

**UniCredit Bank Czech Republic and Slovakia, a.s.**, Želetavská 1525/1, 140 92 Prague 4 - Michle, Id. No.: 649 48 242, registered in the Commercial register kept by the Municipal court in Prague, section: B, file No.: 3608, organisational unit: UniCredit Bank Czech Republic and Slovakia, a. s., the branch of the foreign bank, Šancová 1/A, 813 33 Bratislava, Id. No.: 47 251 336, registered in the Commercial register kept by the Municipal court Bratislava III, section: Po, file No.: 2310/B (hereinafter only as the “Bank”),

hereby, in line with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (hereinafter referred to as the “Regulation”) and related legal regulations, mainly Commission Delegated Regulation (EU) 2022/1288 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 (hereinafter referred to as “Delegated regulation”),

discloses this Adverse sustainability impact statement (hereinafter referred to as the “Statement”).

# STATEMENT OF PRINCIPAL ADVERSE IMPACTS OF INVESTMENT AND INSURANCE ADVICE ON SUSTAINABILITY FACTORS

(under Article 4 (5) of the Regulation and Article 11 of the Delegated regulation)

## I. Basic concepts of the Regulation

**Sustainable investment** means an investment in an economic activity that contributes to an **environmental** objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a **social** objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good **governance** practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

**Sustainability risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

**Sustainability factors** mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Financial adviser** means, given the Bank's business, an insurance intermediary which provides insurance advice with regard to insurance-based investment products and a credit institution which provides investment advice.

## II. Statement

In accordance with the Regulation and the policies of the UniCredit Group (hereinafter referred to as the "Group"), the Bank states that when providing investment and insurance advice in cooperation with selected partners, it takes into account the principal adverse impacts on sustainability factors, taking due account of the size, the nature and scale of its activities and the types of financial products it advises on.

Selected partners of the Bank (insurance companies and asset management companies) act as financial market participants (product manufacturers) who make the financial products available.

When offering financial instruments in relation to which Bank provides investment or insurance advice, it relies on the classification of products of the Bank's partners according to Articles 6, 8 and 9 of the Regulation and accordingly takes sustainability factors into account in its advice.

The scale of financial products and details of the selection and approval process of these products are described in the Policy on the integration of sustainability risks, which is published on the Bank's website in section <https://www.unicreditbank.sk/en/other/ESG.html>.

Information on principal adverse impacts (PAI) on sustainability factors affects the fulfillment of investment goals and can have an impact on investment performance and effective risk management. Environmental, social and governance (ESG) factors can affect sustainability, including the following factors listed in Table 1 of Annex I of the Delegated Regulation:

### *Environmental factors*

These can be positive signs, e.g. impact of issuers on the environment (water, soil, air and climate, use of natural resources), involvement in activities that help sustainability, a strong social voice of responsibility towards nature, etc., but also negative signs, e.g. fines imposed by government authorities or threatened fines, cooperation with entities that have an obviously negative impact on the environment, the risk of disputes in this area, etc.

### *Social factors*

Positive signs are employee satisfaction, working relationships, work and product safety, a positive approach to sustainability, relationships with business partners, and the company's reputation for caring for its employees and clients. Negative signs can be a hostile environment for collective bargaining, non-compliance with labor regulations, unequal access to employees, unfair evaluation, etc.

### *Governance factors*

Positive features include the diversity, independence and qualification of the company's management bodies, the decision-making process and how the company is doing, business ethics, integrity and

trustworthiness, but also the fight against corruption and bribery. Among the negative signs, we could find unethical and unsustainable behavior, a bad reputation in the field of management, a benevolent approach to the fight against corruption, failure to introduce rules for whistleblowing, etc.

**Assessment of the main adverse impacts in investment and insurance advice - details of the procedure used by the Bank in the selection of financial products for which it provides advice:**

*A. Investment advisory*

As a financial advisor, the Bank uses information published by financial market participants and is fully entitled to rely on it when collecting and evaluating it for the purpose of providing investment advice.

The Bank uses the information

1/ collected at the Group level or obtained from external providers of any of the Group's entities, for the purpose of performing negative screening (selection based on exclusion criteria), while this information mainly concerns Best in Class mutual funds and structured products created within the Group; and

2/ obtained from the Bank's partners at the local level - mainly through standardized formats (EET file), through business cooperation, at the level of working committees, etc., for performing positive screening and assessing client preferences in the area of sustainability.

The Bank currently does not use the information to be published by financial market participants according to the Delegated Regulation.

The Bank adequately responds to the range of products of the financial market participants with whom it cooperates and also to the number of clients who express their preferences in the field of sustainability - because the Bank's product portfolio and the sustainable products represented in it also depend on them.

*B. Insurance advisory*

When providing insurance advice, the bank cooperates with only one business partner – insurance company Allianz - Slovenská poisťovňa, a.s. (hereinafter referred to as "Allianz").

As a financial advisor, the Bank uses the information published by Allianz and is fully entitled to rely on it when collecting and evaluating it for the purpose of providing insurance advice. We inform clients about this in the pre-contractual information.

The Bank currently does not use the information to be published by financial market participants according to the Delegated Regulation.

Allianz cooperates with the Bank on the selection of products for advisory, while the selection takes into account both the product parameters and the target client base. As the number of clients with sustainability preferences continues to increase, ESG characteristics will need to be heavily represented in the product portfolio. The choice of financial products therefore depends on the current market offer related to the classification of products according to the SFDR - it is a monitored criterion that develops over time.

The consideration of adverse effects also depends on the underlying asset, while the source of ESG characteristics and PAI indicators is primarily the EET file of the product manufacturer.

The selection of products for advisory is also the result of negative and positive screening, which is described in detail in the Policy on the integration of sustainability risks published on the Bank's website in the section <https://www.unicreditbank.sk/sk/ostatne/ESG.html>.

The bank also follows and complies with the Group's sustainability methodology. The group approach can be found on the website <https://www.unicreditgroup.eu/en/esg-and-sustainability.html>.

In this document, the Bank currently does not take into account in more detail the sustainability indicators listed in the Delegated Regulation or information on how it ranks and selects financial products based on these indicators, criteria or threshold values based on the principal adverse impacts listed in Table 1 of Annex I of the Delegated Regulation. The scope of information and the extent of assessment of impacts on sustainability factors depends on the availability of data and their disclosure by financial market participants - this document will therefore be continuously updated based on market developments and published market data.

*Related links:*

1/ local website

<https://www.unicreditbank.sk/sk/ostatne/ESG.html>

2/ Group website

<https://www.unicreditgroup.eu/en/esg-and-sustainability.html>

3/ Delegated regulation

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&qid=1688026947886>

Bratislava, 30<sup>th</sup> June 2023