

PROSPECTUS

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relating to a public issue of shares

**K B C R E N T A**

Société d'Investissement à Capital Variable (Sicav – Open-ended Investment Company)

LUXEMBOURG

**28/04/2023**

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# 1. General remarks

This issue prospectus is modular in structure. The basic document contains all the necessary information about the Sicav and its legal framework. All the information concerning a specific sub-fund of the Sicav is given in the Appendices.

- Appendix 1 contains the specific characteristics of the sub-funds, i.e. the information associated with the investment policy, the terms and conditions of issue and redemption, and the fees.
- Appendix 2 contains information in accordance with Article 8(1), 8(2) and 8(2a) of Regulation (EU) 2019/2088.

The Appendices form an integral part of this prospectus.

In addition to this prospectus, the Fund will publish a Key Information Document (“KID”) for each class of shares, which will contain the information required by Regulation (EU) No 1286/2014 of 26 November 2014 (“PRIIPs Regulation”) and its delegated acts for all retail investors considering making an investment in the Fund.

In the event of discrepancies between the French and the other language versions of the prospectus, the French takes precedence.

KBC Renta (hereinafter the “SICAV”) is a Luxembourg société d’investissement à capital variable (open-ended investment company) with multiple sub-funds, governed by the Law of 17 December 2010 on undertakings for collective investment, as amended (the “Law”), and covered by section I of this Law. Each of the Sicav’s sub-funds is invested directly or indirectly in securities, preferably in bonds denominated in a specific currency or group of currencies.

This prospectus describes each sub-fund’s investment policy, the status of the various share classes, the procedures for buying or redeeming the shares, and legal and administrative aspects of the Sicav.

The Board of Directors may decide to create new sub-funds at any time. It may also dissolve, split or merge one or more sub-funds.

For each sub-fund, the Sicav will issue distribution (class A) shares and capitalisation (class B) shares. Class A shares entitle the holder to a dividend, whereas the portion of income attributable to class B shares is capitalised, i.e. added to the portion of the net assets of the Sicav attributable to the class B shares of the sub-fund concerned.--

All shareholders may ask for their shares in a sub-fund to be converted into shares in another sub-fund, subject to payment of a conversion fee. Similarly, holders of distribution shares are entitled to convert them into capitalisation shares, and vice versa, free of charge.

The Board of Directors may decide to cease issuance of shares for one or more sub-funds. The prospectus will then be updated. The Sicav’s assets are held in custody by Brown Brothers Harriman (Luxembourg) S.C.A.

The Sicav is included on the official list of undertakings for collective investment in accordance with the Law.

This cannot be taken to mean that the supervisory authorities have approved the contents of this prospectus or the quality of the securities offered and held by the Sicav. Any declaration to the contrary would be unauthorised and illegal.

This prospectus may not be used for the purposes of offering for sale and marketing in any country or under any conditions where such offering or marketing is not authorised.

In particular, the Sicav’s shares are not registered in accordance with any of the legislative provisions governing securities of the United States of America and cannot be offered for sale in the United States or in any of its territories or any of its possessions or regions under its jurisdiction.--

No person is authorised to give any information other than that contained in this prospectus or in the documents referred to herein that are available for inspection by the public.-

The Board of Directors of the Sicav assumes responsibility for the accuracy of the information contained in this prospectus on its date of publication.

This prospectus may be updated to take account of material changes made to the present document. Prospective shareholders are therefore advised to contact the Sicav in order to ascertain whether a more recent prospectus has been published.

Prospective shareholders are advised to obtain advice on laws and regulations (concerning taxation and currency controls, for instance) governing subscription, purchase, possession and sale of shares in their countries of origin, residence or domicile.

This prospectus is only valid if accompanied by the most recent annual report and the latest interim report if the latter is the more recent.-

The UCI and its sub-funds are not, and shall not be, registered under the United States Securities Act of 1933, as amended, and the shares or units may not be offered, sold, transferred or delivered, directly or indirectly, in the United States of America, or in any of its territories or any of its possessions or regions under its jurisdiction or to a

US citizen, as defined in the United States Securities Act. The UCI and its sub-funds have not been registered under the United Investment Company Act of 1940, as amended.

## **2. Administration of the Sicav**

### **2.1. Board of Directors**

#### **2.1.1. Chairman of the Board of Directors**

Ivo BAUWENS, Managing Director, 4, rue du Fort Wallis, L-2714 Luxembourg

#### **2.1.2. Directors**

Ivan MUSICKI, General Manager, KBC Group Re S.A. , 4 rue du Fort Wallis, L-2714 Luxembourg

Johan TYTECA, General Manager, Rolandstraat 5 GV 01, B-8670 Koksijde, Belgium

Patrick DALLEMAGNE, General Manager, CBC Banque & Assurance, 60, Avenue Albert I, B-5000 Namur, Belgium

### **2.2. Registered office**

80 Route d'Esch, 1470 Luxembourg

### **2.3. Management Company**

IVESAM NV, 2 avenue du Port, B-1080 Brussels, Belgium

### **2.4. Custodian**

Brown Brothers Harriman (Luxembourg) S.C.A., 80 route d'Esch, L-1470 Luxembourg.

### **2.5. Domiciliary agent, registrar and transfer agent, administrative agent**

Brown Brothers Harriman (Luxembourg) S.C.A., 80 route d'Esch, L-1470 Luxembourg.

### **2.6. Auditor**

Mazars Luxembourg, 5 rue Guillaume J. Kroll, L-1882 Luxembourg.

### **2.7. Paying agents**

KBC Bank SA, 2 avenue du Port, B-1080 Brussels, Belgium.

CBC Banque SA, 60, avenue Albert I, B-5000 Namur, Belgium.

Brown Brothers Harriman (Luxembourg) S.C.A., 80 route d'Esch, L-1470 Luxembourg.

CM-CIC Securities, 6, avenue de Provence, 75009 Paris, France.

### **2.8. Financial services: subscriptions, redemptions, news and information**

KBC Bank SA (Belgium)

CBC Banque SA (Belgium)

Brown Brothers Harriman (Luxembourg) S.C.A.

CM-CIC Securities (France)

## **3. General characteristics of the Sicav**

KBC Renta is an open-ended investment company (Sicav) under Luxembourg law and was established on 6 January 1986 in Luxembourg under the name 'Decarenta' for an indefinite period, in accordance with the Law.

In particular, it is governed by the provisions of Part I of the Law.

The Articles of Association of the Sicav were published in the Mémorial, Recueil Spécial des Sociétés et Associations (the 'Mémorial') on 3 February 1986 after having been filed, together with the legal notice, with the Chancery of the District Court of and in Luxembourg, where a copy can be obtained on payment of the registry fees.

The Articles of Association of the Sicav were amended by deed dated 22 August 1990, filed with the Chancery of the District Court of and in Luxembourg and published in the Mémorial on 5 November 1990.

The Articles of Association were amended again by deed dated 19 October 1992, filed with the Chancery of the District Court of and in Luxembourg and published in the Mémorial on 27 November 1992. By this deed, the name

'Decarenta' was changed to KB RENTA and the Sicav was converted into a structure with multiple sub-funds. On this occasion, the Decarenta shares were assimilated to shares in the KB RENTA Decarenta sub-fund.

The Articles of Association of the Sicav were again amended by deed dated 13 January 1994, filed with the Chancery of the District Court of and in Luxembourg and published in the Mémorial on 15 April 1994.

The Articles of Association of the Sicav were again amended by deed dated 4 November 1998, filed with the Chancery of the District Court of and in Luxembourg and published in the Mémorial on 25 November 1998. On this occasion, the name 'KB RENTA' was changed to KBC Renta.

The Articles of Association of the Sicav were amended by deed dated 11 December 1998, filed with the Chancery of the District Court of and in Luxembourg and published in the Mémorial on 7 September 1999.

The Articles of Association of the Sicav were amended by deed dated 27 December 2005, filed with the Chancery of the District Court of and in Luxembourg and published in the Mémorial on 13 February 2006. The Articles of Association were last amended by deed of 17 April 2019 and published in the Recueil Electronique des Sociétés et Associations on 7 May 2019.

The Sicav is entered in the Luxembourg trade register under number B - 23669.

The registered office of the SICAV is at 80 route d'Esch, L-1470 Luxembourg.

The founding shareholders established the Sicav by subscribing to initial capital of 9 000 000 Danish krone, represented by 100 class A shares and 1,700 class B shares in the Sicav named 'Decarenta' at the time. The Sicav's capital is at all times equal to its net asset value and is represented by fully paid-up, no-par-value shares. Changes in capital occur ipso jure and are not subject to the requirements of publication and registration in the Registre du Commerce et des sociétés (Trade and Company Register) prescribed for capital increases or decreases of sociétés anonymes (type of limited company). The minimum capital is the equivalent of 1 239 467.62 euros

The Sicav's consolidation currency is the euro.

The Board of Directors is responsible for administering and managing the Sicav and for supervising its operations, as well as for establishing and implementing the investment policy.

Under the Law the Board of Directors may appoint a Management Company.

The Sicav has appointed IVESAM NV, a public limited company, with registered office at 2 avenue du Port, B-1080 Brussels, as the Management Company of the Sicav.

## 4. Investment policy and objectives

By means of these investments, the Sicav seeks to provide its shareholders with:

- a return consistent with that on the sub-fund's reference currency
- a potential capital gain.-

Unless specified otherwise in Appendix 1, the Sicav may also invest in domestic government bonds denominated in the reference currency of the sub-fund in question.

Since the umbrella UCITS has a 'European passport', the investment policy complies with Part I of the Act.

**Since the portfolio of each of the sub-funds is subject to market fluctuations and to the risks inherent in any investment, the price of the shares may vary accordingly and the Sicav cannot guarantee the achievement of its objectives.**

Unless with regard to the provisions of 4.4 and unless otherwise indicated, the limits apply per sub-fund.

### Social, ethical and environmental aspects of the investments

Certain social, ethical and environmental aspects are taken into account for the investments described under the investment policy of the sub-funds set out in Annex 1, according to which the issuers of financial instruments are evaluated.

The sub-funds may not invest in, among others:

- financial instruments issued by producers of controversial weapons systems prohibited under international (and national) law or regarding which a broad consensus exists as to their prohibition. These weapons systems include: cluster bombs and sub-munitions; chemical and biological weapons; anti-personnel mines (including Claymore mines); weapons containing depleted uranium;
- financial instruments issued by producers of weapons containing white phosphorus and nuclear weapons;
- financial instruments issued by companies where there are serious indications that they are perpetrators of, accomplices or accessories to, or stand to benefit from the violation of globally recognised standards on Responsible Investing. The main criteria used cover human rights, employee rights, the environment and anticorruption.

In this way, not only is a purely financial reality represented, but also the social reality of the sector or region. This list of exclusion criteria is not exhaustive. A full overview of exclusion criteria can be found at [www.ivesam.be/documentation-investments](http://www.ivesam.be/documentation-investments) > General exclusion policies for conventional and Responsible Investments. The list of exclusion criteria may be changed at any time by the management company.

## 4.1. Eligible instruments

The investments of the UCITS will be restricted to the following exclusively:

### 4.1.1. Listed securities and money market instruments

4.1.1.1. Securities and money market instruments listed or traded on a regulated market;

4.1.1.2. Securities and money market instruments traded on another market in an EU Member State, provided that the market is regulated, regularly operating, recognised and open to the public;

4.1.1.3. Securities and money market instruments admitted to official listing on a stock exchange in a non-EU State or traded on another market in a non-EU State, provided that the market is regulated, regularly operating, recognised and open to the public, and that the choice of stock exchange or market has been provided for in the present prospectus;

4.1.1.4. Newly issued securities and money market instruments, provided that:

- the issue conditions include an undertaking that application will be made for admission to official listing on a stock exchange or another market that is regulated, regularly operating, recognised and open to the public, and provided that the choice of stock exchange or market has been provided for in the present prospectus;
- official listing is obtained within no more than one year of the issue.

4.1.1.5. **The Sicav is authorised, in accordance with the principle of spreading risk, to invest up to 100% of its assets in different issues of securities and money market instruments issued or guaranteed by a Member State, its regional or local authorities, an OECD Member State, Singapore, Brazil, Russia, Indonesia and South Africa, or by public international institutions of which one or more EU Member States are members, provided that the securities come from at least six different issues and that securities from any single issue may not exceed 30% of the total amount.**

### 4.1.2. Shares/units in UCIs

4.1.2.1. Shares of authorised UCITS in accordance with Directive 2009/65/EC, as amended by Directive 2014/91/EC.

4.1.2.2. Other UCIs within the meaning of Article 1(2), first and second indents, of Directive 2009/65/EC, as amended by Directive 2014/91/EC, whether located in an EU Member State or not, on condition that:

- these other UCIs are authorised under laws providing that they are subject to supervision considered by the Luxembourg financial services authority, the CSSF (Commission de Surveillance du Secteur Financier), to be equivalent to that provided for in Community legislation, and that there is sufficient guarantee of cooperation amongst the authorities;
- the level of protection guaranteed to the holders of shares/units in these other UCIs is equivalent to that provided for the holders of the shares/units in a UCITS and, in particular, that the rules relating to asset segregation, borrowing, loans and short sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC, as amended by Directive 2014/91/EC;
- the activities of these other UCIs are the subject of half-yearly and annual reports, permitting the assets and liabilities, profits and operations for the reporting period to be evaluated;
- no more than 10% of the assets of the UCITS or these other UCIs whose acquisition is planned may, under their instruments of incorporation, be invested entirely in the shares/units of other UCITS or other UCIs.

4.1.2.3. Each sub-fund's investments in shares/units in UCIs may not exceed 10% of these assets.

4.1.2.4. If a UCITS invests in units of other UCITS and/or other UCIs managed directly or indirectly by the same management company or by any other company with which the management company is linked by common management or control or by a substantial direct or indirect participating interest, the said management company or other company may not charge subscription or redemption fees for the UCITS' investment in shares/units of other UCITS and/or other UCIs.

