

## OVERVIEW OF BROKER CONSULTING, A. S.

### PRE-CONTRACT INFORMATION

#### INTRODUCTION

This document contains a list of pre-contract information designated for the clients of Broker Consulting, a. s. The document is divided into sections, with “General Information” applicable to all clients of the company, and the following sections about insurance, consumer credit, investments, supplementary pension savings and real estate transactions applicable to clients involved in negotiations about the specific individual product type.

Specific pre-contract information for each individual product type (most often prepared by the creator of the product - banks, insurance companies etc.) is customarily included with contractual documents, and the client shall receive said information depending on the selected product together with the draft contract, well in advance before closing on the contract.

The client can choose how he/she would like to receive the pre-contract information: either in printed form, saved on another permanent media type or via the website. The pre-contract information is available on the Broker Consulting, a.s. website, [www.bcas.cz](http://www.bcas.cz), but if the client elects to receive the pre-contract information in one of the other aforementioned formats other than the website (including in printed form), he/she may request that their consultant / Broker Consulting, a.s. co-operator provide it to them.

#### GENERAL INFORMATION

##### 1 | About the Company

Broker Consulting, a. s., Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň, registered with the Regional Court in Plzeň, File Reference B 1121, ID No.: 25221736, Tel.: 800 800 080, E-mail: [info@bcas.cz](mailto:info@bcas.cz), website: [www.bcas.cz](http://www.bcas.cz) (hereinafter also referred to as “BC” or the “Company” only), is registered as an investment intermediary, independent supplementary pension savings intermediary, independent insurance or reinsurance intermediary, and independent consumer credit intermediary. This registration information may be verified with the Czech National Bank, Na Příkopě 28, 115 03 Praha 1, website: [www.cnb.cz](http://www.cnb.cz) (hereinafter also referred to as “CNB” only), and on the following website:

[https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO\\_PAGE?p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz)

The authorization of each individual Company co-operator in their position as a tied agent may be verified with the CNB or on the following website:

[https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO\\_PAGE?p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz).

The above websites have an option to search for any registration by inserting the company ID number (Registration No.), or potentially the name of the company – see the previous subsection. An easy way to search for the license of an individual co-operator is by entering the co-operator’s ID number (Registration No.) or the first and last name of the co-operator in question.

The Company can be reached at [info@bcas.cz](mailto:info@bcas.cz), or at telephone number 800 800 800 with any general questions and suggestions.

##### 2 | Complaint Process

Any potential complaints resulting from the business activity of Broker Consulting, a. s. or its co-operators – tied agents, or its employees, may be lodged at no cost pursuant to the Complaint Resolution Procedure published on the company website, [www.bcas.cz](http://www.bcas.cz):

[https://www.bcas.cz/wp-content/uploads/2021/10/Reklamacni\\_rad\\_finance.pdf](https://www.bcas.cz/wp-content/uploads/2021/10/Reklamacni_rad_finance.pdf),

Where the time limit for the resolution of a complaint is 30 days from the delivery of any such complaint within the meaning of the Complaint Resolution Procedure. In case the client does not have access to the Company website, he/she may request that their consultant – Broker Consulting, a.s. co-operator provide them with the Complaint Resolution Procedure in another format.

Should the client be dissatisfied with the way the Company resolved the complaint, the client has the option:

- To recourse with their motion to an out-of-court dispute settlement institution – The Office of Financial Arbitrator, Tel.: 257 042 094, Legerova 69, Praha 1, 110 00, [www.finarbitr.cz](http://www.finarbitr.cz), which predominantly settles disputes regarding the intermediation of life insurance, supplementary pension savings, building savings, investments and consumer credit;
- Regarding issues with insurance other than life insurance and insurance policy benefits, proceedings can be initiated with the Czech Trade Inspection Authority (CTIA), Tel.: 296 366 360, Štěpánská 15, Praha 2, 120 00, [www.coi.cz](http://www.coi.cz);
- Regarding issues with insurance other than life insurance, to recourse with a motion to initiate an out-of-court resolution of a consumer dispute to the Office of the Ombudsman of the Czech Association of Insurance Companies, z.ú., Tel.: 602 273 096, [kancelar@ombudsmancap.cz](mailto:kancelar@ombudsmancap.cz), Elišky Krásnohorské 135/7, Praha 1, 110 00, [www.ombudsmancap.cz](http://www.ombudsmancap.cz);
- Regarding issues with energy distribution, to file a petition for an out-of-court dispute resolution with the Energy Regulatory Office (ERO), Tel.: +420 564 578 666, Masarykovo náměstí 91/5, 586 01 Jihlava, ID No.:70894451, <https://www.eru.cz/mimosoudni-reseni-sporu>;
- File a complaint with a competent court.

Other authorities competent to resolve complaints are:

- The Ethical Committee of the Czech Association of Financial Counselling and Intermediary Companies (ČASF-ČR in Czech), Tel.: 221 628 507-8, Španělská 2, 120 00 Praha 2, [www.casf.cz](http://www.casf.cz);
- The Czech National Bank (CNB), Tel.: 224 411 111, Na Příkopě 28, Praha 1, 115 03, <http://www.cnb.cz/cs/verejnost/kontakty/formular-podani-dotazu-podnetu-upozorneni/index.html>;
- The Czech National Bank is the supervisory body for issues related to distribution of financial products.

### 3 | Personal Data Processing

Broker Consulting, a. s. processes its clients' personal data primarily for the purposes of performing contracts for the financial services it intermediates, or potentially for the purposes of offering new products. The manner, purposes and conditions of personal data processing are explained in detail in the document titled Information about the Processing of Personal Data of Clients of Broker Consulting, a. s., the updated version of which can be found on the [www.bcas.cz](http://www.bcas.cz) website:

[https://www.bcas.cz/wp-content/uploads/2021/10/Informace\\_o\\_zpracovani\\_osobnich\\_udaju\\_klientu\\_BC.pdf](https://www.bcas.cz/wp-content/uploads/2021/10/Informace_o_zpracovani_osobnich_udaju_klientu_BC.pdf),

And it is also available at all Broker Consulting, a. s. business locations.

In case the client does not have access to the Company website, he/she may request that their consultant / Broker Consulting, a.s. co-operator provide them with the document Information about the Processing of Personal Data of Clients of Broker Consulting in another format.

