardised reporting and disclosure of information about enterprises on which the ESG data are based. We are aware of these limitations, which we mitigate by combining approaches: using several data providers, structured quantitative assessment of ESG results by the research team and by introducing strong governance.

Finally in some cases it may not be easy to obtain portfolio data. Despite our best efforts to obtain all the necessary data (see also the section below), insufficient data availability may affect some of our assets. As a result, there is the potential for a significant margin of error in our calculations. Stakeholders are urged to exercise caution and consider this potential margin of error when interpreting and using the information provided.

In the context of the introduction of the principal adverse impact report, it is important to mention that the database which previously searched for positions held in the investment portfolio was changed in 2023. This database has been enhanced with positions held in the fund during 2023, and particularly from the third quarter of 2023.

Best approaches to PAI coverage

Data coverage is uneven for the principal adverse impact indicators. In the case of indicators with lower than 100% coverage (e.g. gender pay gap or emissions to water), the Amundi group adopted a cross-enterprise weighting approach for which data is available. This will prevent missing data from being set to zero, which would “dilute the indicator to all assets”. In the PAI 8 and 9 indicators we estimated that data coverage by providers was too limited to carry out weighting, so the data are not extrapolated in case of missing data.

PAI values reported by investment managers in their publicly available EET databases were used as a PAI data source for investments in third-party funds.

Amundi/KBPS reserves the right to adjust this methodology and data sources in the future.

Selection of other principal adverse impact indicators

The Amundi group identified further indicators of principal adverse impact on sustainability factors according to Table 2 and 3 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022, which it then assesses as:

- i) their relevance to Amundi’s strategic priorities in ESG as presented in the umbrella policies described in section 3.1 of the document;
- ii) availability of data for measuring the severity of the impact of these risks as part of the investment process.

Data sources (data providers focuses only on PAI):

| Entity | Agency |
|-----------------------------|-------------------|
| Investee company | MSCI |
| | ISS |
| | Trucost |
| | Refinitiv (LSEG) |
| | SBT |
| Sovereign and multinational | MSCI |
| | Verisk Maplecroft |

For real estate assets:

- i) Data collected from major stakeholders (real estate managers, tenants, technical managers etc.);
- ii) Energy consumption data is collected from each tenant of managed real estate through a specialised service provider.

In the future the sources may be reviewed and may include more data providers.

4. ENGAGEMENT POLICIES

As a responsible asset manager, Amundi is aware of its obligations to positively contribute to addressing major socio-economic and environmental challenges in the interest of our clients, stakeholder and companies. For this reason, Amundi adopted the “double materiality” concept on which we build our ESG analysis and rating methodology. This means that we assess not just the way that ESG factors could significantly affect the value of companies but also how these companies affect the environment and social matters or human rights and KBPS adopts this policy.

According to regulation, financial market participants, who consider the principal adverse impacts of investment decisions on sustainability factors at product level, should briefly present, in qualitative and quantitative terms, in pre-contractual conditions for each product how much these impacts are weighted as well as a statement that information on principal adverse impacts on sustainability factors is available for regular reporting. At entity level, Amundi assesses PAI through a combination of approaches which could differ depending on the asset class, investment process or type of strategy and scope of the fund.

As a responsible asset manager, KBPS is aware of its fiduciary obligations to positively contribute to addressing the principal socio-economic and environmental challenges in the interest of our clients, stakeholders and companies. For this reason, KBPS also adopted the “double materiality” concept on which Amundi builds the ESG analysis and rating methodology. This means an assessment is made not just of the way ESG factors could significantly affect the value of companies, but also how these companies affect the environmental and social matters or human rights. Amundi assesses PAI through a combination of approaches which could differ depending on the asset class, investment process or type of strategy and scope of the fund.

4.1 ENGAGEMENT⁹

Engagement is a continuous and purpose-driven focused process aimed at influencing the activities or behaviour of investee companies for the purpose of improving ESG practices or their effect on key sustainability indicators. Therefore, it must be result-oriented, proactive, considering double materiality and integrated in our global ESG process. This approach applies to all Amundi products. The above also applies to the KBPS funds managed by Amundi.