### 4.1.3. Deposits

4.1.3.1. Deposits with a credit institution, which are repayable on demand or may be withdrawn, with a maturity of up to one year, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is located in another country, is subject to prudential rules considered by the CSSF to be equivalent to those provided for in Community legislation.

#### 4.1.4. Derivatives

4.1.4.1. Derivatives may be used both for achieving the investment objectives and for hedging risks.

4.1.4.2. Derivatives can be both listed and unlisted: they include forward contracts, options or swaps of shares, indices, foreign currency or interest rates or other transactions in derivatives. Transactions in unlisted derivatives may only be concluded with prime financial institutions specialised in transactions of this type. The sub-fund aims to conclude transactions that are as effective as possible, in compliance with the relevant regulations and the Articles of Association. All fees and charges associated with these transactions are booked to the sub-fund and all the income accrues to the sub-fund.

The counterparty does not have any discretionary decision-making power whatsoever regarding the composition or management of the UCITS' investment portfolio or the underlying of the derivatives, and the counterparty's agreement is not required for any transaction whatsoever involving the UCITS' investment portfolio.

4.1.4.3. The UCI may conclude contracts relating to a credit risk on issuers of debt instruments. The credit risk is the risk of the issuer of the debt instrument defaulting. This credit risk relates to parties whose rating at the time the contract is concluded is equivalent to that of issuers whose debt instruments the UCI holds directly or indirectly.

4.1.4.4. Derivatives may also be used to protect the sub-fund's assets against the risk of exchange rate fluctuations.

4.1.4.5. Credit derivatives may only be used to achieve the investment objectives and within the limits of the existing profile, without implying any transfer to less credible debtors. Hence there is no increase in the credit risk. In so far as derivatives are used, this will involve instruments that are liquid and readily negotiable. Use of derivatives does not, therefore, influence the liquidity risk. Nor does use of derivatives alter the allocation of the portfolio between regions, sectors or themes. It does not, therefore, affect the concentration risk. Derivatives do not guarantee the full or partial protection of the capital. They never increase nor decrease the capital risk. Nor does the use of derivatives have any influence whatsoever on the processing risk, deposit risk, flexibility risk, inflation risk or the environmental risk (risk associated with external factors).

4.1.4.6. Exposure to the counterparty risk stemming from an OTC derivatives transaction and efficient portfolio management techniques should be combined when calculating the counterparty risk limits specified in Section 4.3.1 above.

In the case of OTC derivatives transactions, a guarantee is provided to ensure that the counterparty risk does not at any time exceed 10% of the Sicav's net assets. The guarantee shall extend to at least 100% of (the exposure to OTC derivatives transactions as a percentage of the Fund's net assets – x), where x is less than 10%. The minimum operating thresholds and discount percentages mentioned below are taken into account to determine the extent of the guarantee required.

When a sub-fund concludes OTC derivatives transactions and uses efficient portfolio management techniques, all the collateral used to reduce the exposure to the counterparty risk must satisfy the following criteria at all times:

(A) Any collateral received other than cash shall be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. The collateral received must also comply with the provisions of Section 4.4 below.

(B) A daily independent valuation shall be available for collateral received. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.

(C) Collateral received shall be of high quality.

(D) The collateral received shall be issued by an entity that is independent of the counterparty and is not expected to display a high correlation with the performance of the counterparty.

(E) Collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the sub-fund receives from the counterparty to OTC financial derivative transactions and efficient portfolio management a basket of securities with a maximum exposure to a given issuer not exceeding 20% of its net asset value.

When a sub-fund is exposed to different counterparties, the different baskets of securities shall be aggregated to calculate the 20% limit of exposure to a single issuer.

(F) Where there is a title transfer, the collateral received shall be held by the Custodian. For other types of collateral arrangement, the collateral can be held by a third-party custodian, which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

(G) It must be possible for the sub-fund to enforce the collateral in full at any time without being required to consult or obtain permission from the counterparty.

(H) Non-cash collateral received shall not be sold, re-invested or pledged.

(I) Cash collateral should only be:

- deposited with the entities specified in Section 4.1.3;
- invested in prime government bonds;
- used for repo operations, provided that these involve credit institutions that are subject to prudential supervision

and that the Fund may repurchase the entire amount in cash, together with interest accrued, at any time;  
– invested in short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds.

Collateral in the form of cash that is reinvested must be diversified in accordance with the diversification criteria applicable to collateral in forms other than cash.

#### 4.1.4.7. *Collateral policy*

Collateral received by the Fund shall predominantly be limited to cash and bonds and to investment-grade bonds: sovereign bonds and covered bonds.

At present, the Fund is only in receipt of guarantees in the form of investment grade bonds, not cash.

Since the Fund is not in receipt of any guarantees in cash, there is no reinvestment policy and hence no risk associated with such reinvestment policy.

The prospectus shall be updated if guarantees in the form of cash are used.

#### 4.1.4.8. *Haircut policy*

The following discounts relating to collateral for derivatives transactions are those applied by the Management Company (the Management Company reserves the right to amend this policy at any time, in which case this Prospectus will be updated accordingly):

The Fund does not use guarantees in cash at present.

Credit rating*	Residual term to maturity (years)	Assets denominated in the currency of the sub-fund			Assets not denominated in the currency of the sub-fund		
		Categories			Categories		
		Cash	Government bonds	Covered	Cash	Government bonds	Covered
AAA/Aaa	0-1	0.0%	0.5%	5.5%	5.0%	5.5%	10.5%
	1-3	0.0%	2.0%	6.5%	5.0%	7.0%	11.5%
	3-5	0.0%	2.5%	7.5%	5.0%	7.5%	12.5%
	5-7	0.0%	4.0%	8.0%	5.0%	9.0%	13.0%
	7-10	0.0%	4.0%	9.0%	5.0%	9.0%	14.0%
	> 10	0.0%	5.5%	10.5%	5.0%	10.5%	15.0%
AA+ to AA- /Aa1 to Aa3	0-1	0.0%	0.5%	15.0%	5.0%	5.5%	15.0%
	1-3	0.0%	2.0%	15.0%	5.0%	7.0%	15.0%
	3-5	0.0%	2.5%	15.0%	5.0%	7.5%	15.0%
	5-7	0.0%	4.0%	15.0%	5.0%	9.0%	15.0%
	7-10	0.0%	4.0%	15.0%	5.0%	9.0%	15.0%
	> 10	0.0%	5.5%	15.0%	5.0%	10.5%	15.0%
A+ to A- /A1 to A3	0-1	0.0%	1.0%	N/A	5.0%	6.0%	N/A
	1-3	0.0%	3.0%	N/A	5.0%	8.0%	N/A
	3-5	0.0%	3.0%	N/A	5.0%	8.0%	N/A
	5-7	0.0%	6.0%	N/A	5.0%	11.0%	N/A
	7-10	0.0%	6.0%	N/A	5.0%	11.0%	N/A
	> 10	0.0%	6.0%	N/A	5.0%	11.0%	N/A
BBB+	0-1	0.0%	1.0%	N/A	5.0%	6.0%	N/A
	1-3	0.0%	3.0%	N/A	5.0%	8.0%	N/A
	3-5	0.0%	3.0%	N/A	5.0%	8.0%	N/A
	5-7	0.0%	6.0%	N/A	5.0%	11.0%	N/A
	7-10	0.0%	6.0%	N/A	5.0%	11.0%	N/A
	> 10	0.0%	6.0%	N/A	5.0%	11.0%	N/A

Credit Quality means the lower of the ratings assigned by either S&P or Moody's as the case may be.



4.1.4.9. The Fund does not invest directly in total return swaps.

#### **4.1.5. Unlisted money market instruments**

4.1.5.1. Money market instruments other than those traded on a regulated market, provided that the issuer or the issuer of these instruments is subject to regulation designed to protect investors and savings and that these instruments are:

- issued or guaranteed by a central, regional or local authority, a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, another State or, in the case of a federal State, one of the members of the federation, or a public international institution of which one or more Member States are members, or
- issued by an undertaking whose securities are traded on the regulated markets referred to in points 4.1.1.1, 4.1.1.2 or 4.1.1.3 above, or
- issued or guaranteed by an institution subject to prudential supervision according to the criteria defined by Community law, or by an institution which is subject to and complies with prudential rules considered by the CSSF to be at least as strict as those provided for in Community legislation, or
- issued by other entities belonging to the categories approved by the CSSF, provided that the investments in these instruments are subject to investor protection rules that are equivalent to those provided for in the first, second and third indents and that the issuer is a company with capital and reserves amounting to at least ten million euros (10 000 000 euros) that presents and publishes its annual accounts in accordance with the Fourth Directive 78/660/EEC, or an entity which, within a group of companies including one or more listed companies, is responsible for financing the group, or an entity which is responsible for financing special purpose vehicles benefiting from bank loans.

#### **4.1.6. Ancillary liquidity**

The UCITS may hold ancillary liquid assets (bank deposits withdrawable on demand, such as cash held in current accounts with a bank that is accessible at any time) in order to cover routine or exceptional payments, or for the time necessary for reinvestment in the eligible assets provided for in Article 41(1) of the 2010 Law or for a period strictly necessary in the event of adverse market conditions. The holding of such ancillary liquid assets is limited to 20% of a Fund's net assets. The 20% limit may be temporarily exceeded only for a period strictly necessary where, due to exceptionally adverse market conditions, circumstances so require and this is justified in the interests of investors.

#### **4.1.7. Other**

4.1.7.1. The UCITS may invest no more than 10% of its assets in transferable securities and money market instruments other than those referred to below;

4.1.7.2. The UCITS may acquire movable and immovable property that is essential for the direct conduct of its business.

4.1.7.3. The UCITS may not acquire either precious metals or certificates representing them.

## **4.2. Financial techniques and instruments**

### **4.2.1. General information**

4.2.1.1 The UCITS may employ techniques and instruments relating to transferable securities and money market instruments under the conditions and within the limits laid down by the CSSF provided that such techniques and instruments are used for efficient management of the portfolio.

Where these operations involve the use of derivatives, these conditions and limits must be in accordance with the provisions of the Act.

Under no circumstances may these operations cause the UCITS to depart from its investment objectives as set out in this prospectus.

4.2.1.2. The UCITS will ensure that the overall exposure associated with the derivatives does not exceed the total net value of its portfolio. Risks are calculated taking account of the current value of the underlying assets, the counterparty risk, the foreseeable market trend and the time available to liquidate the positions. This also applies to the following paragraphs.

The UCITS may, within the framework of its investment policy and the limits set under point 4.3.1.5, invest in financial derivatives insofar as, overall, the risks to which the underlying assets are exposed do not exceed the investment limits set under point 4.3.1. When the UCITS invests in financial derivatives based on an index, these investments are not necessarily combined with the limits fixed under point 4.3.1.

Where a derivative is embedded in a transferable security or a money market instrument, the derivative must be taken into account when applying the provisions of this Article.

#### 4.2.2. Securities financing transactions

The UCITS does not engage in the following securities financing transactions falling within the scope of the Regulation (EU) 2015/2365 of 25 November 2015:

- Repurchase transactions;
- Securities or commodities lending and securities or commodities borrowing;
- Buy-sellback or sell-buyback transactions;
- Margin lending transactions.

If the Fund does make use of transactions of this type, the prospectus must be updated in accordance with the provisions of Regulation (EU) 2015/2365.

The Fund does not enter into reverse repurchase agreements or repurchase agreements.

#### 4.3. Use of benchmark

##### 4.3.1. Benchmark

4.3.1.1. In accordance with the Investment Policy of the individual sub-fund, 'benchmark' refers to an index serving as a point of reference to allow the performance and composition of the sub-funds' portfolios to be measured.

4.3.1.2. Unless stated otherwise in its Investment Policy, the sub-fund which refers to a benchmark is actively managed and does not set out to track the benchmark and may invest in securities that are not included in the benchmark.

4.3.1.3. Investors should be aware that the performance of the sub-fund can deviate from the performance of the benchmark. This deviation is measured by means of the tracking error, which indicates the volatility of the difference between the performance of the sub-fund and that of its benchmark. The expected tracking error is set out in the table below. Investors should be aware that the tracking error can vary according to market conditions. While it is the intention of the sub-funds to outperform the benchmark, sub-funds with a lower level of deviation from the benchmark are more likely to have a more limited extent to outperform the benchmark.

Name of the sub-fund	Benchmark	Expected tracking error	Administrator of the benchmark listed in the ESMA Register
<b>KBC Renta Eurorenta Responsible Investing</b>	JP Morgan European Monetary Union Investment Grade Index (EMU IG)	1%	No
<b>KBC Renta Dollarenta</b>	JP Morgan Government Bond Index (GBI) United States	1.25 %	No
<b>KBC Renta Canarenta</b>	JP Morgan Government Bond Index (GBI) Canada	< 0.5%	No
<b>KBC Renta Czechrenta Responsible Investing</b>	JP Morgan Government Bond Index (GBI) Czech Republic	0.75%	No
<b>KBC Renta Nokrenta Responsible Investing</b>	Bloomberg Norwegian Krone Aggregate: Treasuries Total Return Unhedged	< 0.5%	No

##### 4.3.2. Inclusion in the European Securities and Markets Authority's register

4.3.2.1 Information about certain of the Sicav's sub-funds that is included in this prospectus may make reference to the use of benchmarks. Under Regulation (EU) 2016/1011 of the European Parliament and of the Council (the 'Benchmark Regulation'), the Sicav is required to disclose information on the inclusion of the benchmarks' administrator(s) in the register of approved administrators and benchmarks as established by the European Markets and Securities Authority (the 'ESMA Register').

4.3.2.2. The Benchmark Regulation provides benchmark administrators with a transitional period for inclusion in the ESMA Register (ending 31 December 2023). The Sicav will monitor the inclusion of entities acting as benchmark administrator(s) used by sub-funds of the Sicav in the ESMA Register and will amend this prospectus accordingly.