### 4 | Legitimation of Proceeds of Crime and Financing of Terrorism

Pursuant to Act No. 253/2008 Coll., on Certain Measures against the Legitimation of Proceeds of Crime and Financing of Terrorism (hereinafter referred to as the "AML Act" only), Broker Company, a.s. is an obligated person. As such, pursuant

to the AML Act, it is obligated to verify the identity of and perform a check of all its clients. The company complies with said obligation primarily by having clients fill out the AML Questionnaire, and update it as appropriate.

## **5 | Client Portal**

Our clients can easily set up their own client portal accounts at [www.mujibroker.bcas.cz](http://www.mujibroker.bcas.cz) and gain complete access to their contracts.

To request assistance in setting up access to the client portal, clients can contact their respective consultants – co-operators of Broker Consulting, a. s., our Company business location, or reach out to our Customer Care Line at 800 800 080.

## **6 | Guidance for Remote Communication, if Applicable**

Within the meaning of the applicable legal regulations and as a general rule, the intermediation of contracts as such is preceded by a preliminary phase which primarily comprises of determining the client's requirements and needs, followed by presenting the client with a solution and providing the client with all the necessary information well in advance. This phase can take place during an in person meeting, over the telephone, via E-mails or using another method of remote communication.

## **7 | Guidance for Remote Contract Intermediation, if Applicable**

The company usually intermediates contracts during in person meetings with a client. If the contract is being signed virtually, the SMS/E-mail form of signature may be used, or a payment of the written premium may be submitted (especially with certain types of non-life insurance contracts). This type of signature may, however, be used during in person communication as well. Any contract entered into as part of a remote transaction or any contract entered into outside of premises customarily used for conducting business (as provided for by Section 1828 (2) of Act No. 89/2012 Coll., Civil Code, as amended) may be withdrawn from by a consumer without stating a reason within 14 days from the date of its conclusion or from the date the terms and conditions of the contract in question were communicated to the consumer. In order to adhere to the notice period deadline, mailing contract termination notice before the applicable deadline shall be considered sufficient.

To exercise the right to withdraw from a contract, the client must inform all contractual parties about his/her decision to withdraw from the contract in question in the form of an unequivocal statement (e.g. a letter mailed using a postal service provider or an E-mail). A contract termination template form can be used (as provided for by Section 1820 (1) (f) of Act No. 89/2012 Coll., Civil Code, as amended; a template may be used in accordance with the Government Decree No. 363/2013 Coll., on Model Instruction about the Right to Withdraw from Distance or Off-Premises Contracts, and the Template Form for the Withdrawal from Such Contracts, from October 30, 2013), however the consumer is not obligated to use one.

The consumer has the right to withdraw from a contract for life insurance or supplementary pension savings within a period of 30 days. To withdraw from the contract, it shall be considered sufficient for the consumer to send a contract termination notice to the address of the registered office of the financial institution the contract with which is being intermediated to the consumer.

Should a consumer withdraw from an insurance policy that was taken out remotely, the liabilities arising from the insurance policy shall be settled pursuant to Section 2808 (5) of Act No. 89/2012 Coll., Civil Code, as amended, "that is to say, the insurer shall, without undue delay and no later than within 30 days from the date the withdrawal from the contract became effective, refund the insurance premium paid; at the same time, the insurer has the right to decrease the refund by the amount of insurance benefits already paid out. If, however, the amount of insurance benefits already paid out exceed the amount of insurance premium paid by the client, then the policy holder, or the insured or the beneficiary, as the case may be, shall refund to the insurer any amount of benefits already paid out to him/her that exceeds the amount of the insurance premium paid." The contract termination notice must be made out in writing and mailed to the registered office address of the insurer.

## 8 | General Legal Information

The foundation adopted by Broker Consulting, a. s. for establishing consumer relations before entering into a contract is formed by the legislation of the Czech Republic, and the law of the Czech Republic shall be considered the governing law. Any potential disputes shall be settled pursuant to the applicable law of the Czech Republic and by the competent courts in the Czech Republic. Broker Consulting, a. s. conducts business and provides consumers with information and contract terms and conditions in the Czech language.

## 9 | Conflict of Interests, Inducements and Remuneration Method

While Broker Consulting, a. s. and its co-operators are remunerated for the services they provide solely by receiving commissions from the stock brokers, investment companies, insurance companies or other institutions on the financial market, this service is offered free of charge to the clients. All costs associated with the distribution of financial products are included in the total cost of these products. The client may request information, which the Company shall provide, about the character and amount of commission the Company shall receive in connection with the intermediation or the modification of a specific product for that client. More information about the remuneration method and the conflict of interest can be found on [www.bcas.cz](https://www.bcas.cz), in the document titled Information Regarding Inducements Associated with the Provision of Services by Broker Consulting, a. s.:

[https://www.bcas.cz/wp-content/uploads/2021/10/Informace\\_o\\_pobidkach\\_Broker-Consulting.pdf](https://www.bcas.cz/wp-content/uploads/2021/10/Informace_o_pobidkach_Broker-Consulting.pdf)

## 10 | Sustainability Policy

The following information is prepared in compliance with Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organisational requirements and operating conditions for investment firms, effective on 2 August 2022, and Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products, effective on 2 August 2022, and is published in compliance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, supplemented by 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.

### Sustainability (ESG)

Sustainability risk means an event or a condition in the areas of environment, corporate social responsibility or administration and management, the occurrence of which may practically or potentially have a significant negative impact on the value of the investment.

Sustainability preference means the client's choice whether or not and to what extent his/her investments should include a sustainable investment, which is defined in point (17), Article 2 of Regulation (EU) 2019/2088 of the European Parliament and of the Council as an investment or an insurance-based investment product in an economic activity that contributes to an environmental objective, as measured, e.g., 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.

For the assessment of sustainability, sustainability factors shall be considered within the meaning of point (24), Article 2 of Regulation (EU) 2019/2088, i.e. environmental factors, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

#### Integration of Sustainability Risks

The Company takes into consideration and integrates sustainability risks in its intermediation of investment services or insurance-based investment products.

When providing investment services or insurance-based investment products, any Company co-operator is obligated to request information about the client's preferences in terms of sustainability; he/she records any information regarding any potential preferences of the individual client with respect to sustainability.

When considering product suitability, the co-operator has the right and obligation to only recommend a product that corresponds to the investment goals of the specific client, including the client's risk tolerance or their potential preferences regarding sustainability. The co-operator shall also provide the client with a description of the potential sustainability factors that were taken into account during the selection of the specific financial instruments.