4.2 VOTING

Amundi's ESG voting policy responds to the holistic analysis of all long-term issues which can affect the creation of the value, including fundamental ESG issues. You will find more information in the Amundi Voting Policy and in the Amundi Voting Report. This approach standardly applies to all Amundi products. The above also applies to KBPS funds, which are managed by Amundi.

4.3 EXCLUSION

Amundi has defined the normative, operational and sectoral exclusion rules which cover some key adverse sustainability indicators presented in the Sustainable Finance Disclosure Regulation (SFDR). This approach applies to all Amundi funds to which the Amundi basic standards and exclusion policy applies. The above also applies to the KBPS funds managed by Amundi¹⁰.

4.4 ESG SCORE INTEGRATION

Amundi adopted the minimum ESG integration standards, which are standardly applied to its actively managed open-ended funds (exclusion of issuers with a G rating and better weighted average ESH score than the relevant ESG benchmark)¹¹. 38 criteria used in Amundi's approach to the ESG rating were also proposed to take into account the key impacts on sustainability factors, and in this respect the quality of the implemented mitigation actions was also considered. All criteria are available in the fund portfolio management system. The above also applies to the KBPS funds managed by Amundi.

4.5 CONTROVERSY SCREENING

Amundi has developed a controversy screening system which uses third-party data from three suppliers to systematically identify controversies and their severity levels on a scale from 1 to 5 (5 being the highest). This quantitative approach is then complemented by an in-depth analysis of the range of controversies considered serious (score 3 or more), carried out by ESG analysts, and by regularly reviewing developments. In the most serious and recurring cases where no credible corrective actions is taken, the analyst may suggest lowering the company's ESG rating. This can ultimately lead to exclusion from the active investment world (G rating), which is confirmed by the ESG rating committee. In Article 8 and 9 of actively managed products, Amundi considers all mandatory adverse impact indicators relevant to product strategies and depending on a combination of some or all of the approaches mentioned above. In Article 6, Amundi considers the 14 PAIs in its normative weapons exclusion policy. The same approach for considering PAIs essentially applies to mandates delegated to Amundi.

The table below details access to individual PAIs, which Amundi generally applies at group level. Specific approaches to PAI can also be followed at product level; in this case the specific approach is also described in the pre-contractual documentation. In the relevant cases, PAIs are prioritised where appropriate with respect to sustainable targets or the fund's characteristics provided that the minimum standards are met.

⁹ You will find further information applicable to engagement at Amundi in our 2023 Engagement Report.

¹⁰ You will find further information about the scope of application in the Amundi Responsible Investment Policy and always look through the full information about ESG integration in the offering documents of funds.

¹¹ Where it is technically feasible: some exemptions are defined from the implementation of the principal ESG flow (funds in which the function or active management is limited such as Buy and Watch funds or Securitization companies, real estate and alternative funds; funds which are not managed on the Amundi investment platform, and delegated funds with a high concentration in the index or with limited coverage of fund issuers; you will find further investment information about the scope of application in the Amundi Responsible Investment Policy and always look through the full information about ESG integration in the offering documents of funds.

Extent of Indicator Usage

| # | Metrics | General scope considerations ¹² |
|-----------|---|--|
| 1 | Greenhouse gas emissions (scope 1, 2, 3 and total) | Engagement: active and passive funds Voting: active and passive funds ESG score integration: active funds with increased ESG rating ¹³ and/or a selective approach ¹⁴ (included in the environmental pillar of Amundi group's own ESG model). |
| 2 | Carbon footprint | Engagement: active and passive funds Voting: active and passive funds ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 3 | Greenhouse gas emission intensity of investee companies | Engagement: active and passive funds Voting: active and passive funds ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 4 | Exposure to companies active in the fossil fuel sector | Engagement: active and passive funds Voting: active and passive funds Exclusion policy (coal and unconventional hydrocarbons): ESG active funds and passive funds (which apply Amundi's sectoral policy). |
| 5 | Share of non-renewable energy consumption and production | Engagement: active and passive funds ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 6 | Energy consumption intensity per high impact climate sector | Engagement: active and passive funds ESG score integration: active funds with increased ESG rating and/or selective approach. |
| 7 | Activities negatively affecting biodiversity sensitive areas | Engagement: active and passive funds Voting: active and passive funds Controversy screening: active funds ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 8 | Emissions to water | Engagement: active and passive funds Controversy screening: active funds ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 9 | Hazardous waste ratio | Engagement: active and passive funds Controversy screening: active funds ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 4 (tab 2) | Investment in companies without carbon emission reduction initiatives | Engagement: active and passive funds Voting: active and passive funds ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 10 | Violations of UN Global Compact principles and OECD Guidelines | Exclusion (UN Global Compact principles): ESG active funds and passive funds (which apply Amundi's exclusion policy). Engagement: active and passive funds Voting: active and passive funds Controversy screening: active funds |
| 11 | Lack of processes and compliance mechanisms to monitor compliance with UN Global principles and OECD Guidelines | Engagement: active and passive funds Voting: active and passive funds Controversy screening: active funds |