##### 4.3.3. Contingency plan

4.3.3.1. The Management Company of the Sicav has drafted a contingency plan on the actions to be taken in case a benchmark used by one or more of the UCI's sub-funds materially changes or ceases to be provided.

Contingency plans can be viewed without charge at the registered office of the management company, IVESAM NV, 2 avenue du Port, B-1080 Brussels, Belgium.

Situations where a benchmark might materially change include, but are not limited to:

- The benchmark or its administrator is delisted from ESMA's register;
- The geographical, economical or sectoral scope of the benchmark significantly changes; and
- A new benchmark becomes available that is regarded as the market standard for investors in the particular market and/or as of greater benefit to the fund's investors.

Examples of situations where a benchmark ceases to be provided include, but are not limited to:

- The benchmark ceases to exist;
- The benchmark administrator withdraws the licence to use the benchmark; or
- A new benchmark supersedes the existing benchmark.

4.3.3.2. If a benchmark used by one or more of the UCI's sub-funds materially changes or ceases to be provided, a suitable replacement will be sought.

Elements to be considered when selecting a replacement benchmark include, but are not limited to:

- The geographical, economical or sectoral scope of the new benchmark is in line with the existing benchmark;
- Preference will be given to benchmarks that are regarded as the market standard for investors in the private market; and
- Preference would be given to administrators with an existing license with KBC Asset Management, should this result in lower costs.

4.3.3.3. If no replacement benchmark can be found, consideration can be given to, for example, amending the sub-fund's investment policy or proposing the fund's liquidation.

4.3.3.4. The principles stated above and in the contingency plan are without prejudice to the provisions stipulated in the Information concerning the sub-funds.

## **4.4. Diversification**

### **4.4.1. General rules**

4.4.1.1. The UCITS may not invest more than 10% of its assets in transferable securities or money market instruments issued by the same body. The UCITS may not invest more than 20% of its assets in deposits with the same body. The counterparty risk of the UCITS in an OTC derivatives transaction may not exceed 10% of its assets where the counterparty is a credit institution referred to under point 4.1.3.1 or 5% of its assets in other cases.

4.4.1.2. The total value of the transferable securities and money market instruments held by a UCITS of issuers in which it has, in each case, invested more than 5% of its assets may not exceed 40% of the value of its assets. This limit does not apply to deposits with financial institutions subject to prudential supervision and to OTC derivatives transactions with these institutions.

Notwithstanding the individual limits set under point 4.4.1.1, the UCITS may not combine:

- investments in transferable securities or money market instruments issued by one and the same issuing body;
- deposits with one and the same body; and/or
- exposures stemming from OTC derivative transactions with one and the same body,

that exceed 20% of its assets.

4.4.1.3. The limit mentioned in the first sentence of point 4.4.1.1 will be set at a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-EU state or by public international institutions of which one or more EU Member States are members.

4.4.1.4. The limit mentioned in the first sentence of point 4.4.1.1 will be set at a maximum of 25% for certain bonds, if they are issued by a credit institution that has its registered office in an EU Member State and is subject by law to specific State supervision designed to protect the bondholders. In particular, the sums deriving from the issue of these bonds must be invested, in accordance with the law, in assets which, throughout the duration of the bonds, are able to cover the claims arising from the bonds and which, in the event of the bankruptcy of the issuer, would be used on a priority basis for the repayment of the principal and payment of the accrued interest.

Where a UCITS invests more than 5% of its assets in the bonds mentioned in the first paragraph that are issued by

a single issuer, the total value of these investments may not exceed 80% of the value of the assets of the UCITS.

4.4.1.5. The transferable securities and money market instruments referred to in paragraphs 4.4.1.3 and 4.4.1.4 are not taken into account for the purposes of the 40% limit mentioned in paragraph 4.4.1.2.

The limits specified in points 4.4.1.1, 4.4.1.2, 4.4.1.3 and 4.4.1.4 may not be combined. Consequently, investments in the securities or money market instruments issued by one and the same body, in deposits or derivatives made with this same body in accordance with points 4.4.1.1, 4.4.1.2, 4.4.1.3 and 4.4.1.4 may not exceed 35% in total of the assets of the UCITS.

Companies grouped together for the purposes of producing consolidated accounts within the meaning of Directive 83/349/EEC, or in accordance with generally accepted international accounting rules, are considered as a single entity for the calculation of the limits laid down in this article.

A single UCI may, on an aggregate basis, invest up to 20% of its assets in transferable securities and money market instruments of the same group.

#### **4.4.2. Replication of an index**

4.4.2.1. Without prejudice to the limits provided for under 4.5, the limits specified under 4.4.1 will be set at maximum 20% for investments in shares and/or bonds issued by one and the same body where, in accordance with the UCITS' instruments of incorporation, the objective of the UCITS' investment policy is to replicate the composition of a specific share or bond index recognised by the CSSF, provided that:

- the composition of the index is sufficiently diversified;
- the index constitutes a representative benchmark for the market to which it refers;
- it is published appropriately.

4.4.2.2. The limit provided for under 4.4.2.1 is set at 35% where this is justified by exceptional conditions on the markets, and especially on the regulated markets where certain transferable securities or certain money market instruments predominate. Investment up to this limit is only permitted for a single issuer.

#### **4.4.3. Exceptions to diversification**

**4.4.3.1. Contrary to point 4.4.1, the Sicav is authorised, in accordance with the principle of spreading risk, to invest up to 100% of its assets in different issues of securities and money market instruments issued or guaranteed by a Member State, its regional or local authorities, an OECD Member State, Singapore, Brazil, Russia, Indonesia and South Africa, or by public international institutions of which one or more EU Member States are members, provided that the securities come from at least six different issues and that securities from any single issue may not exceed 30% of the total amount.**

### **4.5. Limits on participating interests**

4.5.1. The Sicav may not acquire shares with voting rights allowing it to exert a significant influence on the management of an issuer.

4.5.2. Nor may a UCITS acquire more than:

- 10% of the non-voting shares of any single issuer ;
- 10% of the bonds of any single issuer ;
- 25% of the shares/units in any single UCITS and/or other UCI ;
- 10% of the money market instruments issued by a single issuer.

The limits provided for under the second, third and fourth bullets need not be respected at the time of acquisition if, at that time, it is not possible to calculate the gross amount of the bonds or money market instruments or the net amount of the securities issued.

4.5.3. Points 4.5.1 and 4.5.2 do not apply in respect of:

4.5.3.1. Transferable securities and money market instruments issued or guaranteed by a Member State of the European Union or its local authorities.

4.5.3.2. Transferable securities and money market instruments issued or guaranteed by a non-EU Member State.

4.5.3.3. Transferable securities and money market instruments issued by a public international institution of which one or more Member States of the European Union are members.

4.5.3.4. Shares held by a UCITS in the capital of a company incorporated in a non-EU State investing its assets mainly in securities of issuers established in this State where, pursuant to the legislation of that State, an investment of this kind is the only way for the UCITS to invest in securities of issuers of the State in question. This exception only applies, however, provided that the company incorporated in a non-EU State respects in its investment policy the limits set out under points 4.4.1., 4.4.2. and 4.5.1. and 4.5.2. In the event that the limits set out under points 4.4.1 and 4.4.2 are exceeded, point 4.6 of Article 49 will apply *mutatis mutandis*.

4.5.3.5. Shares held by one or more investment companies in the capital of subsidiary companies engaging solely

in management, advisory or marketing activities exclusively for these companies in the country where the subsidiary is located, with regard to the redemption of units/shares at the request of holders.

## **4.6. Exceptions to the investment policy**

4.6.1. The UCITS shall not necessarily be required to comply with the limits set out in Section 4 when exercising subscription rights connected to securities or money market instruments that form part of its assets.

Whilst ensuring that the risk-spreading principle is respected, newly authorised UCITS may derogate from points 4.4.1, 4.4.2 and 4.4.3. for a period of six months from the date of their authorisation.

4.6.2. If the limits referred to in paragraph 4.6.1 are exceeded for reasons beyond the control of the UCITS or as a result of the exercise of subscription rights, the priority objective of the UCITS in its sales transactions must be to rectify this situation, taking due account of investors' interests.

4.6.3. If the issuer is a legal entity with multiple sub-funds where the assets of one sub-fund are available exclusively to satisfy the rights of investors in relation to this sub-fund and the rights of creditors whose claims derive from the creation, operation or liquidation of this sub-fund, each sub-fund is to be considered as a separate issuer for the purposes of the application of the risk-spreading rules set out under 4.4.1 and 4.4.2.

## **4.7. Prohibitions**

4.7.1. The UCITS may not borrow.

However, a UCITS may acquire foreign currency by means of a 'back-to-back' loan.

4.7.2. By way of derogation from 4.7.1, the UCITS may borrow:

4.7.2.1. Up to 10% of its assets, provided that the borrowing is on a temporary basis.

4.7.2.2. Up to 10% of its assets, in the case of investment companies, provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of its business. In this case the borrowing and that referred to in 4.7.2.1 may not in any case in aggregate exceed 15% of its assets.

4.7.3.4. Without prejudice to the application of points 4.1 and 4.2, the UCITS may neither grant loans nor act as a guarantor on behalf of third parties. This prohibition does not prevent the UCITS from acquiring securities, money market instruments or other financial instruments referred to in points 4.1.2, 4.1.4 and 4.1.5 that are not fully paid.

4.7.4. The UCITS may not carry out short sales of transferable securities, money market instruments or other financial instruments mentioned under 4.1.2, 4.1.4 and 4.1.5.

## **5. Risk management**

The Management Company employs a risk management method that allows it to check and measure at any time the risk associated with the positions and the contribution they make to the overall risk profile of the Sicav's portfolios; it uses a method that allows the OTC derivative instruments to be valued precisely and independently.

The method used is the 'commitment approach'. For those sub-funds that require the 'value at risk' method to be used, this method will be used, and this will be indicated for the sub-fund concerned.

The risk management carried out by the Management Company is organised according to the type of risk and covers the following aspects, among others :

- Compliance : control of compliance with the investment restrictions and other limits imposed by the relevant regulations.
- Market risk : the risk that the entire market or a class of assets will fall, which will have an effect on the price and value of the assets in the portfolio. In an equity fund, for instance, there is a risk that the equity market in question will fall, and, in a bond fund, a risk that the bond market in question will fall. The higher the volatility of the market in which the UCI invests, the greater the risk. Such markets are subject to significant fluctuations in return.
- Credit risk : the risk that an issuer or counterparty will default and fail to meet its obligations regarding the fund. This is a real risk if the Fund invests in debt instruments. Debtor quality also affects the credit risk (e.g., an investment in a debtor with a high rating, such as investment grade, will pose a lower credit risk than an investment in a debtor with a low rating, such as speculative grade). Changes in the quality of debtors can have an impact on the credit risk.
- Settlement risk : the risk that settlement via a payments system fails to take place as expected because payment or delivery by a counterparty does not occur or does not satisfy the original criteria. This is a real risk if the UCI invests in regions where the financial markets are not well developed. This risk is limited in regions where the financial markets are well developed.
- Liquidity risk : the risk that a position cannot be liquidated on time at a reasonable price. This means that the UCI has to liquidate its assets at a less favourable price or after a certain period. This is a real risk if the UCI invests in instruments for which there is no market or if the market is limited, For example, in the case of unlisted investments and direct real estate investments. OTC derivatives may also lack liquidity.

- Exchange or currency risk : the risk that the value of an investment will be affected by exchange rate fluctuations. This is a real risk only if the UCI invests in assets that are denominated in a currency with a trend that differs from that of the reference currency of the sub-fund. For instance, a sub-fund denominated in US dollars will not be exposed to any currency risk when investing in bonds or equities denominated in US dollars. It will however be exposed to a currency risk in the case of investments in bonds or shares denominated in euros.
- Custody risk : the risk of the loss of assets placed in custody as a result of insolvency, negligence or fraud on the part of the custodian or a sub-custodian.
- Concentration risk : the risk relating to a high concentration of investments in specific assets or in specific markets. This means that the performance of those assets or markets will have a significant impact on the value of the UCI's portfolio. The greater the diversification of the UCI's portfolio, the lower the concentration risk. This risk will also be higher in more specialised markets (e.g., specific regions, sectors or themes) than in broadly diversified markets (e.g., a worldwide allocation).
- Performance risk: the risk relating to the performance, including the fact that the risk may vary according to the choice of each fund and the presence or absence of any third-party guarantees or limits to which these are subject. This risk is also affected by the market risk and the level of active management used by the manager.
- Capital risk: the risk relating to capital, including the potential risk of erosion due to the redemption of units and the distribution of profit in excess of the investment return. This risk can be limited by, for example, loss-mitigation, capital-protection or capital-guarantee techniques.
- Flexibility risk: the risk of inflexibility attributable to the product itself, including the risk of early redemption, and restrictions on switching to other providers. This risk can mean that the UCI is unable to take the desired actions at certain times. It can be higher in the case of funds or investments subject to restrictive laws or regulations.
- Inflation risk: this risk is dependent on inflation. It applies, for example, to long-term fixed-income bonds.
- Environmental factors: uncertainty concerning the changeability of external factors (such as the tax system or amendments to the law and regulations) that could affect how the fund operates.
- Tracking error risk: the tracking error indicates the volatility of the difference between the performance of the sub-fund and that of its benchmark. The tracking error can arise from differences in the weighting of securities, price differences, transaction costs, non-invested cash instruments and fund administration costs. The tracking error can increase in the event of substantial market volatility.
- Sustainability risk: the management company defines sustainability risk as the risk that investment returns will be adversely affected by environmental, social or governance risks.

Environmental risk refers to the risk that investment returns will be adversely affected by environmental factors, including factors resulting from climate change and from other environmental damage.

Social risk is defined as the risk that investment returns will be adversely affected by social factors.

Governance risk is defined as the risk that investment returns will be adversely affected by governance factors.