The co-operator shall neither recommend, nor decide to trade in financial instruments as instruments that satisfy the client's preferences regarding sustainability, if said financial instruments do not satisfy the preferences in question. The co-operator shall provide the client with an explanation of reasons why he/she did not do so, and shall keep record of said reasons. In case no available financial instrument satisfies the client's preferences regarding sustainability, and the client decides to adjust his/her preferences, the co-operator shall keep record of the client's decision, including the reasons for said decision.

With respect to risk management and conflict of interest assessment, the Company takes into consideration the risks and clients' preferences with respect to sustainability.

#### Statement on Principal Adverse Impacts of Investment and Insurance Counselling on Sustainability Factors

As of 1. 1. 2023 and pursuant to the applicable legislation, the Company publishes its Statement on Principal Adverse Impacts of Investment and Insurance Counselling on Sustainability Factors on its website at [www.bcas.cz](http://www.bcas.cz).

## SPECIFIC INFORMATION FOR THE INTERMEDIATION OF INSURANCE, INVESTMENTS, CREDIT AND SUPPLEMENTARY PENSION SAVINGS

### 1 | Insurance

Broker Consulting, a. s. provides intermediary services in the insurance sector as an independent intermediary and through its tied agents for more than one insurance company, the list of which is available for viewing on the Company website at [www.bcas.cz](http://www.bcas.cz), or it can be provided to the client upon request. The main partners of the Company include the following insurance companies: Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group; Allianz pojišťovna, a.s.; NN Životní pojišťovna N.V., pobočka pro Českou republiku; MetLife Europe Insurance d.a.c., pobočka pro Českou republiku; UNIQA pojišťovna, a.s.; Pillow pojišťovna, a.s.; Kooperativa pojišťovna, a.s., Vienna Insurance Group, and other insurance companies. The list of insurance companies the Company intermediates insurance contracts for can be verified with the CNB, or on the following website:

[https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO\\_PAGE?p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz).

Broker Consulting, a. s. does not have any direct or indirect share in the voting power or the registered capital of the insurance companies the products of which it intermediates. Equally, none of the insurance companies in question or their controlling bodies has any direct or indirect share in the voting power or the registered capital of Broker Consulting, a. s.

The Company intermediates taking out life and non-life insurance policies. A special type of life insurance is life insurance with an investment component, which is unique in allowing the written premium to be turned into a capital reserve, which may be fully or partially paid out to the beneficiary. As part of the insurance intermediation services, the Company provides the clients with recommendations within the meaning of Section 77 of Act No. 170/2018 Coll., on the Distribution of Insurance and Reinsurance, unless an insurance policy with an investment component is being taken out or a significant change is being made to it, which requires intermediation in the form of advice in accordance with Section 78 of Act No. 170/2018 Coll., on the Distribution of Insurance and Reinsurance. Within the meaning of the above specified statutory provision, a recommendation is a service based on information provided by the client with respect to the client's requirements, goals and needs. Based on the acquired information, the insurance intermediary shall provide the client with a recommendation, which leaves the client with the decision whether or not to take out or make significant changes to the insurance policy. Within the meaning of the above specified statutory provision, extending advice is a service based on an analysis of requirements, goals and needs provided by the client, risks the client may be exposed to during the term of the insurance, the client's financial situation, the client's know-how and expertise in the investment sector, the client's risk tolerance and the client's ability to bear loss, the client's legal relations with respect to other products on the financial market, and a selection from a sufficient number of suitable insurance products that the particular insurance intermediary is authorized to distribute.

Broker Consulting, a. s. intermediates insurance policies as an independent intermediary and is properly authorized to do so pursuant to Sections 7 – 11 of the above specified Act; to perform its business activity the Company enters into a contract with the insurance company the form of which must be in writing; it acts on behalf and for the account of more than one insurance company (without limitation of any kind). An independent intermediary and its tied agent are not remunerated by the client, but instead by the insurance company on behalf of which and on the account of which it acts.

If Broker Consulting, a. s. is acting by virtue of a contract with a client, and a certain obligation arises for the client from said contract, BC is liable to inform the client of any such fact and upon request provide the client with a copy of such contract.

Within the intermediation process, the Company co-operator acts in the role of a tied agent and his/her authorization is governed by Sections 15 – 23 of the above specified Act. Pursuant to this Act, the co-operator is liable to carry out his/her activity based on a written contract on behalf and for the account of BC, and he/she is not authorized to collect premiums or intermediate the pay out of insurance benefits.

If insurance with investment component is being intermediated in the form of advice, the tied agent/BC proceed primarily from information provided by the client and recorded on relevant documents, which include the Client Profile, the Business Meeting Record, and an attachment to the Business Meeting Record, Arrangement/Significant Change of Insurance with Investment Component. Should the client fail to provide sufficient information regarding his/her requirements, goals, needs, risks that the client may be exposed to during the term of the insurance policy, his/her financial situation, know-how and expertise in the investment sector, risk tolerance and his/her ability to bear loss, client's legal relations with respect to other products on the financial market, the tied agent/BC is unable to determine whether the proposed product is suitable for the individual client.

## **2 | Consumer Credit**

BC conducts its business as an independent consumer credit intermediary, and also through its tied agents. As such, it is authorized to intermediate primarily consumer credits specified in Section 2 of Act No. 257/2016 Coll., on Consumer Credit (hereinafter referred to as the "CC Act" only). Consumer credit is a deferred payment, monetary loan, credit or a similar financial service provided to or intermediated for the consumer.

As an independent intermediary of consumer credit, BC cooperates primarily with the following financial institutions that grant credit: ČSOB Hypoteční banka, a. s., Raiffeisenbank a. s., Komerční banka, a. s., Česká spořitelna, a. s., UniCredit Bank Czech Republic and Slovakia, a. s., mBank S.A., organizační složka, Raiffeisen stavební spořitelna, a. s., ProCredia,

a. s., Stavební spořitelna České spořitelny, a. s., Moneta - stavební spořitelna a. s., and other institutions the list of which is available on the Company website. The list of financial institutions for which Broker Consulting, a. s. intermediates consumer credit may be verified with CNB, or on the following website:

[https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO\\_PAGE?p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz).

As an independent intermediary of consumer credit, BC does not intermediate consumer credit products as an independent person. An independent person with regard to intermediating consumer credit is only such intermediary who considers consumer credit products offered by the majority of consumer credit providers on the market and who ensures that the system of remuneration of its employees and its intermediaries with their employees does not negatively affect their ability to act in the consumers' best interest, especially that it does not depend on their sales goals.