¹² Active funds are funds which are actively managed, passive funds are funds which are passively managed.

¹³ A category of funds whose goal is to invest in issuers, who improve their ESG rating over the course of time.

¹⁴ ESG criteria are taken into account when selecting the issuers in which you invest.

Extent of Indicator Usage

| # | Metrics | General scope considerations |
|------------|---|--|
| 12 | Unadjusted gender pay gap | Engagement: active and passive funds Voting: active and passive funds Exclusion policy: active and passive funds |
| 13 | Board gender diversity | Engagement: active and passive funds Voting: active and passive funds |
| 14 | Exposure to controversial weapons | Exclusion policy: active and passive funds Voting: active and passive funds |
| 9 (tab 3) | Lack of human rights policy | ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). Controversy screening: active funds |
| 15 | Greenhouse gas intensity | ESG score integration: active funds with increased ESG rating and/or a selective approach (included in the environmental pillar of Amundi group's own ESG model). |
| 16 | Investee countries that violate social rights | Exception: ESG active funds and passive funds ¹⁵ . |
| 17 | Exposure to fossil fuels through real estate | ESG analysis: all assets are subject to ESG analysis during the investment and management phase |
| 18 | Exposure to energy inefficient real estate | ESG score integration: level of energy performance of each building is considered thanks to EPC statistics ¹⁶ . |
| 19 (tab 2) | Energy consumption intensity | ESG score integration: level of energy performance of each building is considered thanks to EPC statistics. |

This engagement policy is reviewed and adjusted based on PAI results in each period. The above also applies to KBPS funds managed by Amundi.

¹⁵ Passive funds classified with the ESG component.

¹⁶ Certificate of Energy Efficiency.

5. REFERENCE TO INTERNATIONAL STANDARDS

Reference to International Standards (KB/SG)

Société Générale Group, of which Komerční banka a.s. and KB Penzijní Společnost, a.s. are a part, has adopted and respects the values enshrined in international conventions, compacts and declarations. The Group also recognises and follows international standards and norms, initiatives and best practices, and last but not least it is an active member of various CSR initiatives involving finance and banking, which refer to ESG risk management.

In 2019 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 targets of the Paris Climate Agreement.

SG Group (including KB) is committed to managing environmental and social (E&S) risks potentially associated with their activities and has set the following internal standards, which are a supplement to these General Principles concerning environmental and social risks:

- The three E&S cross-cutting statements concerning E&S cross-cutting issues describe the main reference framework and set out SG Group's commitments to biodiversity, climate and human rights. While the cross-cutting statements apply across the sectors, the more specific requirements associated with individual sectors are governed by the Sectoral Policies.
- The eleven E&S sectoral policies define the environmental and social risk factors, reference norms and specific criteria, which the Group intends to apply to its activities in sensitive sectors.

A more detailed description is presented in the General Environmental and Social (E&S) Policy

(<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 rate of biodiversity loss worldwide, and therefore is committed to respect and preserve biodiversity, which is one of the foundations of the Group's environmental and social risk management system, and urges its clients to do the same.

A more detailed description is presented in the Biodiversity Preservation Statement

(<https://www.kb.cz/getmedia/ab0130cf-3e92-471d-953e-dd12da2c54c7/KB-A4-StatementBiodiversity-CZ.pdf>)

Société Générale and its subsidiary companies ("Group"), including KB, are committed to aligning their activities with the targets of the Paris Climate Agreement.

A more detailed description is presented in the Climate Change Statement

(<https://www.kb.cz/getmedia/b4b33cf3-8e10-43c8-9467-31b6ae8d56a2/KB-A4-StatementClimate-CZ.pdf>)

Société Générale and its subsidiary companies ("Group"), including KB, are committed to adhering to and supporting human rights as one of the foundations of its environmental and social risk management system.