The nature of these risks varies according to a time scale:

- In the short term, sustainability risk is generally an event risk. Risks of this kind do not generally affect returns unless the event occurs. Examples of such events include accidents (e.g. triggering litigation in pursuit of compensation for environmental damage); trials and fines (e.g. failure to respect social legislation); scandals (e.g. when a business is subject to bad publicity because human rights have not been respected throughout its supply chain or because a company's products do not comply with the promised ESG (Environmental, Social and Governance) standard. Sustainability risks of this kind are deemed to be higher when an issuer is less stringent in its pursuit of ESG standards; and
- In the longer term, the sustainability risk relates to risks that can develop over a longer period, such as: exposure to commercial activities that could come under pressure from climate change (e.g. certain segments of the automotive industry); shifting client preferences towards products (e.g. preference for more sustainable products); recruitment difficulties; increased costs (e.g. insurance companies facing losses attributable to changing weather conditions). Since this risk develops over a longer period, businesses can mitigate it by, for instance, adjusting their product range or improving their supply chains.

The management company takes account of these sustainability risks in its investment policy by:

- by defining an exclusion policy (the "Exclusion Criteria") that applies to all funds and sub-funds. (More detailed information is available at [www.ivesam.be/documentation-investments](http://www.ivesam.be/documentation-investments) > General exclusion policy for conventional and Responsible Investing funds); and

- II. by identifying the sub-funds to which additional responsible investing criteria apply. The additional criteria are, where applicable, specified in the “Sub-fund investment policy” section in the description of the sub-funds and at [www.ivesam.be/documentation-investments](http://www.ivesam.be/documentation-investments) > Exclusion policies for responsible investing funds. For these sub-funds, the sustainability risk is lower.

KBC AM's investment policy continuously assesses the underlying investments at issuer level, but also (where applicable) at asset allocation or geographic or sector allocation level. These regular reviews consider sustainability risk as one of many things that can affect performance. The responsible investing research team assigns an ESG risk rating to most companies included in common indices and to a selection of small and medium-sized enterprises based on the data supplied by an ESG data provider. ESG risk ratings are shared internally with the portfolio managers and strategists so they can be considered as part of the investment decision-making process. You will find more detailed information on our responsible investing methodology in this policy document [www.ivesam.be/documentation-investments](http://www.ivesam.be/documentation-investments) > Investment policy for responsible investing funds.

The Management Company also calculates and supervises the risk profile of the sub-funds, the risk profile of the target investor and the risks inherent in the sub-funds, as specified for each sub-fund in the detailed description of the sub-funds and in the simplified prospectus.

## **6. Appropriation of income**

The Annual General Meeting of Shareholders of each sub-fund shall decide on the appropriation of income on a proposal from the Board of Directors.

Should the Board propose payment of a dividend to the General Meeting of Shareholders of a sub-fund, this dividend will be calculated according to the limits laid down by law and the Articles of Association.

For class A shares, the Board of Directors will propose that a dividend be distributed subject to the limits of the amount available accruing to them.

The distribution of a dividend may take place without regard to all realised and unrealised capital gains and losses. In addition, the dividends may include the distribution of capital, provided that, after distribution, the net assets of the Sicav exceed 1 250 000 euros.

The profit accruing to class B shares shall be capitalised.

Notice of all dividend payments shall be published in the Luxemburger Wort and in any other daily newspaper that the Board of Directors considers appropriate.

If deemed appropriate, the Board of Directors may pay interim dividends.

## **7. The Management Company: IVESAM NV**

### **7.1. Board of Directors of the Management Company**

*Chairman:*

Mr Johan LEMA

KBC Asset Management NV, President of the Executive Committee, 2 avenue du Port, B – 1080 Brussels, Belgium.

*Directors:*

Mr Juergen VERSCHAEVE

KBC Asset Management NV, Executive Director, 2 avenue du Port, B-1080 Brussels, Belgium.

Mr Christiaan STERCKX

KBC Asset Management NV, Executive Director, 2 avenue du Port, B-1080 Brussels, Belgium.

### **7.2. Natural persons to whom the executive management of the Management Company has been entrusted**

Mr Juergen VERSCHAEVE

KBC Asset Management NV, Executive Director, 2 avenue du Port, B-1080 Brussels, Belgium.

Mr Christiaan STERCKX

KBC Asset Management NV, Executive Director, 2 avenue du Port, B-1080 Brussels, Belgium.

### **7.3. Registered office of the Management Company**

2 avenue du Port, B-1080 Brussels, Belgium.

### **7.4. Date of incorporation of the Management Company**

The Management Company was initially established on 1 December 1999 under the name KBC Institutionals Gestion SA. The name of the Management Company was changed to KBC Asset Management SA on 10 February 2006.

The Management Company was authorised by the CSSF under Article 101 of Section 15 of the Law, with effect from 10 February 2006.

KBC Asset Management S.A. has transferred its registered office to Belgium on 1 April 2022 and changed its name to IVESAM NV (public limited company). IVESAM NV has been authorised by the Belgian regulator, the FSMA, pursuant to the Belgian Law of 3 August 2012 on undertakings for collective investment meeting the conditions of Directive 2009/65/EC and undertakings for investment in debt instruments (the “2012 Law”) and the Law of 19 April 2014 on alternative investment funds and their managers, as amended (the “2014 Law”).

### **7.5. Issued and fully-paid capital of the Management Company**

The issued capital, which is fully paid up, of the Management Company is 4 152 937 euros.

### **7.6. Sicavs and Fonds Communs de Placement (FCPs) that have appointed the Management Company.**

#### **UCITS Management Company**

*Luxembourg SICAV:*

KBC Bonds, KBC Renta & Global Partners

#### **Alternative Investment Fund Manager**

*Luxembourg SICAV:*

KBC Interest Fund, KBC Institutional Interest Fund, KBC Select Investors & Contribute Partners

*FCP:*

KBC Life Invest Fund, KBC Life Privileged Portfolio Fund, KBC Life Institutional Fund & KBC Life Invest Platform

### **7.7. Appointment by the Sicav of the Management Company and responsibilities of the Management Company**

#### **7.7.1. Appointment by the Sicav of the Management Company**

Pursuant to the agreement which came into force on 1 April 2022, the SICAV has appointed IVESAM NV as Management Company in accordance with the 2012 Law and the 2014 Law.

#### **7.7.2. Management activities**

##### **7.7.2.1. General**

The object of the Management Company is to manage undertakings for collective investment pursuant to the 2012 Law. This management activity covers the portfolio management, administration and marketing of undertakings for collective investment such as the Sicav.

##### **7.7.2.2. Activities carried out on behalf of the Sicav**

- Portfolio management
- Central administration: The Management Company has delegated the central administration to Brown Brothers Harriman (Luxembourg) S.C.A. (see 11. Central administration).

### **7.8. Statutory auditor of the Management Company**



PriceWaterhouseCoopers Belgium, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium, represented by Gregory Joos, statutory auditor.

## 8. Fund manager

The Management Company may delegate the management of one or more sub-funds to one or more fund managers. In such cases, the detailed description of such sub-fund(s) in Appendix 1 shall give details of this delegation, the fund manager to whom the management has been delegated and the fees payable.

## 9. Responsible investing

Some sub-funds of the SICAV follow an investment policy that aims to invest in transferable securities issued by companies or public bodies of a responsible nature.

Each sub-fund (directly or indirectly) pursues responsible investment objectives based on a dual approach: a negative screening and positive selection methodology. This approach will be gradually implemented in the portfolio from 9 September 2022. KBC Asset Management NV has a team of expert researchers responsible for this dual approach. They are supported by an independent advisory committee (the "Responsible Investing Advisory Board") composed of a maximum of 12 people who are not affiliated with KBC Asset Management NV and whose sole responsibility is to oversee the dual approach and the activities of the expert researchers. A representative of KBC Asset Management NV exercises the role of secretariat of the advisory committee. In addition, KBC Asset Management NV works with data providers specialising in responsible investing that provide data to specialist researchers, who process and supplement the data with publicly available information (including annual reports, media publications, etc.)

The manager then seeks to invest to the greatest possible extent in assets belonging to this universe. In order to build this sustainable universe, issuers are subject to negative screening and a positive selection methodology.

### Negative screening

In practical terms, the end result of this negative screening procedure is that the sub-funds exclude, in advance, from the responsible investment universe those issuers that fall under the exclusion policies available for inspection at [www.ivesam.be/documentation-investments](http://www.ivesam.be/documentation-investments) > Exclusion policies for responsible investing funds.

The application of these policies means that issuers involved in activities such as the tobacco industry, weapons, gambling and adult entertainment are excluded from the investment universe of the sub-funds. This filtering also makes it possible to exclude from the sub-funds' investment universe any issuers that seriously violate the fundamental principles of environmental protection, social responsibility and good governance.

These negative screening principles are not exhaustive and may be adapted from time to time under the supervision of the Responsible Investing Advisory Board.

### Positive selection methodology

Within the limits of the investment universe as defined in the "Investment policy of the sub-fund" section and the other limits described above and in the sections relating to each sub-fund, the responsible investment objectives of the sub-funds are as follows:

(1) to promote the integration of sustainability into the policy decisions of governments, supranational debtors and/or government-related agencies, favouring governments, supranational debtors and/or government-related agencies with a better ESG score, where ESG stands for "Environmental, Social and Governance";

(2) to promote climate change mitigation, with a preference for governments, supranational debtors and/or issuing agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target;

(3) to support sustainable development by including governments, supranational debtors and/or government-related agencies that contribute to the United Nations Sustainable Development Goals; and

(4) to support sustainable development by encouraging the transition to a more sustainable world through bonds financing green and/or social projects.

The specific objectives of the sub-funds are available in their respective sections.

## 10. Custodian

Brown Brothers Harriman (Luxembourg) S.C.A., société en commandite par actions, with its registered office at 80, route d'Esch, L-1470 Luxembourg, has been designated as the Sicav's Custodian on the basis of an agreement entered into on 17 May 2016 which has been amended and updated with effect from 1 April 2022.

Brown Brothers Harriman (Luxembourg) S.C.A. is a credit institution incorporated on 9 February 1989. As Custodian, Brown Brothers Harriman (Luxembourg) S.C.A. performs the usual duties in accordance with Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations

and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended by Directive 2014/91/EU of 23 July 2014 on the coordination of laws, regulations and administrative provisions in respect of custodian functions, remuneration policies and sanctions and the Law.

Specifically, the custodian must ensure that:

- a) the sale, issue, repurchase, redemption and cancellation of the Sicav's shares are carried out in accordance with the law and with the Sicav's Articles of Incorporation ;
- b) the value of the Sicav's shares is calculated in accordance with the law, the Articles of Incorporation and the Prospectus ;
- c) The instructions of the Management Company or the Sicav are carried out, unless they conflict with the law or the Sicav's Articles of Incorporation ;
- d) in transactions involving the Sicav's assets, the consideration for the transactions is remitted to it within the customary periods ;
- e) the Sicav's products are applied in accordance with Luxembourg law, the Articles of Incorporation and the Prospectus ;
- f) it is able to supply a full inventory of all the Sicav's assets.

The custodian will ensure that the Sicav's liquid asset flows are correctly tracked and, more specifically, that all payments made by shareholders or on their account when subscribing to shares in the Sicav have been received and that all the Sicav's liquid assets have been recorded in cash accounts that are:

- a) opened in the Sicav's name or that of the Custodian acting on the Sicav's behalf;
- b) opened at an entity as defined by Article 18(1a, b and c) of Commission Directive 2006/73/EC; and
- c) held in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

Custody of the Sicav's assets must be entrusted to a Custodian, taking account of the following elements:

- a) In the case of financial instruments, the safekeeping of which can be ensured, the Custodian:
  - i) must ensure the safekeeping of all the financial instruments that can be entered in a custody account held at the Custodian, and of all financial instruments that can be delivered physically to the Custodian;
  - ii) must ensure that all the financial instruments that can be entered in a custody account held at the Custodian are registered at the Custodian in separate accounts, in accordance with the principles set out in Article 16 of Directive 2006/73/EC, opened in the Sicav's name, such that they may be clearly identified at all times as belonging to the Sicav, in accordance with applicable law.
- b) In the case of other assets, the Custodian:
  - i) must verify that the Sicav is the owner of these assets by evaluating, based on information or documents furnished by the Sicav and, where appropriate, external proofs, whether the Sicav holds the ownership rights;
  - ii) must maintain a register of assets of which it knows the Sicav to be the owner and must ensure the updating of this register.

The Sicav's assets may not be reused other than under the conditions described in the Law and Directive 2009/65/CE.

The Custodian will maintain full and detailed company policies and procedures requiring the Custodian to comply with the applicable laws and regulations.

The Custodian has policies and procedures governing the management of conflicts of interest. These policies and procedures deal with the conflicts of interest that can result from the supply of services to the UCITS.

The Custodian's policies require that all material conflicts of interest involving internal and external parties be acknowledged without delay, reported to management, registered, and where applicable, mitigated and/or neutralised. Where a conflict of interest cannot be avoided, the Custodian must maintain and apply effective organisational and administrative measures in order to take all reasonable precautions to (i) report the conflicts of interest to the Sicav and its shareholders and (ii) to manage and monitor such conflicts.

The Custodian will ensure that its employees are informed, trained and advised on conflict of interest policies and procedures, and that tasks and responsibilities are separated in an appropriate manner in order to avoid conflicts of interest.

Compliance with the conflict of interest policies and procedures will be supervised and checked by the Executive Committee as general partner and by the authorised management of BBH, as well as by the Custodian's compliance, internal audit and risk management functions.

The Custodian will take all reasonable precautions to identify and mitigate potential conflicts of interest. This includes the implementation of its conflict of interest policies, which are appropriate for the scale, complexity and nature of its activities. This policy identifies the circumstances that give, or might give rise to a conflict of interest, and includes the procedures to be followed and the measures to be adopted to manage conflicts of interest. The Custodian will maintain and monitor a register of conflicts of interest.