**BC intermediates consumer credit products not by providing advice, but instead a recommendation. As a result, an analysis of the client's financial situation is not performed.** Extending advice is a service that involves an analysis of the client's financial situation, his/her requirements, goals and needs that is based on current information, as well as risks the client may be exposed to during the term of the consumer credit, and the selection from a sufficient number of suitable consumer credit products available on the market. When providing advice, the intermediary is liable to inform the client which products offered by which providers the selection, as defined in the previous sentence, is based upon. When receiving advice, the client shall receive a record of the advice they were provided either as a paper document or saved on another permanent media type, which includes the client's requirements, goals and needs related to the customer credit in question, reasons for the intermediary to extend this particular advice with respect to securing a suitable consumer credit contract or significantly changing the obligation arising from such contract, explanation of what effect the signing of the particular consumer credit contract or making a significant change to an obligation arising from such contract may have on the client, including related risks and an analysis based on the above specified data.

A tied agent is not remunerated by a client, but instead by the financial institution that provides the credit and on behalf and for the account of which he/she acts. BC must not simultaneously receive compensation or an inducement from a client and the provider or a third party. The client has the right to request information about the amount of commission the intermediary receives with respect to intermediating mortgage consumer credit from each individual provider the consumer credit of which the intermediary intermediates.

When intermediating consumer credit, tying the closing of a contract for the intermediation of consumer credit to any other additional service is prohibited.

In providing the consumer credit intermediary service, BC also cooperates with ProCredia, which is aimed at extending credit to high-risk clients who have a hard time obtaining financing from traditional banks. ProCredia's target market is constituted by clients who institutions with banking licence are unwilling or unable to grant credit to. For this reason, the consumer and commercial credit (hereinafter referred to as "Credit" only) from ProCredia, a. s., Jiráskovo nám. 2684/2, 326 00 Plzeň, ID No.: 027 12 482 (hereinafter referred to as "ProCredia" only) cannot be directly replaced by another similar product offered by BC (in the position of credit intermediary). Regardless, the client understands that in terms of ProCredia credit intermediation they were informed that a potential conflict of interest may exist, consisting in personnel interconnection – a member of the supervisory body of BC is concurrently a member of the statutory body of ProCredia. The aforementioned conflict of interest is handled in line with legislation, as well as with the in-house rules on the Company's conflict of interest. Further information about the conflict of interests may be found at [www.bcas.cz](http://www.bcas.cz):

[https://www.bcas.cz/wp-content/uploads/2021/10/Informace-o-pobidkach\\_Broker-Consulting.pdf](https://www.bcas.cz/wp-content/uploads/2021/10/Informace-o-pobidkach_Broker-Consulting.pdf)

### 3 | Investments and Supplementary Pension Savings

A tied agent of the investment intermediary, i.e. a tied agent of Broker Consulting, a. s. (hereinafter referred to as "Tied Agent" only) is authorized to primarily intermediate services specified in Section 4 (2) of Act No. 256/2004 Coll., on Capital Market Undertaking (hereinafter referred to as the "CMU Act" only), specifically under Item a) Receiving and conveying instructions related to investment instruments, and/or Item e) Investment counselling related to investment instruments, and only with respect to the following products listed in Section 29 (3) of the CMU Act. These instruments are collective

investment securities issued by collective investment funds or comparable foreign investment funds, collective investment securities issued by funds of qualified investors or by comparable foreign investment funds, bonds issued by the Czech Republic, letters of lien and mortgage bonds which had a prospectus or a comparable document issued for it.

A tied agent is not authorized to provide investment services particularly with respect to the following investment instruments: shares of specific companies, bonds issued without prospectus or another comparable document, commodities, and crypto currencies.

A tied agent provides the client with the investment services of investment counselling and receiving and conveying of instructions. A tied agent customarily does not provide the client with receiving and conveying of instructions as a separate service (in case this is a service provided separately, such fact shall be brought to the client's attention). In providing investment services to the client, the tied agent is liable to act in the best interest of the client. The tied agent shall explain to the client any and all unknown terms related to investments, in particular the term of investment risk and as it relates to return on investment, with the objective of determining the client's risk tolerance and recommending a suitable investment product. Investment counselling provided by the tied agent primarily consists of discussing and assessing the client's objectives and needs, offering and recommending suitable investment instruments on an individualized basis. The foundation for such transaction is in the so called suitability and adequacy assessment, during which information about the client is collected and based on that an assessment is made as to the suitability of the respective investment product. This information is not only collected when taking out an investment product, but also during the decision making process about whether to keep it or sell it. The tied agent shall inform the client about the importance of receiving complete and accurate information about the client's know-how, experience, financial resources and investment goals. The client and BC enter into an Investment Counselling Contract, which becomes effective on the date of the signing of the Investment Questionnaire, which also contains the summary of the rights and responsibilities of the client and BC when providing the investment counselling service. Information about the Investment Counselling Contract may also be found in the Client Profile.

The Client is presented with a limited number of products offered by investment companies or stock brokers, based on the recommendation by the tied agent. The limited assortment does not apply only to investment instruments issued or created by the Company, persons closely interconnected with it, or other persons whose legal or economic relations with it are close. Considering the limited number of products offered, the tied agent does not provide his/her investment service independently, and he/she shall regularly (annually) carry out an assessment as prescribed in Section 15 (2) of the CMU Act with respect to investment instruments that he/she recommends or offers to the client. When providing investment counselling, BC provides the client with a report, especially in the form of Business Meeting Record, that contains a summary of the counselling provided and a description of why the provided recommendation is suitable for the client, including information on how the recommendation satisfies the client's goals and corresponds to the client's personal state of affairs, with reference to the required investment period, the client's know-how and experience and his/her preferences with respect to investment risk, and the client's ability to bear loss. In case the tied agent only offers the client funds from the BC group, he/she shall provide the client with detailed information regarding the conflict of interest and any related risks, and shall offer the client a comparable third party fund as well. The provided investment counselling shall reflect the client's financial resources, their requirements, preferences, needs and goals. The amount of a tied agent's remuneration may be different when investment services are provided over the phone from when the investment services are provided in person. The tied agent shall always inform the client of any fees related to the suggested investment instruments, and shall also record said fees in the Business Meeting Record.