A more detailed description is presented in the Human Rights Statement

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

In accordance with the above obligations, KB supports and funds projects which mitigate the impacts of climate change. For example, through investments in more energy efficient technologies, it provides funding for installations to limit the release of pollutants into the air, water or soil or funding for the modernisation of heating plants. KB also funds projects that are dedicated to creating greenery not only in cities, but also improve the state of biodiversity or support agriculture and thereby helping to adapt the change already underway.

Under its climate strategy, KB has decided to withdraw from financing clients involved in the mining or use of coal, particularly in energy and heating – KB is committed to gradually fully withdraw from financing the activities of clients in the coal sector by 2030.

KB does not finance companies that are unacceptable in terms of E&S principles (e.g. mining and burning of coal, manufacture of some types of weapons or export of weapons to countries of military conflict or with increased risk of arms trafficking, companies which do not adhere to environmental regulations).

At the start of 2020, Komerční banka introduced a system of targeted environmental and social risk screening of corporate clients, above all companies active in sensitive sectors. The screening is carried out by KB's environmental expert. The aim is to ensure that a client's business is in line with the requirements of environmental, labour and social legislation, and that there are no additional reputational and credit risks associated with the client or the transaction.

In accordance with Regulation (EU) 2019P2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR), KB discloses specific information on its approach to incorporating risks concerning sustainability and consideration of adverse impacts on sustainability.

Reference to International Standards (Amundi)

| Principal Adverse Impacts | | Norms, initiatives and public policies concerning the consideration of principal adverse impacts ¹⁷ |
|------------------------------|---|--|
| 1, 2, 3, 4, 5, 6 a 4 (tab 2) | Greenhouse gas emissions (scope 1, 2, 3 and total) Carbon footprint Greenhouse gas emission intensity of investee companies Exposure to companies active in the fossil fuel sector Share of non-renewable energy consumption and production Energy consumption intensity per high impact climate sector Investment in companies without carbon emission reduction initiatives | Paris Climate Agreement Sustainable Development Goals (SDGs) EU taxonomy Net Zero Asset Managers Initiative, NZAMI) Climate Action 100+ Carbon Disclosure Project (CDP) Science Based Targets Initiative Taskforce on Climate-related Financial Disclosures (TCFD) Japan TCFD Consortium Montreal Carbon Pledge Portfolio Decarbonization Coalition (PDC) Institutional Investors Group on Climate Changes (IIGCC) Asian Investor Group on Climate Changes (AIGCC) Just Transition Fund China-Singapore Green Finance Taskforce Eurosif – The European Sustainable Investment Forum Observatoire de l’Immobilier Durable |
| 7,8,9 | Activities negatively affecting biodiversity sensitive areas Emissions to water Hazardous waste ratio | Taskforce on Nature-related Financial Disclosures (TNFD) Finance for Biodiversity Pledge Farm Animal Investment Risk and Return Initiative (FAIRR) Investor Action on Antimicrobial Resistance Water - CDP Forests - CDP Fondation de la Mer Global Reporting Initiative (GRI) Global Impact Investment Network (GIIN) Impact Disclosure Taskforce Biodiversity Impulsion Group (BIG) Nature Action 100 |
| 10, 11 | Violations of UN Global Compact principles and OECD Guidelines. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines. | UN Global Compact OECD Guidelines for Multinational Enterprises UN Guiding Principles for Business and Human Rights PRI Human Rights Policy Human Rights Reporting and Assurance Frameworks Initiative |
| 12 | Unadjusted gender pay gap | Workforce Disclosure Initiative (WDI) Platform Living Wage Financials (PLWF) |
| 13 | Board gender diversity | 30% Club France Investor Group 30% Club Japan Investor Group 30% Club Germany Investor Group International Corporate Governance Network (ICGN) France Invest – Gender Diversity Charter |
| 14 | Exposure to controversial weapons | Ottawa Treaty and Oslo Accords |
| 9 (tab 3) | Lack of human rights policy | UN Guiding Principles for Business and Human Rights |
| 15 | Greenhouse gas intensity in investee countries | Paris Climate Agreement Green Bond Principles |
| 16 | Investee countries that violate human rights | International Bill of Human Rights |
| 17 | Exposure to fossil fuels through real estate | Sustainable Finance Disclosures Regulation (SFDR) |
| 18 | Exposure to energy inefficient real estate | Energy diagnosis – the calculation methodology is determined by the regulations in each country |
| 19 (tab 2) | Energy consumption intensity | |

¹⁷ The table only reflects the most relevant PAI associated with various initiatives, please take note that some initiatives have a wider coverage.