The Custodian will also act as administrative agent in accordance with the terms of the fund management agreement between the Custodian and the Management Company. The Custodian has implemented an appropriate separation of activities between its custodian services and its fund management services, including the reporting and governance procedures. The custodian function will, moreover, be hierarchically and functionally distinct from the fund management services unit.

The Custodian may delegate the custody of the Sicav's assets to sub-custodians, subject to the conditions set out by current law and regulations and the provisions of the custody agreement. The Custodian must have a process in place designed to select the highest-quality sub-custodian in each market. The Custodian must exercise appropriate care and diligence in selecting and designating each sub-custodian, to ensure that each sub-custodian possesses and maintains the required competence. The Custodian should also determine periodically whether the sub-custodians are complying with the applicable legal and regulatory obligations and must continuously monitor each sub-custodian, to ensure that it continues to meet its obligations in an appropriate manner. The list of its sub-custodians is available on the Management Company's website at [www.ivesam.be](http://www.ivesam.be) and clicking the 'Sub-custodian list and their BBH delegates' tab, or by sending a written request to the Custodian.

A conflict of interest might arise in situations in which the sub-custodians have or conclude a separate commercial and/or business relationship with the Custodian parallel to the sub-custody relationship. Conflicts of interest can potentially arise between the Custodian and the sub-custodian during the conduct of its business. In the event of a group connection between the sub-custodian and the Custodian, the Custodian undertakes to identify any potential conflict arising from this connection, where applicable, and to take all measures capable of avoiding these conflicts of interest.

The Custodian does not anticipate that it will have any specific conflicts of interest arising from delegation to a sub-custodian. The Custodian will notify the Board of Directors of the Sicav and the Management Company in the event that a conflict of this nature should arise.

Any other potential conflict of interest regarding the Custodian will be identified, mitigated and handled in accordance with the Custodian's policies and procedures.

Updated information on the Custodian's custody obligations and the conflicts of interest to which this might give rise can be obtained free of charge and on request from the Custodian.

The Custodian is liable to the Sicav or its investors for the loss of a financial instrument held in custody by the Custodian or a sub-custodian pursuant to the Law. This liability comprises a duty of restitution on the Custodian's part, unless it can prove that the loss resulted from an external event beyond its reasonable control, the consequences of which could not have been avoided even if all reasonable efforts to do so had been made.

The Custodian is also liable to the Sicav or its investors for all other losses suffered by them as a result of the Custodian's negligent or intentional failure to properly fulfil its duties in accordance with the Law.

## **11. Central administration**

The Management Company has delegated the functions of domiciliary agent, administrative agent and registrar and transfer agent to Brown Brothers Harriman (Luxembourg) S.C.A. pursuant to a contract that entered into effect on 20 June 2016 which has been amended and updated with effect from 1 April 2022. These contracts were concluded for an indefinite period and may be terminated by each party subject to three months' notice.

Brown Brothers Harriman (Luxembourg) S.C.A. was established on 9 February 1989 in the form of a société en commandite par actions (partnership limited by shares) under Luxembourg law. Its registered office is at 80 route d'Esch, L-1470 Luxembourg.

Brown Brothers Harriman (Luxembourg) S.C.A. will be paid by the Management Company.

Subscribers and/or distributors' personal details are processed by Brown Brothers Harriman (Luxembourg) S.C.A. ('BBH') to enable them to provide the administrative management of the Sicav, to ensure correct processing of transactions in accordance with the provisions of the prospectus and the contracts of service providers, to correctly allocate received payments, to ensure the correct payment of the agreed fees and to ensure the correct holding of general meetings. Subscribers or distributors are entitled to access the information on file about them in order to change, correct or update it.

## **12. Shares**

For each sub-fund and category, the shares are issued in registered form in the name of the investor. The shares will be admitted to clearing institutions, as the shareholder chooses.

In relations among investors, each sub-fund is treated as a separate entity.

The rights of creditors in respect of a sub-fund or rights deriving from the creation, operation or liquidation of a sub-

fund are limited to the assets of that sub-fund. The assets of a sub-fund are available exclusively to satisfy the rights of creditors whose claims derive from the creation, operation or liquidation of that sub-fund.

The register of shareholders is kept at 80 route d'Esch, L-1470 Luxembourg.

The Sicav offers two categories of share for each sub-fund: capitalisation shares (category B) and distribution shares (category A). For each sub-fund, the assets of these two classes are merged into a single pool. The shares are differentiated by their distribution policy: one class capitalises its income, the other pays a dividend.

The shares must be fully paid up and are issued at no par value.

There is no limit to the number of shares that may be issued.

The rights attached to the shares are those specified in the Luxembourg Act of 10 August 1915 on commercial companies, as modified if not suspended by the Law. The shares in each category and sub-fund have equal voting rights and rights to the proceeds of liquidation of the relevant sub-fund.

## **13. Net asset value**

### **13.1. General**

For each sub-fund, the net asset value per share and the issue and redemption prices are calculated on each bank business day (valuation day) in Luxembourg under the responsibility of the Sicav's Board of Directors. The net asset value for each share class of each sub-fund is determined by dividing the net asset value of the sub-fund concerned attributable to this class by the total number of shares outstanding in this class on the valuation date. If a valuation day is a public or bank holiday in Luxembourg, the valuation day will be the following banking day.

The percentage of the total net assets attributable to each share class of each sub-fund will be determined at the launch of the Sicav and comprises the number of shares issued in each class and sub-fund multiplied by the respective initial issue price. It will be subsequently adjusted on the basis of dividend distributions and subscriptions or redemptions as follows:

Firstly, when a dividend is paid out on distribution shares of a sub-fund, the assets attributable to this share class will be reduced by the total amount of the dividend (resulting in a reduction in the percentage of total net assets attributable to this share class), while the net assets attributable to this sub-fund's capitalisation share class will remain unchanged (resulting in an increase in the percentage of total net assets attributable to this share class);

Secondly, when shares of a class are issued or redeemed, the corresponding net assets will be increased by the amount received or decreased by the amount paid, respectively.

The net asset value of the Sicav's various sub-funds will be calculated as follows.

### **13.2. Assets**

#### **13.2.1. List of assets**

The Sicav's assets comprise, inter alia:

- 13.2.1.1. all cash in hand or on deposit, including interest due but not yet received and interest accrued on these deposits until the valuation day;
- 13.2.1.2. all bills and demand notes and accounts receivable, (including the proceeds of the sale of securities for which the price has not yet been received);
- 13.2.1.3. all securities, units, shares, bonds, options or subscription rights and other investments and securities belonging to the Sicav;
- 13.2.1.4. all dividends and payments receivable by the Sicav in cash or securities insofar as the Sicav is aware of them;
- 13.2.1.5. all interest due but not yet received and all interest generated until the valuation day by securities belonging to the Sicav, unless such interest is included in the capital amount of these securities;
- 13.2.1.6. the Sicav's formation expenses, to the extent that these have not been written off;
- 13.2.1.7. all other assets of any kind, including prepaid expenses.

#### **13.2.2. Valuation of the assets**

The value of these assets will be determined as follows:

- 13.2.2.1. The value of cash in hand or on deposit, of bills and demand notes and accounts receivable, prepaid expenses, dividends and interest declared or accrued but not yet received will be the nominal value of these assets, unless it appears unlikely that the full value can be received, in which case the value will be determined by making such deduction as the Sicav considers appropriate to reflect the true value thereof.

- 13.2.2.2. The value of all securities admitted to official listing on a stock exchange or traded on another market that is regulated, regularly operating, recognised and open to the public will be determined on the basis of the last known price in Luxembourg on the valuation day, and, if these securities are traded on more than one market, on the basis of the last known price on the main market for the relevant securities. If this price is not representative, the value will be determined on the basis of the foreseeable sale price, estimated prudently and in good faith by the Board of Directors.
- 13.2.2.3. Securities not listed or traded on a stock exchange or any other market that is regulated, regularly operating, recognised and open to the public will be valued on the basis of the foreseeable sale value, estimated prudently and in good faith.
- 13.2.2.4. Securities expressed in a currency other than the currency of the sub-fund will be converted into the currency of the sub-fund at the exchange rate obtaining on the banking day concerned or at the exchange rate provided for by the forward contracts.

### **13.3. Liabilities**

#### **13.3.1. List of liabilities**

The Sicav's liabilities comprise, inter alia:

- 13.3.1.1. all loans, securities that have matured and accounts payable;
- 13.3.1.2. all known liabilities, present and future, including all matured contractual obligations to make payment in cash or in kind, including the amount of any unpaid dividends declared by the Sicav.
- 13.3.1.3. all reserves authorised and approved by the Board of Directors, specifically those set aside to cope with a potential loss in value of certain of the Sicav's investments;-
- 13.3.1.4. all other liabilities of the Sicav of any nature whatsoever, except for those represented by the Sicav's capital and reserves. For the purposes of valuing these other liabilities, the Sicav will take account of all expenses to be paid by it, including, without limitation, its formation expenses and expenses to subsequently amend the Articles of Association, fees and expenses payable to the investment adviser, managers, accountants, custodians and correspondent banks, domiciliary and administrative agents, registrar and transfer agents, paying agents or other agents and employees of the Sicav, as well as permanent representatives of the Sicav in the countries where it is subject to a registration requirement, expenses for legal counsel and for the auditing of the Sicav's annual accounts, promotional expenses, printing and publishing expenses for documents used to sell the shares, printing expenses for the annual and interim financial statements, expenses for holding shareholder meetings and meetings of the Board of Directors, the reasonable travel expenses of directors and managers, attendance fees, the expense of registration declarations, all taxes and duties imposed by government authorities and the stock exchanges, the costs of publishing issue and redemption prices, as well as all other operating expenses including financial, banking or broking expenses incurred on the purchase or sale of assets or otherwise, and all other administrative expenses.

#### **13.3.2. Valuation of the liabilities**

For the purpose of valuing these liabilities, the Sicav will take account on a pro rata basis of administrative and other expenses that recur regularly or periodically.

#### **13.3.3. Other principles**

- 13.3.3.1. In respect of third parties, the Sicav constitutes a single legal entity, and all liabilities are binding on the Sicav as a whole, regardless of the sub-fund to which these debts are allocated.-- The assets, liabilities, fees and expenses that are not attributable to any one sub-fund will be allocated to the various sub-funds in equal proportions or, where the amounts in question warrant, in proportion to their respective net assets.
- 13.3.3.2. In relations among shareholders, each sub-fund is treated as a separate entity.
- 13.3.3.3. Any share of the Sicav that is in the process of being redeemed will be considered to be an issued and existing share until the close of the valuation day applying to the redemption of this share, and the price thereof will be considered a liability of the Sicav from the close of that day until the price has been paid.  
  
Any share to be issued by the Sicav in response to subscription applications received will be considered to have been issued from the close of the valuation day applying in respect of its issue price and the price thereof will be considered as an amount receivable by the Sicav until it is actually received by the Sicav.
- 13.3.3.4. Account will be taken, as far as possible, of all investments or divestments decided upon by the Sicav until the valuation day.

## **14. Suspension of calculation of the net asset value**

The Board of Directors is authorised to temporarily suspend calculation of the net asset value of one or more of the

Sicav's sub-funds and the net asset value of each class of shares, as well as the issue or redemption of shares in the following cases:

- 14.1. during any period when a market or stock exchange that is the main market or exchange on which a substantial proportion of the Sicav's investments is traded at a given time is closed for a reason other than normal holidays, or when trading on that market or exchange is suspended or subject to major restrictions;
- 14.2. when the political, economic, military, monetary or social situation or any occurrence of force majeure beyond the Sicav's control prevents it from disposing of its assets by reasonable and normal means, without seriously compromising shareholders' interests;
- 14.3. when exchange or capital movement restrictions prevent transactions being carried out on behalf of the Sicav or when the buying or selling of the Sicav's assets cannot take place at normal exchange rates;
- 14.4. as soon as the announcement is published that a general meeting has been convened for the purpose of passing a resolution for the dissolution of the Sicav.

In exceptional circumstances that could adversely affect shareholders' interests, or in the event of requests for redemptions exceeding 10% of the net assets of the sub-fund, the Sicav's Board of Directors reserves the right to postpone calculation of the value of a share until after carrying out the requisite sales of securities on behalf of the sub-fund.

In this case, subscriptions and redemptions already in the pipeline will be processed on a priority basis according to the net value calculated in this way.

Subscribers and shareholders presenting shares for redemption will be advised that the calculation of the net asset value has been suspended.

Pending subscriptions and redemption applications may be withdrawn by written notification provided that the notification is received by the Sicav before the suspension comes to an end.-

Pending subscriptions and redemptions will be taken into consideration on the first valuation day following the end of the suspension.

## **15. Issuance of shares and subscription and payment procedure**

The Board of Directors is authorised to issue shares of any sub-fund and any class at any time and without limitation.

The Sicav's shares are not being offered for frequent trading by investors seeking to take advantage of short-term fluctuations in the relevant markets. The Sicav will not be managed and is not intended to serve as a vehicle for such transactions. This type of activity, considered to constitute 'market timing', could be prejudicial to the Sicav's shareholders. The Sicav is therefore entitled to refuse any request to subscribe to shares that it considers, in good faith, to constitute market timing activity involving the Sicav's assets.

The Sicav will take the necessary measures to rule out 'late trading' and to ensure that the subscription, redemption and conversion orders are accepted at a time when the net asset value applying to these orders is not yet known.

### **15.1. Initial subscription**

The price of and fee charged for subscriptions during the initial subscription period are specified in Appendix 1.

### **15.2. Subsequent subscriptions**

After the initial subscription period, the shares will be issued at a price corresponding to the net asset value per share, plus an entry fee of 2.5% maximum payable to the professional intermediaries.

This fee is currently 2.5% in Belgium and Luxembourg.

The rate of this entry fee is set, and may be changed, by the Board of Directors. Shareholders will be notified by means of an announcement in the annual report.