If the client invests through the Company any financial resources that are a remaining balance of financial resources from a previously intermediated investment, in other words, the financial resources are transferred from one investment product to another one, as part of the investment counselling service the tied agent is liable to perform an adequate analysis of profitability of the transfer of the financial resources from one investment product to another one, where the analysis performed by the tied agent must contain at least:

- The expected net proceeds from the suggested alternative transaction – investment, while also taking into account any potential initial costs to be paid by the client, as compared with the expected net proceeds from the current

investment, where the tied agent must also take into consideration any potential initial costs that the client may be forced to expend as part of the sale of the product that he/she already has in their portfolio;

- Record of the current requirements and needs of the client that form the foundation for the intended portfolio change, where the solution suggested by the tied agent must correspond to the client's requirements and needs;
- Analysis of the circumstances that led to the reassessment of the profitability of a previously intermediated investment product, which are the reason for considering a change to the client's portfolio.

The aforementioned analysis must make it clear and understandable for the client that the change to the client's portfolio to be performed by the tied agent is more profitable for the client. This analysis is recorded in the Business Meeting Record. By signing the Record, the client confirms that he/she understands the analysis, and that it appears from the analysis that the change is more profitable for the client.

In situations, where the tied agent also provides the service of receiving and conveying instructions, this service represents the offering and individualized recommendation of suitable investment instruments. The service of receiving and conveying instructions is provided separately in situations where the client turns down the service of investment counselling. The client fills out an Investment Questionnaire, part of which is an adequacy test. If, considering the result of the evaluation of the Investment Questionnaire (the adequacy test), the investment instrument selected by the client **IS NOT** suitable for him/her, this fact is brought to the client's attention. If the client, despite the discrepancy between the evaluation of the Investment Questionnaire (the adequacy test) and the selected investment instrument, insists on the intermediation of the purchase of the investment instrument in question, BC shall not be held liable for providing an investment service that is not adequate to the know-how and experience of the client as determined by the applicable provisions of the Act on Capital Market Undertaking. BC keeps record of such cases as specified above in the form of the Business Meeting Record, which also contains information on whether the purchase/sale of the investment instrument was intermediated for the client, or not. The Business Meeting Record is signed by the client.

Should a client believe that he/she does not understand the investment instrument being traded, in particular if he/she does not understand any applicable risks, or that the service is not consistent with his/her financial situation, the client shall inform the tied agent of any such fact. If the client turns down filling out the Investment Questionnaire, or purposely fills it out in an irrelevant manner, or the individual answers are contradictory, the tied agent shall be unable to assess whether the investment instrument corresponds to the client's expert know-how or experience necessary for understanding related risks, and he/she is also unable to determine which target market the client belongs to and whether the product is suitable for the client. In such cases, BC shall generally not intermediate the purchase/sale of the investment product for the client. The aforementioned negotiation is recorded in the Business Meeting Record, which also includes information on whether the purchase/sale of the investment instrument was intermediated for the client, or not. The Business Meeting Record is signed by the client.

Among the leading partners of Broker Consulting, a.s. are: Conseq Investment Management, a. s., Amundi Czech Republic Asset Management, a. s., Generali Investments CEE, investiční společnost, a. s., Investika, investiční společnost, a. s., Broker Consulting SICAV, a.s., and other institutions, the list of which is available on the Company website.

Pursuant to Section 15 (5) of Act No. 256/2004 Coll., on Capital Market Undertaking, upon the client's request, he/she shall be provided with records and documents regarding the investment services, including telephone conversation recordings, electronic and printed communication.

**Information about Conflict of Interest:** Considering that Broker Consulting, a. s. provides its services to a broad spectrum of clients, while at the same time cooperating with a wide range of other persons, be it tied agents, stock brokers or investment companies, completely eliminating the threat of potential conflict of interest is not always possible. In this document, Broker Consulting, a. s. puts forward an overview of measures adopted to minimize risks arising from potential conflict of interests. Upon the clients' request, Broker Consulting, a. s. is ready to provide detailed information related to this issue. Broker Consulting, a. s. makes great effort to identify all areas where there is a potential for conflict of interest to arise. In particular, those include:

- Relationships between Broker Consulting, a. s. (i.e. its management, shareholders/partners and employees) on the one hand, and its clients on the other hand;
- The investment products offered within the Group by the investment companies of Broker Consulting SICAV and MONECO, a.s.;
- Personal relationships among management and employees of Broker Consulting, a. s.;
- Mutual relationships among clients of Broker Consulting, a. s.;
- Relationships between business transactions carried out by Broker Consulting, a. s.

In general, the situations involved are ones where the management or an employee of Broker Consulting, a. s. has interest in the outcome of the service provided to the client which is different from the client's interest in the outcome from the service received, in which the management or an employee of Broker Consulting, a. s. may gain financial profit or avoid financial loss at the expense of the client, has the motivation to prioritize one financial product over another e.g. to acquire a higher commission or to put the interests of one client before the interests of another client, pursues the same business activity as the client (i.e. their relationship is that of competition), etc. The measures adopted to minimize risks arising from potential conflict of interest so as not to put at risk the interest of the clients of Broker Consulting, a. s. comprise especially the following:

- Organizational and administrative procedures ensuring the separation of business transactions that could potentially lead to conflict of interest, and keeping any potentially sensitive activities confidential;
- Internal guidelines ensuring that Broker Consulting, a. s. employees and their next of kin cannot personally profit from the performed activities at the expense of the client;
- Internal guidelines requiring that tied agents at all times and under all circumstances process their clients' business affairs exclusively for the benefit of the clients;
- Broker Consulting, a. s. Code of Conduct which, among other things, requires that all employees act impartially and in the interest of the clients;
- Rules for the employees when trading with investment instruments for their own account or for the account of their next of kin;
- Rules for handling internal information;
- Rules for remuneration consisting in the fact that the commission received for the intermediation of a fund within the BC Group is not significantly higher than the average calculated from the commissions received for the intermediation of funds outside the BC Group;
- Rules of conduct with respect to customers/clients;
- Employee training related to the above listed requirements.