The following paragraphs attempt to detail the international recognises standards most relevant to PAI activities.

Paris Agreement: Net Zero Asset Managers Initiative (NZAMI)

PAI: 1-6 Greenhouse Gas Emissions

As a member of the Net Zero Asset Managers Initiative since July 2021, Amundi not only adheres to the global targets of carbon neutrality, but is also actively taking steps to speed up investment which is in accordance with zero emissions by 2050 or sooner. As part of this commitment, Amundi published a target in 2022 to highlight its commitment.

1. 18% of total AuM¹⁸ will be net zero by 2025, Amundi believes that the commitment to net zero must be clear and binding for investment strategies in scope, as a result, 18% will only be made up of funds and mandates with an explicit net zero alignment target. Only net zero investment networks compatible with this principle are validated and eligible, inclusive:
 - a) The following basic Net Zero values apply to the PAI Net Zero Investment Framework:
 - -30% goal to reduce carbon intensity in 2025 vs. 2019 and -60% vs. 2030 (minimum goals to be exceeded) in scope 1, 2 and part of scope 3;
 - -16% absolute goal to reduce emissions in 2025 vs. 2019 and -41% vs. 2030 in scope 1, 2 and part of scope 3;
 - b) In Net-Zero Asset owner Alliance (NZAOA) investment mandate goals in accordance with the UN v1 or v2 protocol on determining the targets of the Net-Zero Asset owner Alliance (inclusive < 5 years and targets by 2030);
 - c) For the real estate portfolio the targets are compatible with the Carbon Risk Real Estate Monitor (CREEM) Net Zero asset-level trajectories;
2. -30% carbon intensity (tCO₂e/€M turnover) by 2025 and -60% by 2030 for portfolios covered by the Net Zero Investment Framework (NZIF).
3. Financed emissions with an order (contract): In 2023 Amundi addressed the issue of climate with 966 other companies. As part of its Ambition 2025 Plan, Amundi will launch a major engagement cycle with 1,000 other enterprises by 2025. Through this dialogue Amundi urges the enterprises to disclose a detailed climate strategy based on specific indicators and goals for each scope of carbon emissions and for corresponding capital expenditure (an investment plan). In addition, Amundi will continue to engage all investee companies exposed to power coal not having announced their departure from power coal in accordance with our policy.

Used methodologies:

- Protocol on determining the goals of the Net Zero Asset Owner Alliance
- Net Zero Investment Framework

Extent of greenhouse gasses

- Scope 1, 2 and 3 preceding (level 1)¹⁹

Scenario

- Net zero emissions by 2050 according to the International Energy Agency (IEA) – created in 2021.

United Nations Global Compact and Human Rights

PAI: 10-11 and 9 (Table 3) Social and Employee Matters

As an asset manager we are aware of our responsibility for adhering to human rights and addressing their violations as part of our investment activities. We consider the violations of human rights a violation of Amundi's investment policy therefore we devote special attention to ensure that the company is not exposed to any risk arising from human right violations.

Amund's parent company, Crédit Agricole, is a signatory of the UN Global Compact Initiative and Amundi supports this through its normative exceptions and controversy screening methodology. You can find more details about the scope of application in Amundi's 2023 Global Responsible Investment Policy.

"DNSH Test": Amundi believes that in order for an investment to qualify as a sustainable investment it should, among other criteria, pass two of the Do No Significant Harm tests below.

1. The first DNSH filter relies on the screening of specific principal adverse impacts of investment decisions on sustainability factors. So a company can pass the test, it should:
 - Have CO₂ intensity that is not in the last decile in comparison to other companies within its sector (this only applies to high intensity sectors) (unit: tCO₂e/M€²⁰ revenue, source: Trucost).
 - Have board diversity that is not in the last decile in comparison to other companies in the given sector (unit: %, source: Refinitiv).
 - Be without serious contradictions regarding working conditions and human rights (unit: yes or no, source: MSCI and Sustainalytics).
 - Clear itself of any serious contradictions in relation to biodiversity and pollution (unity: yes or no, source: MSCI and Sustainalytics).