### **15.3. Procedure**

Subscription applications can be submitted to the Sicav or handed in at the counters of the financial service providers until 2 p.m. on any day on which banks in Luxembourg are open for business (Valuation Day). They will be processed on the basis of the net asset value on the day on which the subscription application is received (calculated on the first bank business day in Luxembourg following receipt of these applications on the basis of the prices of the underlying securities on the day the subscription application is received).

Payment of the issue price must be made no later than three bank business days in Luxembourg following receipt of the subscription application.

The Sicav reserves the right to:

- refuse any application made to subscribe to shares in whole or in part;

- redeem, at any time, shares held by persons not authorised to buy or hold the Sicav's shares.

The Sicav's shares are not being offered for frequent trading by investors seeking to take advantage of short-term fluctuations in the relevant markets. The Sicav will not be managed and is not intended to serve as a vehicle for such transactions. This type of activity, considered to constitute 'market timing', could be prejudicial to the Sicav's shareholders. The Sicav is therefore entitled to refuse any request to subscribe to or convert shares that it considers, in good faith, to constitute market timing activity involving the Sicav's assets.

## 16. Conversion of the shares of one sub-fund to shares of another sub-fund

All shareholders may request the conversion of all or some of their shares to shares of another sub-fund at a price equal to the respective net values of the shares of the different sub-funds, less a conversion fee.

If, within one or more sub-funds, distribution shares and capitalisation shares are issued and in circulation, the holders of distribution shares will be entitled to convert all or part of them into capitalisation shares and vice versa, at a price equal to the respective net values on the date the conversion order is received (calculated on the first Luxembourg bank business day following receipt of these applications, based on the price of the underlying securities on the date the conversion order was received) and this within one and the same sub-fund or when switching from one sub-fund to another.

Shareholders wishing to convert their shares as set out above may apply in writing to the Sicav, indicating the number and type of the shares to be converted and also specifying whether the shares of the new sub-fund are to be distribution or capitalisation shares. Shareholders must also specify the address where the payment of any balance from the conversion must be sent and the application must be accompanied by the old share certificate, if issued. Conversion applications must reach the Sicav or the counters of the financial service providers by 2 p.m. at the latest on any day on which banks in Luxembourg are open for business.

The periods of notice relating to the conversion of shares are identical to those applied for the subscription and redemption of shares.

The number of shares allotted in the new sub-fund will be established according to the following formula:

$$A = \frac{B \times C \times D}{E}$$

where:

- A: is the number of shares to be allotted in the new sub-fund (distribution shares or capitalisation shares, as the case may be);
- B: is the number of shares of the initial sub-fund (distribution shares or capitalisation shares, as the case may be) to be converted into shares in the new sub-fund;
- C: is the net asset value – on the date the order to convert shares in the initial sub-fund is received – of the shares to be converted (distribution shares or capitalisation shares, as the case may be);
- D: is the exchange rate applicable on the day of the transaction between the currencies in which the two classes of share are expressed;
- E: is the net asset value – on the date the order to convert shares into shares in the new sub-fund is received – of the shares to be allocated (distribution shares or capitalisation shares, as the case may be);

No conversion of shares will occur if the calculation of the net asset value of one of the sub-funds concerned is suspended.

## 17. Redemption of shares

All shareholders are entitled to have their shares redeemed by the Sicav at any time. Shares redeemed by the Sicav will be cancelled.

Redemption applications will be accepted until 2 p.m. on any bank business day in Luxembourg. Redemption applications must be sent to the Sicav in writing or by fax. Applications must be irrevocable (subject to the provisions of Section 13) and must state the number, sub-fund and class of the shares to be redeemed, as well as any information of relevance for effecting the redemption.

Applications relating to bearer shares must be accompanied, where applicable, by the certificates to be redeemed, along with any unmatured coupons attached, while requests relating to registered shares must state the name under which the shares are registered and be accompanied by documents confirming the transfer.

All shares submitted for redemption will be redeemed at the net asset value per share on the day the redemption order is received (calculated on the first bank business day in Luxembourg following receipt of these applications, based on the prices of the underlying securities on the day the redemption order is received), less an exit fee of 1% maximum of the net asset value, payable to the relevant sub-fund of the Sicav.

No exit fee is currently payable in Belgium or Luxembourg.

The redemption price will be paid no later than three Luxembourg bank business days after the date on which the application for redemption was received, provided that the Sicav has received all the documents confirming the redemption.

Payment will be made in the currency of the sub-fund concerned or according to the instructions in the redemption application, in which case the costs for the currency exchange will be paid by the shareholder.

The redemption price of the Sicav's shares may be higher or lower than the purchase price paid by the shareholder at the time of subscription, depending on whether the net asset value has increased or decreased.

Any taxes and brokerage fees payable in connection with the redemption are payable by the seller. These expenses may not under any circumstances exceed the maximum authorised by the laws, regulations and banking practices of the countries where the shares are redeemed.

The rate of the exit fee is set, and may be changed, by the Board of Directors. Shareholders will be notified by means of an announcement in the annual report. Any increase in the exit fee must be the subject of a notice in the Luxemburger Wort and any other newspaper as the Board of Directors considers appropriate, and shall only enter into force one month after such publication.

## **18. Regular share purchase plan available in Belgium**

In Belgium, investors can acquire shares by signing up to a regular purchase plan at KBC Bank NV, Brussels, hereinafter referred to as 'the Bank'.

Due completion of the subscription form attached to this prospectus is all that is required.

The subscriber undertakes to pay a specific sum at regular intervals (at least every three months). This entire sum will go directly towards the acquisition of shares and fractions of shares of the class and in the sub-fund selected by the subscriber, at the issue price obtaining.

Fractions of shares are not actually issued by the Sicav but are an indivisible part of whole shares subscribed by the Bank on behalf of a number of customers.

The shares and fractions of shares purchased will be kept on behalf of the subscriber in a custody account with the Bank. The Bank is accountable to the subscribers for the shares and fractions of shares belonging to them.

Subscribers may make additional contributions or ask to change the amount of their payment. They may also request the suspension of their payments or stop the plan, withdraw all or some of their full shares from the custody account or sell their shares and/or fractions of shares in accordance with the terms and conditions provided for the redemption of shares by the Sicav.

The regular purchase plan will not give rise to additional charges being levied.

The Bank reserves the right to terminate the plan:

1. if, in particular through a lack of covering funds on the account, the subscriber makes it impossible to continue the plan ;
2. subject to three months' written notice.

## **19. Taxation**

### **19.1. Taxation of the Sicav**

Under the legislation in force and in accordance with current practice, the Sicav is not subject to any Luxembourg income or capital gains tax.- Likewise, the dividends paid by the Sicav are not subject to any Luxembourg withholding tax.

However, the Sicav is subject to a tax in Luxembourg of 0.05% per annum on its net asset value. This tax is payable quarterly on the basis of the net assets of the Sicav calculated at the end of the quarter to which the tax relates. Furthermore, at the time of its establishment, the Sicav was liable for tax on the raising of capital of 1 239.47 euros.

The Institutional B Shares sub-categories within the Sicav will qualify for the reduced tax of 0.01% and are intended for institutional investors (as defined in Article 174 (2) of the Law).

However, some portfolio income of the Sicav in the form of dividends and interest may be subject to a variable-rate tax deducted at source in the countries where it originated.

### **19.2. Taxation of the shareholders**

Amounts paid out by the Sicav and the income, dividends, other amounts paid out and capital gains collected or realised by a shareholder residing in Luxembourg or abroad are not subject to any Luxembourg withholding tax of the 'debtor' type.

#### **Taxation of resident shareholders**



In certain cases, and under certain conditions, the capital gains realised by an individual resident shareholder directly or indirectly holding or having held more than 10% of the share capital of the Sicav or of a sub-fund or holding shares for six months or less before the transfer thereof, the dividends received by a shareholder and the income realised or received by a collective resident entity may be subject to tax in Luxembourg unless a deduction or exemption applies.

Resident shareholders are also subject in Luxembourg to a wealth tax, a tax on gifts registered in Luxembourg and a tax on inheritance.

#### **Taxation of non-resident shareholders**

In certain cases and under certain conditions, non-resident shareholders directly or indirectly holding or having held more than 10% of the share capital of the Sicav or of a sub-fund of the Sicav, or shareholders with a permanent establishment in Luxembourg to which the share relates may be subject to a tax in Luxembourg, unless a tax convention limiting Luxembourg's right to impose tax or a deduction or exemption applies.

Non-resident shareholders are not subject in Luxembourg to a wealth tax, a tax on gifts not registered in Luxembourg or a tax on inheritance.

Based on Luxembourg legislation, the Sicav is required to collect and automatically report to the Luxembourg tax administration financial information on investors with tax obligations in a country other than Luxembourg. The Luxembourg tax administration can only use the received data to exchange them with the competent foreign authorities for tax purposes. The reported information shall include identification data on the investor such as name, address, place of birth, date of birth, as well as certain financial details on the investment in the Sicav during a given reference period.

Shareholders may also be subject to tax in their country of residence under the laws and regulations that apply to them and that they are required to observe. Prospective investors are advised to find out about the tax requirements in effect in their country of residence.

The description set out in the 'taxation' section is based on legal and regulatory texts in effect on the date of this prospectus, which are subject to change. Prospective investors are also cautioned that this description is not exhaustive and does not cover all the tax issues that might be of interest to persons who wish to hold shares in the Sicav. Prospective investors are advised to obtain information and advice on the laws and regulations that apply to them on subscription to, or on the purchase, possession, transfer and sale of these shares in their country of origin, in the country in which these transactions take place, in their country of residence or in their country of domicile.

## **20. Fees, costs and expenses**

### **20.1. Fees payable by the sub-funds**

The fee structure set out below will apply:

#### **Portfolio management fee**

In remuneration for the portfolio management services it provides, the appointed Management Company, IVESAM NV, will receive a portfolio management fee, of which the maximum level charged to the investors is indicated for each share class in the prospectus.

Unless otherwise stipulated in the description of the sub-fund, the portfolio management fee is payable monthly and calculated on the basis of the total average net assets of each relevant month.

#### **Fund administration fee**

In remuneration for the fund administration services it provides, the appointed Management Company, IVESAM NV, will receive a fund administration fee. The maximum amount for this fee charged to a sub-fund per share class is indicated in the prospectus.

The fund administration fee will also cover costs and expenses relating to services rendered by service providers other than the Management Company to whom the Management Company has delegated one or more tasks relating to the administration of the fund.

The fee is payable monthly and calculated on the basis of the total average net assets of each relevant month.

#### **Research fee**

In addition to the portfolio management fee and the fund administration fee, the appointed Management Company will receive a research fee, the maximum amount of which charged to the fund is indicated for each sub-fund. This fee represents compensation for the use of research on the bonds and debt securities in which the fund is invested.

If the actual cost of research is lower than the percentage indicated, the Management Company will only receive this lower amount.

The fee is payable monthly and calculated on the basis of the total average net assets of each relevant month.

## **Depository and custody fees**

In addition to the portfolio management fee and the fund administration fee charged by the Management Company, each sub-fund will be charged a depository fee and custody fees to cover the depository and custody fees charged by the Custodian Brown Brothers Harriman (Luxembourg) S.C.A. as set out in the prospectus for each share/unit class.

Custody fees are payable monthly and calculated on the basis of the total net assets under custody in the portfolio at the end of the month. The rate applied varies each month on the basis of the location of the market in which the asset is held.

Depository fee is payable monthly and calculated as a basis point charge on the total net assets of each relevant month.

## **Other fees and charges**

In addition to the portfolio management fee, the fund administration fee, the research fee, the depository and custody fees, the sub-fund will incur a number of other fees and charges, an estimate of which is set out in the prospectus for each share class.

This estimate includes, but is not limited to, the following:

- the costs of providing information to Shareholders, including, but not limited to, the costs of creating, translating, printing and distributing financial reports, prospectuses and KIDs;
- all advertising and marketing expenses that the Board of Directors determines that the Fund must pay;
- all fees that the shareholders determine that the fund should pay to Board members for services rendered to the Board;
- fees payable to regulators;
- statutory auditors' remuneration;
- paying agent's fees;
- fees for other professional and legal services.

The following are not included in the portfolio management fee, nor in the fund administration fee, nor in the research fees, nor in the depository and custody fees, nor in the estimated percentage of "other fees and charges" mentioned above:

- fees and expenses associated with the purchase and sale of securities and financial instruments;
- broker's fees;
- transaction charges (excluding custody service);
- bank interest and charges, as well as other expenses associated with the transactions;
- costs arising from legal action;
- the sum total of all Luxembourg or foreign taxes, duties or similar charges billed or levied on the assets;
- all fees, government duties and expenses payable by the fund;
- registration fees payable to authorities and stock markets;
- all other expenses linked with fund operations, administration, management and distribution, including the costs incurred by the service providers referred to above in the context of fulfilling their responsibilities to the fund.

## **20.2. Fees and expenses to be borne by the investor**

Where applicable, according to the specific details set out in the appendix 'Detailed Description of the Sub-Fund', investors may be required to bear the fees and expenses for issue, redemption and conversion. These fees may be payable to the sub-fund and/or the distributor, as specified in the appendix 'Detailed description of the sub-fund'.

Where applicable, as set out in the prospectus for each share/unit class, investors may be required to pay fees and expenses arising from subscriptions, redemptions or conversions. These fees, which are set out in the prospectus for each share/unit class, may be payable to the sub-fund and/or the distributor.

## **20.3. Taxes payable by the Sicav**

- The annual subscription tax (Luxembourg);

- The subscription tax on net assets in countries other than Luxembourg when a sub-fund and/or share class is distributed outside Luxembourg;
- Withholding taxes on foreign income not recovered by the Fund (in accordance with double taxation agreements).

See Section 19 also. Taxation of the SICAV.

## 20.4. Ongoing charges

The Key Information Documents set out the ongoing charges, which consist of management and other administrative or operating expenses on the one hand and transaction charges on the other, calculated in accordance with the provisions of Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021.