More detailed information about conflict of interest is available at [www.bcas.cz](http://www.bcas.cz), in the document titled Information Regarding Inducements Associated with the Provision of Services by Broker Consulting, a.s.:

[https://www.bcas.cz/wp-content/uploads/2021/10/Informace-o-pobidkach\\_Broker-Consulting.pdf](https://www.bcas.cz/wp-content/uploads/2021/10/Informace-o-pobidkach_Broker-Consulting.pdf)

**Notice of general risks associated with investments and information about guarantee systems:** Pursuant to the CMU Act and Decree No. 308/2017 Coll., on the More Detailed Regulation of Certain Rules in the Provision of Investment Services, Broker Consulting, a. s. hereby informs its potential and current clients, of the following observations pointing out the general risks associated with investments and information about guarantee systems:

**I. Investing in securities or collective investment securities is associated with the following major risks:**

- a) Investment carries a value fluctuation risk.
- b) Past profit is not a guarantee for any future profit.
- c) The return on originally invested resources is generally not guaranteed.

## **II. Basic types of risk:**

### a) Currency risk

Investment instruments denominated in foreign currencies are subject to fluctuations arising from changes in exchange rates, which may have both positive and negative impact on their exchange rates, prices, appreciation or profits derived from them in other currencies, or on any of their other parameters.

### b) Market risk

This type of risk involves the probability of the investment instrument's market price change due to one of the market factors that include: interest rate, exchange rate, price of underlying assets etc. Market risk may cause an increase or decrease in the value of investment in the investment instruments. Therefore, the return on investment of the invested funds is not guaranteed.

### c) Credit risk

Credit risk involves the risk of the investment instrument issuer not fulfilling their obligations towards the owners of these investment instruments. This primarily applies to bonds and similar investment instruments, such as secured mutual funds.

### d) Liquidity risk

The availability or negotiability of investment instruments may differ over time. Therefore, it may become difficult to sell or purchase a certain type of investment instrument in line with the parameters specified in the instruction. For investments into investment instruments that are not traded on regulated markets, a risk must be taken into consideration that the exchange may be negatively affected by low liquidity, or potentially that it may not be possible to sell or purchase the particular investment instrument at the selected point in time. However, this risk does not apply to investments into investment certificates of open-end mutual funds.

### e) Operational risk

Operational risk involves unexpected failures in the market infrastructure while trading with investment instruments, especially a failure to timely or duly deliver investment instruments or financial resources.

### f) Interest rate risk

Interest rate risk involves the probability of the investment instrument market value changing in dependence on the change in interest rates. Trading involving debt securities is especially vulnerable to interest rate risk, as their price fluctuates in indirect proportion to the fluctuation of the interest rates.

### g) Legal risk

Legal risk arises from different legal regulations governing trading on the financial market and investor protection when trading with investment instruments on foreign markets.

## **III. Guarantee systems:**

a) For investments in securities through a stock broker (hereinafter referred to as "SB" only) legal regulations apply requiring insurance of the value of the client's invested assets in case the SB is unable, due to its financial situation, to fulfil its obligations towards the assets of its clients, or in case a court declares the SB bankrupt. Czech SBs are subject to legal regulation outlined in the CMU Act. However, with respect to foreign SBs, different guarantee systems may apply to them as well, that may be consistent with the legal regulations governing banking institutions in the particular state or with other legal standards. Details are usually specified in the business terms and conditions of any such SB.

b) For investments in mutual funds operated by an investment company no guarantee fund or any other similar system exist that would insure the value of the client's invested assets.

**Warning: Return on investment is generally not guaranteed, all investments carry some degree of risk. High profit represents higher risk; low profit does not always guarantee lower risk. Past profits do not guarantee future profits.**

## LONG-TERM INVESTMENT PRODUCT

A tied agent is in accordance with the above described activity also entitled to intermediate the investment contracts within the scheme of Long-term investment product (hereinafter referred to as the „DIP“). The obligations of DIP providers are regulated in particular, but not exclusively, by the provisions of Section 134g, and subsequent ZPKT principles (i.e. Capital Market Basic Principles). BC company cooperates exclusively with the DIP providers referred to on the ČNB list which is available on Czech National Bank website:

[https://apl.cnb.cz/apljerrsdad/JERRS.WEB09.DIRECT\\_FIND?p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB09.DIRECT_FIND?p_lang=cz)

A DIP provider is obliged to establish the investment contract within the DIP scheme for a client (an investor). Based on this contract a client (an investor) shall have a new account, from which will be paid the subsequent securities trade. Under the DIP scheme can be realized only such investment instruments and assets that may form the property specified within this scheme, i.e. in accordance with Section § 134i of ZPKT. The provider is not entitled to deviate from the investment strategy agreed by the client and recommended by the Tied agent; or chosen by the client (investor) himself without the prior written consent of the client (investor) or without any prior written change of the investment strategy. This is not applicable only if such a deviation is necessary to preserve the value of client's (investor's) assets, to avert imminent damage or loss, or if the deviation is necessary to follow the statutory requirement related to the composition of assets within the DIP scheme under the ZPKT principles; however, in such a case the deviation shall not mean, for example, replacing the agreed type of investment instruments with another type, complete elimination of agreed type of investment instruments, unless such investment strategy is allowed etc., except where such procedure is necessary to follow the statutory requirement for the composition of assets within the DIP scheme under the ZPKT principles.

A DIP provider is obliged, in accordance with the above-described obligations to ensure that the composition of assets (investment portfolio) within the DIP scheme consists only of:

- a) cash;
- b) investment securities or money-market instruments which were accepted to be traded on the European regulated market or multilateral trading system of the operator having its registered office in any EU member state, or on the market similar to the regulated market established in such a state which is not the EU member state, or which are traded on a market similar to regulated market established in a state which is not the EU member state, if such markets are stated in a list of foreign markets similar to regulated market established in a state which is not the EU member state, maintained by the Czech National Bank under Section 13 (1) letter k) of the Financial Markets Supervision Act;
- c) bonds or similar securities representing a right to repay a sum due, the issuer of which is a member state of the European Union or central bank of such a state;
- d) covered bonds or similar securities representing a right to repay a sum due, the issuer of which is a foreign bank established in the EU member state;
- e) collective investment securities, and;
- f) derivatives which are not investment securities and which were agreed solely to secure assets within the long-term investment product, if this value, to which is related the value of this instrument, is an interest rate, exchange rate or currency.

If an investment instrument referred to in points (b) to (e) of the paragraph stated above is sold, repurchased or repaid, or if a cash settlement is provided from a derivative following the point f) of the paragraph stated above, then the DIP provider is obliged to ensure that the funds received remain part of the assets within the DIP scheme, i.e. in the most common case, these funds become the balance in the respective client's (investor's) cash account designated for the DIP scheme. The

same also applies for the funds received due to the dissolution of the issuer of an investment instrument, investment instruments received in Exchange for other investment instruments within the DIP scheme, and for the revenues from assets within the DIP scheme.