¹⁸ Based on total group-level aggregate portfolios

¹⁹ Including only emissions associated with a tier 1 supplier

²⁰ Tonnes of carbon dioxide equivalent per million euros

Amundi is already considering specific principal adverse impacts in its Exclusion Policy as part of its Global Responsible Investment Policy. These exceptions, which apply beyond the framework of the above tests, include the following subjects: exposure to controversial weapons (PAI 14), violations of UN Global Compact principles (PAI 10) and exposure to coal and unconventional fossil fuels (PAI 4)²¹.

2. Apart from the specific sustainability factors included in the first filter, Amundi defined the second DNSH filter to verify that a company is not achieving the worst results in environmental or social matters in comparison to other companies in its sector. This approach relies on Amundi's ESG rating methodology. Amundi set a threshold value for this test which approximately corresponds to exclusion of the worst ~7% in the environmental or social pillars in each sector. Using Amundi's ESG rating methodology means that the company should have an environmental and/or social score that is higher or equal to E.

Apart from research and monitoring, Amundi uses the leverage effect on issuers through commitment. Commitment to human rights is governed by a double approach. Firstly, we try to actively cooperate with companies in identifying and managing human rights risks. Secondly, we can commit reactively in the event of abuse or an accusation. In such a case we would try to make sure that companies take the appropriate actions for ensuring an effective remedy.

Finance for Biodiversity Pledge

PAI: 7 Biodiversity

As a financial institution, Amundi recognises the need in this decade to protect biodiversity and reverse the loss of nature. Thus, in 2021 Amundi joined the Finance for Biodiversity Pledge, an unprecedented coalition of 170 signatories representing over 22 billion EUR in AUM in 26 countries since 2024. The pledge is a commitment by financial institutions to protect and restore biodiversity through its financial activities and investments.

This initiative brings together financial institutions from all over the world which commit to protect and restore biodiversity through their financial activities and investments. Amundi represented the signatories with its speech at the high-level segment of the Fifteenth UN Biodiversity Conference (COP15) to call on world leaders to protect and restore biodiversity.

In 2021 Amundi began to cooperate with companies on a biodiversity strategy and expanded the engagement group from 52 companies in 2021 to 301 in 2023 (an increase from the 92 engaged companies last year) in various sectors. The extensive nature of the initial order (contract) sample in 2021 meant that Amundi could begin to identify best practices within and between sectors and geographical regions and use them as a guide for companies. You can see the details of these practices in our separate report ([find here](#)). We built on this initial work every year and continued to develop our company, the sector and global expectations.

In 2023 Amundi also expanded its biodiversity efforts in part through the introduction of its new biodiversity policy. This policy targets companies with high exposure to biodiversity-damaging activities, which either lack adequate processes/information or were involved in serious disputes.

Historical Comparison

The historical comparison of the reporting period, i.e. for 2023, with the previous reporting period of 2022, is presented in the tables in the Impact – 2023 and Impact – 2022 section. The first reporting period was 2022, i.e. information for 2022 was published for the first time on 30 June 2023. Work continued this year to improve our PAI Statement by further improvement of the transparency and robustness of the methodology, while we achieved substantial progress in reducing adverse impacts across our portfolios. As a reference point, Amundi had 0.06% exposure to companies active in the coal sector. Significant methodical changes were introduced to ensure that results accurately reflect our activities. This period also provided an opportunity for major data providers on the market to review and improve the rating of issuer activities.

Given the current regulatory environment which offers limited methodological guidance and the constant efforts of data providers to refine certain PAI metrics, it is important to note that the key indicators, such as PAI 1, 2, 3, 8, 9, 15 and 4 (Table 2), are not directly comparable to the data of the previous year. Changes to these indicators are more a reflection of the methodological adjustments than the actual development of the portfolio.

You will find further information about the historical comparison of individual indicators in the table in part 2.1 under the "Explanation" column.

²¹ The remaining adverse impact principles are not included in the DNSH test so far due to lack of quality data or due to limited coverage.