Ongoing charges are those to which the UCI is subject over the course of a year. They are presented in the form of a single figure for each sub-fund or, where applicable, for each share class or type, of one figure for management and other administrative or operating expenses and one figure for transaction charges. The amount of management and other administrative and operating expenses represents all annual expenses and other payments taken from the assets of a sub-fund during a given period, on the basis of the figures for the previous year. The figure for transaction charges is an estimate of explicit and implicit annual transaction charges and is based on the transactions carried out during the previous 36 months. For sub-funds, share classes or types that have been in existence for less than 36 months, Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021, stipulates a modified estimation method. These figures are always expressed as a percentage of the sub-fund's average net assets or, where applicable, of the share class or type.

The following are not included in the stated charges: entry and exit charges paid by the investor, ancillary costs such as performance-related commissions, and payments for the purpose of creating collateral in the context of derivative financial instruments.

## 21. General meetings of shareholders

The Annual General Meeting of Shareholders is held each year at the registered office of the Sicav, or at any other venue in Luxembourg specified in the convening notice.

The Annual General Meeting is held at 3 p.m. on the second Wednesday in December or, if that is a public holiday, on the next banking day.-

Notifications will be published in the Mémorial, in the Luxemburger Wort and in every other daily newspaper the Board of Directors considers appropriate, and, where notifications for any general meetings are sent to all registered shareholders, to the address appearing in the register of shareholders, at least eight days prior to that general meeting.-

This notification will indicate the time and venue of the general meeting and the conditions of admission thereto, the agenda and the requirements under Luxembourg law concerning the required quorum for attendance and voting.

In addition, the shareholders of each sub-fund will be convened for separate general meetings deliberating and adopting resolutions under the quorum and majority requirements set out in the Commercial Companies Act of 10 August 1915, as amended, for the following:

- Appropriation of the annual profit of their sub-fund;
- Any decisions affecting their rights.

The Sicav requests investors to note that no investor may fully exercise his rights directly vis-à-vis the Sicav (including the right to attend general meetings of shareholders) unless the investor concerned is recorded in his name in the Sicav's register of shareholders. If an investor invests in the Sicav via an intermediary investing in the Sicav in the intermediary's name but on behalf of the investor, certain shareholder rights may not necessarily be exercised by the shareholder directly vis-à-vis the Sicav. Investors are advised to obtain information on their rights.

## 22. Liquidation

The Sicav shall be wound up subject to the conditions specified in the Law.

Should the Sicav's capital fall below two thirds of the minimum capital, the Board of Directors must submit the question of the dissolution of the Sicav to the General Meeting, for which no quorum shall be prescribed, and at which decisions shall be taken by a simple majority of the shares represented at the Meeting.

Should the Sicav's capital fall below one quarter of the minimum capital, the Board of Directors must submit the question of the dissolution of the Sicav to the General Meeting, for which no quorum shall be prescribed; the dissolution may be adopted by shareholders holding one quarter of the shares represented at the Meeting.

The meeting is to be so convened that it takes place within forty days of the date on which it is established that the

net assets have fallen below two thirds or one quarter, as the case may be, of the minimum capital. Furthermore, the Sicav may be dissolved by decision of a general meeting of shareholders pursuant to the provisions of the Articles of Association on the subject.

The decisions of the General Meeting or the court pronouncing the dissolution and liquidation of the Sicav shall be published in the Mémorial and in three daily newspapers with a sufficient circulation, at least one of which must be a Luxembourg newspaper. These publications are made at the request of the liquidator(s).

The Board of Directors may moreover decide to simply liquidate one or more sub-funds in the following cases:

- If the net assets of the sub-fund(s) concerned fall below 1 250 000 euros (or the equivalent value in another currency);
- If economic and/or political circumstances change.

The decision to wind up a sub-fund must be published in accordance with the relevant publication rules. In particular, information must be given on the reasons for, and the terms and conditions of, the winding up.

Unless the Board of Directors decides otherwise, the Sicav may, pending execution of the liquidation decision, continue to redeem the shares of the sub-fund that is to be liquidated. For these redemptions, the investment company must use as a basis the net asset value established taking account of the liquidation costs, but without deduction of an exit fee or any other amount. The capitalised formation expenses are to be amortised in full by the sub-fund concerned as soon as the decision to wind up the sub-fund is taken.

Amounts which it has not been possible to distribute to the beneficiaries by the closing date of the liquidation of the sub-fund(s) may be deposited with Brown Brothers Harriman (Luxembourg) S.C.A. for a period of no more than six months from that date. After that period, the assets must be deposited at the Caisse de Consignation (Consignment Office) in favour of the beneficiaries.

Subject to the conditions set out by the Law and, where applicable, by a CSSF Regulation, the Board of Directors is authorised to decide on a national or cross-border merger and its effective date with another UCITS in accordance with one of the merger techniques set out by the Law, whether in the form of an absorbed UCITS or an absorbing UCITS.

For any merger in which the Company ceases to exist, the effective date of the merger must be decided by a meeting that shall deliberate in accordance with the provisions and quorum and majority requirements set out in the present Articles of Association, subject to the conditions set out by the Act. In this case, the effective date of the merger must be found to have been made by notarial deed.

## **23. Information for shareholders**

### **23.1. Publication of the net asset value**

The net asset value of each sub-fund and of each class of share, and the issue, redemption and conversion prices, will be published on each Valuation Date at the Sicav's registered office. This information may also be published in any daily newspaper the Board of Directors considers appropriate, and may be obtained from other institutions designated by the Sicav.

### **23.2. Financial notices**

The financial notices will be published in the countries where the Sicav is marketed in at least one daily newspaper with adequate circulation and, as far as the Grand Duchy of Luxembourg is concerned, in D'Wort.-

### **23.3. Financial year and reports to shareholders**

The Sicav's financial year starts on 1 October and ends on 30 September of each year.

Each year, the Sicav shall publish a detailed report on its activity and the management of its assets, including a consolidated balance sheet and profit and loss account expressed in euros, a detailed list of the assets in each sub-fund and the report of the statutory auditor.

In addition, at the end of every half-year, it shall publish an interim report containing, in particular, information on the composition of the portfolio, changes in the portfolio during the period, the number of shares in circulation and the number of shares issued and redeemed since the last report.

The Sicav may decide to publish interim reports.

### **23.4. Auditor**

The Sicav's accounts and annual reports are audited by Mazars Luxembourg, 5 Rue Guillaume J. Kroll, L-1882 Luxembourg.

### **23.5. Documents available to the general public**

The Sicav's Articles of Association and financial reports are available to the public, free of charge, from its registered

office.

The following contracts may also be consulted at the Sicav's registered office:

- The domiciliary agent contract;
- The contract appointing the Management Company;
- The contract with the custodian;
- The paying agent contract.

## **23.6. Inducements**

In order to foster the wider distribution of units in the sub-fund, in addition to using several channels of distribution, the management company has, in its capacity as distributor, entered into a distribution agreement with one or more sub-distributors.

It is in the interests of investors in the sub-fund and the management company that the sub-fund's assets should be as high as possible, including through the sale of the highest possible number of units. In this respect, there is therefore no question of any conflict of interests.

The management company may share its management fee with its sub-distributors, institutional and/or professional parties. The fact that the management fee is shared shall not affect the amount of the management fee paid to the Management Company by the sub-fund.

In principle, this is between 35% and 70% if the sub-distributor is a KBC Group SA entity and between 35% and 70% if the sub-distributor is not a KBC Group SA entity. In a limited number of cases, the fee is less than 35%. Investors may obtain further information on these cases on request.

If the management company invests the assets of the Sicav in units in undertakings for collective investment that are not managed by a KBC Group SA entity, and if the management company receives a fee, it shall pay this fee to the Sicav.

## **23.7. Remuneration policy**

The remuneration policy for employees of the Management Company is based on the KBC Remuneration Policy, which sets general rules in this area for all members of staff and sets out specific guidelines for employees whose activities could have a material impact on the company's risk profile (Key Identified Staff). The KBC Remuneration Policy will be updated continuously.

### **General rules**

The remuneration policy is in accordance with the economic strategy, the objectives, the values and the interests of the Management Company and the Sicav that it manages and those of the investors in this Sicav.

Employee remuneration comprises a fixed element and a variable element. The fixed element is chiefly determined by the employee's position (e.g., the responsibility he or she assumes and the complexity of the position). The variable element depends on a variety of factors, most notably business performance, the performance of the department in which the employee works and his or her personal targets. The remuneration policy also reflects market practice, competitiveness, risk factors, the long-term objectives of the company and its shareholders, and developments in the legal and regulatory context.

### **Key Identified Staff**

Key Identified Staff are subject to specific rules. These employees receive variable remuneration, which encourages reasonable risk management practices and in no way encourages exposure to extreme risk.

For further information on this matter (e.g., the method for calculating remuneration and allowances, the identity of the people responsible for awarding allowances, including – where applicable – the composition of the remuneration committee set up to this effect), please refer to the website [www.ivesam.be](http://www.ivesam.be) and click the 'Remuneration policy' tab.

This information can also be obtained free of charge from the management company.

## **Appendix 1. Detailed description of the sub-funds**

### **General remarks**

Under the Articles of Association, the Board of Directors is authorised to set the investment policy for each sub-fund into which the company's capital is divided.

Each sub-fund may use derivatives for purposes other than hedging within the limits set out in section 4. Investment policy and objectives. Each sub-fund may thus use derivatives, both listed and unlisted, to achieve its objectives. They may include futures and forward contracts, options or swaps of shares, indices, foreign currency or interest rates or other transactions in derivatives. Transactions in unlisted derivatives may only be concluded with prime financial institutions specialised in transactions of this type. Such derivatives may also be used to protect the assets against exchange rate fluctuations. The sub-fund aims to conclude transactions that are as effective as possible, in compliance with the relevant regulations and the Articles of Association. As described in Section 5, KBC Asset Management, as a risk manager, employs a method for managing risks that enables it to check and measure at any time the risk associated with the positions and the contribution they make to the overall risk profile of the portfolio; it uses a method that allows OTC derivatives to be valued accurately and independently.

## 1.1. KBC Renta Eurorenta Responsible Investing

### Investment policy

The portfolio of the KBC Renta Eurorenta Responsible Investing sub-fund is primarily invested, directly or indirectly, in securities, with preference being given to bonds denominated in euros.

The sub-fund's benchmark is the JP Morgan European Monetary Union Investment Grade Index (EMU IG). The sub-fund seeks to outperform the benchmark.

The sub-fund is actively managed and does not set out to replicate the benchmark. The benchmark is used to measure the performance and for the composition of the portfolio. The majority of the bonds held by the fund belong to the benchmark. The manager may, at its discretion, invest in bonds that do not belong to the benchmark in order to take advantage of specific investment opportunities for the sub-fund.

The composition of the portfolio may differ from that of the benchmark index, since the composition of the benchmark index is not entirely consistent with the environmental and/or social characteristics promoted by the sub-fund. The use of the benchmark does not detract from the responsible nature of the portfolio. The responsible nature of the portfolio is guaranteed by the responsible investing methodology mentioned below.

The sub-fund's investment policy restricts the extent to which the portfolio holdings may deviate from the benchmark. This deviation is measured by means of the tracking error, which indicates the volatility of the difference between the performance of the sub-fund and that of its benchmark. The expected tracking error is 1.0%. Investors should be aware that the real tracking error may vary according to market conditions. A fund with a lower level of deviation from the benchmark is more likely to outperform the benchmark to a more limited extent.

Derivative instruments may be used to achieve the investment objectives and to hedge the risks of the sub-fund.

As a general rule, the sub-fund may use futures on EMU government bonds to manage duration and yield curve risk effectively.

Insofar as derivatives are used, this will involve instruments that are liquid and readily negotiable. Use of derivatives therefore does not influence the liquidity risk. Nor does use of derivatives alter the allocation of the portfolio between regions, sectors or themes. It therefore does not affect the concentration risk. Derivatives do not guarantee the full or partial protection of the capital. They neither increase nor decrease the capital risk. Nor does the use of derivatives have the slightest influence on settlement risk, custody risk, flexibility risk, inflation risk or any risk dependent on external factors. This list of derivative-based strategies is representative but non-exhaustive.

The sub-fund may not invest more than 10% of its total assets in equities and other securities and shares or units, more than one third of its total assets in money market instruments, or more than one third of its total assets in bank deposits. Within these limits, the sub-fund may invest in bank deposits, money market funds and/or money market instruments to achieve its investment objectives, for cash flow purposes and/or in the event of adverse market conditions.

The sub-fund invests at least 75% of its net assets directly and/or indirectly in:

- bonds and debt securities with an investment grade rating. An investment grade rating corresponds to at least BBB-/Baa3 (long term debt), A3/F3/P3 (short term debt) from at least one of the following rating agencies: Moody's Investor Service, Standard & Poor's or Fitch Ratings;
- government bonds issued in local currency to which none of the aforementioned agencies has assigned a rating but whose issuer has an investment grade rating from at least one of the rating agencies listed above.
- money-market instruments whose issuer is rated as investment grade by one of the aforementioned rating agencies.

This means that the sub-fund may invest up to 25% of its assets in bonds and debt securities to which the aforementioned rating agencies have not assigned a rating and/or which do not meet the rating conditions specified above.

The sub-fund will not invest in 'distressed and defaulted securities' at the time of purchase. If over time a security becomes a 'distressed and defaulted security', the manager will always try to sell the position in the interest of the investor if market conditions allow this (for example, sufficient liquidity).

The sub-fund may hold ancillary liquid assets as described in point 4.1.6 of this prospectus.

### Disclaimer from the supplier of the index.

The information was taken from sources considered to be reliable. However, JP Morgan gives no guarantee as to the completeness or exclusivity with regard to the index. Use of the index is permitted. The index may not be copied, used or distributed without the prior written consent of JP Morgan. Copyright 2017, JP Morgan Chase & Co. All rights reserved.