The conditions for claiming and maintaining the tax support of the DIP scheme are regulated by the Act No. 586/1992 Coll., on Income Taxes, as amended (the „Income Taxes Act“). The Income Taxes Act refers to the DIP as one of the pension savings products, which is understood as tax-supported product, if it has been agreed or otherwise determined that the payment of funds or benefits from this product or debits from the assets forming a long-term investment product are for the benefit of

- a) a taxpayer, who arranged the product, and only
  1. after 120 calendar months from the date when the product was established, however, not earlier than in the calendar year in which the taxpayer reaches the age of 60, and in case of benefits sources from supplementary pension savings, to which is under the Act regulating the pension insurance a taxpayer entitled when he/she reaches the age 5 years below his/her retirement age, not earlier than he/she reaches the age 5 years below his/her retirement age under the Act regulating the pension insurance;
  2. upon his/her third degree disability, or;
  3. in relation to the termination of the pension savings product, or;
- b) other taxpayer, and only in the case of
  1. the death of a taxpayer who established the product;
  2. payment to the provider of this product for its administration or product-related services;
  3. a write-down of assets from a long-term investment product for consideration paid in favour of that product, unless the write-down is for consideration, the usual value of which significantly lower than usual price of the assets being written down, or;
  4. the performance of obligation prescribed by other legal regulation.

The payment of funds from the investment agreement within the DIP scheme or the write-off of the assets acquired for a client (an investor) by the DIP provider shall be possible, in accordance with above stated provisions, only after 120 calendar days from the date when the long-term investment product was established and agreed, not earlier than in the calendar year in which a client (an investor) reaches his/her age of 60, eventually when he/she meets other conditions under Section 15b (1) of the Income Taxes Act. Any breach of the arrangement stated in the preceding sentence means, that DIP shall not be tax supported pension savings product any more – within the meaning of the Income Taxes Act, including all the consequences set out in the Income Taxes Act, including the duty to repay the tax support.

Long-term Investment Product (i.e. DIP) Taxation			
Withdrawals of funds	With effect from January 1, 2024		
	Income	Employer's contributions	Tax support
Any withdrawals when the conditions for entitlement to the benefit are met	15 %	0 %	0%
Any withdrawals when the conditions for entitlement to the benefit are not met	15 %	15 %	Additional taxation*

\* A client's (an investor's) contribution shall be additionally taxed within the DIP scheme, as in the past in reduced the value of tax base. The contributions of past 10 years shall be taxed.

**Warning: BC company never provides in connection with an investment contract within the DIP scheme any tax, accounting or legal advice, including advisory services related to the conditions which are met, which continue, or which were breached, and are related to application of tax support.**

In relation to the information on the payment of funds, neither BC company nor the DIP provider shall be responsible for the content of client's (investor's) investment order, nor shall be responsible for any damage caused due to the execution of client's (investor's) investment order, if such an order was executed properly and in accordance with the content of investment contract. However, the DIP provider shall never execute any client's (investor's) investment order, which would result in the duty to repay the tax support, unless a client (an investor) is informed in advance about these consequences, and a client (an investor) declares through a permanent data medium he/she is aware of such consequences.

An employer's contribution can be used for the contract within the DIP scheme as well. This contribution may be deposited only in the form of cash sent into respective client's (investor's) account. The obligations in the case of employer's contributions, which are to inform the DIP provider of the commencement of such contributions without undue delay, to ensure that the employer only sends contributions by means of payment instructions specifically designed for the employer so as to distinguish payments of employer contributions from payments made by the client (investor) and to inform the DIP provider of the commencement, change or termination of employer contributions without undue delay, are fully the responsibility of a client (an investor). The latter case stated herein means in particular, but is not limited to, a change of employer, a change in the amount and frequency of contributions, etc.

Also the notification to the employer that a client's (investor's) contract within the DIP scheme has ceased to be tax supported or that there occurred an event which means the repayment obligation of the tax support, shall be also fully upon a client (an investor). This obligation shall be fulfilled at the latest by the end of the calendar month in which this event occurred. Neither BC nor the DIP provider has any information or other obligations towards the client's (investor's) employer.

Usually, the transfer of assets from the DIP scheme contract to another DIP provider can be done by a client (an investor) only in the form of cash. Thus, to perform the transfer, the other assets within DIP scheme shall be first divested into cash. Such divestment may be in contrary to the investment recommendations of a tied agent or DIP provider, as the advice given to a client (an investor) when purchasing the assets within DIP scheme. Also, when the assets are transferred from one provider to another, the duration of DIP scheme may not be always transferred.

The termination of DIP scheme for the client's (investor's) investment contract will be initiated by any, even partial, withdrawal or write-off of assets acquired for a client (an investor) by the DIP provider, irrespective of whether the conditions for the continuation of the tax support granted have been met. The death of a client (an investor) shall also result in the termination of DIP scheme following the condition that the client's (investor's) assets remain available for proper settlement in the succession proceedings.

The remuneration of tied agents for the intermediation of investment contract within the DIP scheme is governed by the same Company internal regulations and terms as for the intermediation of other contracts related to investment products. Details are given in the section titled Conflict of interests, Incentives and Remuneration procedure.

## SUPPLEMENTARY PENSION SAVINGS

BC conducts its business activity as an independent intermediary of supplementary pension savings through tied agents. As such, pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings (hereinafter referred to as the “SPS Act” only) it is authorized to intermediate supplementary pension savings.

As an independent supplementary pension savings intermediary, BC cooperates in particular with the following pension companies: Allianz penzijní společnost, a.s., Conseq penzijní společnost, a.s., Česká spořitelna - penzijní společnost, a.s., ČSOB Penzijní společnost, a. s., member of the ČSOB Group, Generali penzijní společnost, a.s., KB Penzijní společnost, a.s., NN Penzijní společnost, a.s., and other institutions the complete list of which is available on the Company website. The list of pension companies which Broker Consulting, a. s. intermediates supplementary pension savings for may be verified with the CNB, or on the following website:

[https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO\\_PAGE? p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE? p_lang=cz).

Pension companies collect contributions from individual participants, from employers, and state contributions with the objective of placing them into participation funds, management of assets in the participation funds, and disbursing supplementary pension savings benefit payments in accordance with the SPS Act.

**Supplementary pension savings (hereinafter also referred to as “SPS” only) is a financial product that is created by signing a SPS Contract by and between the pension company and the prospective client or the participant, as the case may be, the business end of which is:**

- Long term accumulation of financial resources from the participating individual and from the state, or potentially from third parties, for the benefit of the participant;
- Management of said resources in participation funds;
- Disbursing SPS benefits by the pension company in accordance with the law, the SPS Contract and the particular participation fund statute.

An SPS participant may be a natural person who is, however, not simultaneously a participant in supplementary pension insurance in a transformed fund (i.e. does not have a Contract closed before December 1, 2012). The state supports the SPS by providing state contributions based on the monthly amount of the individual SPS participant’s contribution and possible income tax relief. Employer contributions made to an employee’s SPS at the statutory rate are not subject to health or social security insurance deductions either on the part of the employer or the participant. Equally, employer contributions at the statutory rate are not subject to income tax on the part of the participant. Business activities of pension companies in the field of SPS, similar to those of an independent intermediary of SPS, are subject to supervision by the Czech National Bank. The provision of state contributions is supervised by the Ministry of Finance of the Czech Republic.

SPS is an investment by nature, and as such it involves risks that were covered in the previous section above. They primarily include the following risks: the value of the portfolio, as well as the individual investment instruments can either grow or decrease over time, and the return of the originally invested amount is not guaranteed. Data about past profits cannot be considered an indicator of their future development. A detailed description of risks associated with an individual participation fund can be found in the statutes for each individual participation fund. A standard risk profile and a list of major risks determining this profile is also recorded in the communication of key information about participation funds.

**Warning:** Return on investment is generally not guaranteed, all investments carry some degree of risk. High profit represents higher risk; low profit does not always guarantee lower risk. Past profits do not guarantee future profits.

Assets placed in participation funds are neither statutorily insured, nor are they subject to any form of guarantee system. The return on investment invested as part of SPS is not guaranteed. The guarantee of return on invested resources by the

fund maturity date may be modified in the participation fund statutes. However, the assets of the participants are separated from the assets of the given pension company both in the books and in reality, and any credit event, financial insolvency or any other financial difficulties of the individual pension company shall not directly affect the assets of the participation funds. Participants' funds are kept in separate accounts managed by a depository, and any and all activity of the pension company is subject to supervision by an independent depository.

The recommendation of a savings strategy is always based on the requirements and needs of the interested person. First, an investment questionnaire of the pension company in question is filled out with the person with potential interest in the SPS. This questionnaire is used to collect essential information about the know-how and experience of the interested individual in the area of finances, about their know-how and experience with investment instruments which the participation funds invest in, about the individual's tolerance and preferences with respect to investment risk. Additionally, we inquire about the individual's goals and preferences with respect to the savings strategy. The outcome of the investment questionnaire is an investment profile. Filling out the investment questionnaire is voluntary. Should the interested person refuse to fill out the investment questionnaire, the Company shall be unable to provide a well-founded recommendation. Should the interested person refuse the strategy offered to them, they shall be able to manage the distribution of their financial resources in the funds on their own. However, in such case they must take into consideration that any choice they make that does not correspond with the recommended savings strategy does not necessarily have to be consistent with their goals, know-how and experience, and potentially their risk tolerance.

SPS Taxation								
Withdrawal of funds	With effect to December 31, 2023				With effect from January 1, 2024			
	Income	Employer's contributions	State contribution	Tax support	Income	Employer's contributions	State contribution	Tax support
One-off settlement towards a participant or a designated person	15 %	15 %	0 %	0 %	15 %	0 %	0 %	0 %
One-off settlement to the heir	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Retirement pension 3 – 10 years	15 %	0 %	0 %	0 %	15 %	0 %	0 %	0 %
Retirement pension 10 year and more	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Surrender value to a participant or a designated person	15 %	15 %	Shall be paid back	Additional taxation	15 %	15 %	Shall be paid back	Additional taxation
Surrender value to the heir	0	0	Shall be paid back	0 %	0	0	Shall be paid back	0 %

\* Additional taxation is applicable to the contribution of SPS client who reduced his/her tax base. The contributions of past 10 years shall be subject to additional taxation.

Note: In case of employer's contributions, the client is required to tax the contributions for the last 10 calendar years + the entire contribution for the current year. Pension company shall tax the past contributions of the employer – but not before 2000. Before the year 2000, the contributions of employer are not taxable. One-off settlement means the term used when the eligibility conditions explained above are met. The term severance payment is used when these conditions are not met.

By signing the SPS Contract, the pension company undertakes to collect and manage the participant's resources in the participation fund or in several participation funds as set forth in the SPS Contract and according to the contracted savings strategy, and disburse benefits to the participant under the conditions and in the manner specified in the SPS Contract. The

participant is liable to pay his/her contribution under the conditions, in the amount and in the manner defined in the SPS Contract. Business Terms and Conditions for the SPS form an integral part of the SPS Contract, regulating mainly the rules for the provision of this product. The participant may withdraw from the SPS at any time in writing. In the SPS Contract the participant shall set the manner and amount of his/her contribution, and potentially of the employer's contribution, as well as the savings strategy, which can usually be the life-cycle strategy or an individually set strategy. The participant has the right to change the savings strategy later on. In the SPS Contract the participant shall also be able to designate one or more natural persons who in the case of the participant's death and upon meeting the requirements will become entitled to a one-off settlement or a surrender value payment. The participation fund statute contains information about the participation fund's manner of investment and other information essential for the interested person/participant to be able to accurately and correctly assess his/her decision about placing his/her financial resources into the particular participation fund. The participation fund statute also particularly explains the risks associated with the SPS, and regulates the time limits for asset valuation in the participation fund. Transfer of participant's financial resources to another participation fund managed by the same pension company, or the transfer of any and all financial resources of the participant to another pension company are usually free of charge if the participant had a portion or all of his/her financial resources placed in a participation fund in the statute of which changes were made with respect to making investments, investment goals or there was an increase in remuneration, in a participation fund to be dissolved, in participation funds to be consolidated, in a participation fund the management of which was transferred to another pension company, in a participation fund the ordered transfer of which was decided by the Czech National Bank, or in a participation fund of a pension company which is to be merged with another pension company.

The fee covering the change in savings strategy that does not fall into the free of charge category must reflect the useful expenses spent, and shall not exceed the amount of CZK 500. The fee covering the transfer of financial resources to another pension company that does not fall into the free of charge category shall not exceed the amount of CZK 800.