Given the limits defined above, the sub-fund (directly or indirectly) pursues responsible investment objectives based on a dual approach: a negative screening and positive selection methodology. This approach will be gradually

implemented in the portfolio from 9 September 2022. For this dual approach, the management company relies on the services of KBC Asset Management NV.

KBC Asset Management NV has a team of expert researchers responsible for this dual approach. They are supported by an independent advisory board (the "Responsible Investing Advisory Board") composed of a maximum of 12 people who are not affiliated with KBC Asset Management NV and whose sole responsibility is to oversee the dual approach and the activities of the expert researchers. A representative of KBC Asset Management NV exercises the role of secretariat of the Responsible Investing Advisory Board. In addition, KBC Asset Management NV works with data providers specialising in responsible investing that provide data to specialist researchers, who process and supplement the data with publicly available information (including annual reports, media publications, etc.)

The sub-fund promotes a combination of environmental and social characteristics and, whilst sustainable investment is not among its objectives, it invests a minimum proportion (35%) of its assets in economic activities that contribute to the realisation of environmental or social goals (i.e. "sustainable investments"). Governments, supranational debtors and/or issuing agencies associated with governments in which it invests are required to follow good governance practices. The sub-fund is compliant with article 8(1) under 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 (SFDR). Further information on how the sub-fund promotes environmental and social characteristics is available in the appendix of KBC Renta Eurorenta Responsible Investing. The pre-contractual information on the financial products referred to in Article 8(1), (2) and (2a) of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852 related to KBC Renta Eurorenta Responsible Investing can be found in Annex 2.1.

### Negative screening

In practical terms, the end result of this negative screening process is that the fund excludes in advance from the responsible investment universe issuers that fall under the exclusion policies available for inspection at [www.ivesam.be/documentation-investments](http://www.ivesam.be/documentation-investments) > Responsible Investing Fund Exclusion Policy.

The application of these policies means that issuers involved in activities such as the tobacco industry, weapons, gambling and adult entertainment are excluded from the fund's investment universe. This screening also excludes from the investment universe of the sub-fund issuers that seriously violate the fundamental principles of environmental protection, social responsibility and good governance.

These negative screening principles are not exhaustive and may be adapted from time to time under the supervision of the Advisory Board for Responsible Investing.

### Positive selection methodology

Within the investment universe defined and the other limits described above, the responsible investment objectives of the sub-fund are as follows:

- (1) to promote the integration of sustainability into the policy decisions of governments, supranational debtors and/or government-related agencies, favouring governments, supranational debtors and/or government-related agencies with a better ESG score, where ESG stands for "Environmental, Social and Governance";
- (2) to promote climate change mitigation, with a preference for governments, supranational debtors and/or issuing agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target; and
- (3) to support sustainable development by including governments, supranational debtors and/or government-related agencies that contribute to the United Nations Sustainable Development Goals.
- (4) to support sustainable development by encouraging the transition to a more sustainable world through bonds financing green and/or social projects.

If investments were to be made in instruments issued by companies, they would need to meet the negative selection criteria listed above.

The sub-fund's objectives are available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

### **(1) ESG score**

The contribution to the inclusion of sustainability in the policy decisions of governments, supranational debtors and/or issuing agencies linked to governments is measured on the basis of an ESG score. This score represents the assessment of aggregated performance of a given entity relative to a range of ESG criteria that are based, insofar as possible, on objective measures. The main factors underlying the ESG criteria are the following five pillars:

- overall economic performance and stability (for example, the quality of the institutions and government);
- the socioeconomic development and health of the population (e.g. education and employment);



- equality, freedom and rights of all citizens;
- environmental policy (e.g. climate change); and
- security, peace and international relations.

This list is not exhaustive and may be changed under the supervision of the Responsible Investing Advisory Board.

The ESG score of the countries in the portfolio is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

More detailed information on the ESG score is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> Investment policy for responsible investing funds.

## **(2) Carbon intensity**

The objective of promoting climate change mitigation, with a preference for governments, supranational debtors and/or agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target, covers at least 90% of the portfolio. The objective does not apply to entities for which the data is not available.

The contribution of governments, supranational debtors and/or agencies linked to governments to mitigating climate change is measured on the basis of their carbon intensity. Carbon intensity is defined as the greenhouse gas emissions (in tonnes of CO<sub>2</sub> equivalent) divided by gross domestic product (at current prices in USD millions).

Carbon intensity is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

More detailed information on carbon intensity and the specific objectives of the sub-fund is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> Investment policy for responsible investing funds.

The objectives can be revised upwards or downwards.

## **(3) United Nations Sustainable Development Goals;**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or government-related agencies that contribute to the United Nations Sustainable Development Goals. The United Nations Sustainable Development Goals include social and environmental objectives. The instruments of entities that meet these requirements are classified as "sustainable investments" in accordance with article 2.17 of the SFDR.

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid up capital/the percentage of the population (by order of availability)).
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

More detailed information on this subject and on the specific objectives of the sub-fund is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> Investment policy for responsible investing funds.

The objectives can be revised upwards or downwards.

## **(4) Bonds financing green and/or social projects**

To promote the transition to a more sustainable world, the sub-fund undertakes to invest a minimum proportion of the portfolio in bonds financing green and/or social projects. Bonds that qualify as bonds intended to finance green and/or social products are bonds whose proceeds will be used exclusively to finance (a combination of) green and social projects and which are aligned with the Green Bond and Social Bond Principles of the International Capital Market Association (ICMA) on the use of proceeds. The instruments that meet these requirements are classified as "sustainable investments", in accordance with article 2(17) of the SFDR.

More detailed information on bonds financing green and/or social projects and the specific objectives of the sub-fund is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) -> Investment policy for responsible investing funds.

The objectives can be revised upwards or downwards.

### **Possible exceptions**

It cannot be ruled out, however, that investments may be made on a temporary and limited basis in assets that do not meet the criteria set out above. The reasons for this include the following:

- Developments as a result of which an issuer may no longer be considered as eligible after the purchase;
- Erroneous data as a result of which assets are purchased when they should not have been eligible for the sub-fund;
- A planned update of the screening criteria due to which assets should be excluded from the sub-fund, but which the management company chooses not to sell immediately in the best interests of the client (e.g. transaction costs, price volatility);
- External circumstances such as market changes and external data updates may lead to the investment solutions not achieving the abovementioned objectives.

In such cases, the manager will replace these assets with more appropriate assets as soon as possible, while always operating solely in the interest of investors.

With a view to efficient portfolio management, the manager may also make considerable use of derivatives relating to assets issued by issuers that are not eligible for inclusion in the sub-fund, in so far as there is no usable and comparable alternative available on the market. In addition, counterparties with which derivatives transactions are entered into are not necessarily responsible issuers.

### **Information about the Taxonomy**

At the date of the prospectus, the sub-fund does not invest in environmentally sustainable economic activities within the framework of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times. The “do no significant harm” principle applies only to underlying investments that take into account EU criteria on environmentally sustainable economic activities. The investments underlying the remaining portion of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities. This will be monitored on a regular basis.

### **Transparency on indicators regarding the principal adverse impacts**

The sub-fund takes account of the principal adverse impacts of its investment decisions on sustainability factors by taking into account the principal adverse impacts as described in Regulation (EU) 2019/2088 of the European Parliament and of the Council on 27 November 2019 on sustainability-related disclosures in the financial services sector (the ‘SFDR’). The principal adverse impacts on sustainability factors are explicitly taken into account by the general exclusion policy for conventional and Responsible Investing funds and the exclusion policy for Responsible Investing funds. More detailed information on the principal adverse impacts is available on the websites [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > General exclusion policy for conventional and Responsible Investing funds and [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Exclusion policies for responsible investment funds. In addition, the principal adverse impacts on sustainability factors are implicitly taken into account by the Ivesam NV Proxy Voting and Engagement Policy (more detailed information is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Retrospective Proxy Voting - overview > Proxy Voting and Engagement Policy). As part of its commitment to Responsible Investing funds, Ivesam SA exercises the voting rights of the shares it manages in accordance with its Proxy Voting and Engagement Policy. Where relevant, Ivesam NV will engage in dialogue with the management of the companies concerned, before voting if necessary.

More detailed information on the manner in which the sub-fund aims to take into account the principal adverse impacts on sustainability factors is also available in Annex 2.1 on KBC Renta Eurorenta Responsible Investing. A declaration on the manner in which the sub-fund took the principal adverse impacts on sustainability factors into account during the reference period can also be found in the annual report for this sub-fund, which will be published after 1 January 2023.

The net asset value of the sub-fund is expressed in euros.

### **Risk profile**

#### **Risk profile of the sub-fund**

The method used to calculate the overall exposure is the commitment approach.

In accordance with Commission Regulation (EU) No 1286/2014 and Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021, a summary risk indicator has been calculated for each sub-fund or, where applicable, for each share class or type. The summary risk indicator is a guide to the level of risk of this product compared with other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are unable to pay you.

The indicator uses a risk scale (risk classes) of 1 to 7. The higher the figure, the higher the potential return, although the return is also more difficult to predict. Losses are also possible. The lowest ranking on the scale does not imply that the investment is entirely risk-free. It only implies that, compared with the higher rankings, the product concerned would, under normal circumstances, generate a lower return, which is also easier to predict.

The synthetic risk and reward indicator is reviewed at regular intervals, and products may therefore be reclassified with a lower or higher ranking on the scale on the basis of past data. Past data do not always provide a reliable indication of the future return and risk.

The most recent figure for the indicator can be found in the Key Information Document under the heading "What are the risks and what could I get in return?". The value of bond funds is primarily affected by interest-rate fluctuations. This is because the interest rate for these bonds is fixed, irrespective of market rates.

Investment in this fund is also subject to:

- a capital risk: there is no capital protection;
- a moderate inflation risk: there is no protection against an increase in inflation;
- a moderate credit risk: the fund will mainly (but not exclusively) invest its assets in investment grade bonds. Consequently, the risk of an issuer being unable to honour its obligations is higher than for an investment made up only of bonds with an investment grade rating. If investors come to doubt the solvency of the issuers, the value of the bond may decline.

#### Risk profile of the typical investor

The sub-fund was set up for defensive investors.

#### **Issue, redemption and fees**

The initial subscription period for the sub-funds KBC Renta Guldenrenta (\*), KBC Renta Demrenta (\*) and KBC Renta Pesetarenta (\*) was from 16 to 30 November 1992, while for the sub-fund KBC Renta Lirarenta (\*), the initial subscription period was from 31 October to 18 November 1994. During this period, subscriptions were accepted at the following prices:

- KBC Renta Guldenrenta: NLG 1 000
- KBC Renta Demrenta: DEM 1 000
- KBC Renta Pesetarenta: ESP 50 000
- KBC Renta Lirarenta: ITL 1 250 000

plus an entry fee of 2.50% maximum payable to the professional intermediaries.

The sub-funds KBC Renta Oblirenta (\*) and KBC Renta Eurorenta Responsible Investing were launched on 17 July 1995. As of that date, the Sicavs KBC Renta, Oblirenta and EcuFund were merged: the Sicav KBC Renta absorbed Oblirenta and ECU FUND, which transferred their assets to KBC Renta. In exchange for the assets contributed, KBC Renta issued:

- one new KBC Renta Oblirenta share for each cancelled Oblirenta share to the Oblirenta shareholders;
- one new KBC Renta Eurorenta Responsible Investing share for each cancelled EcuFund share to the EcuFund shareholders.

(\*) The KBC Renta Guldenrenta, KBC Renta Demrenta, KBC Renta Pesetarenta, KBC Renta Lirarenta, KBC Renta Oblirenta and KBC Bonds Strong Currency sub-funds merged with the KBC Renta Eurorenta Responsible Investing sub-fund on 27 October 2000.

KBC Renta Slovakrenta and KBC Renta Emurenta merged with the KBC Renta Eurorenta Responsible Investing sub-fund on 14 June 2019.

KBC Renta Swissrenta and KBC Renta Decarenta merged with the KBC Renta Eurorenta Responsible Investing sub-fund on 13 November 2020.

The initial subscription period for the KBC Renta Slovakrenta sub-fund ran from 12 May 2003 to 13 June 2003. During this period, subscriptions were accepted at the price of 20 000 SKK.

The initial subscription period for the KBC Renta Emurenta (under the name KBC Renta DRACHMARENDA) sub-fund ran from 7 December 1998 to 31 December 1998. During this period, subscriptions were accepted at the price of 100 000 GRD.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	<p>Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.</p> <p>For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC GroupNV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.</p> <p>(*) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.</p>
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.01% p.a.
Other taxes	See Section 20.1

a) 'Institutional B Shares' sub-category

Capitalisation shares in an 'Institutional B Shares' sub-category will be offered for subscription as from 24 November 2011. The first net asset value of this new sub-category will be the net asset value for the existing capitalisation shares sub-category on the date of the first subscription to the new 'Institutional B Shares' class of shares.

The 'Institutional B Shares' sub-category is intended for investment vehicles promoted by the KBC group. These shares will be eligible for the reduced subscription tax of 0.01%.

Amount to cover the costs of the purchase/sale of assets: 0.50% maximum for the sub-fund.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	<p>Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.</p> <p>For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.</p> <p>(*) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.</p>
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.05% p.a.
Other taxes	See Section 20.1

## 1.2. KBC Renta Dollarenta

### Investment policy

The portfolio of the KBC Renta Dollarenta sub-fund is primarily invested, directly or indirectly, in securities, with preference being given to bonds, denominated in US dollars (hereinafter referred to as 'USD').

The sub-fund's benchmark is the JP Morgan Government Bond Index (GBI) United States. The sub-fund seeks to outperform the benchmark.

The sub-fund is actively managed and does not aim to replicate the benchmark index. The benchmark index is used to measure the performance and for the composition of the portfolio. The majority of the bonds held by the fund belong to the benchmark. The manager may, at its discretion, invest in bonds that do not belong to the benchmark in order to take advantage of specific investment opportunities for the sub-fund.

The sub-fund's investment policy restricts the extent to which the portfolio holdings may deviate from the benchmark. This deviation is measured by means of the tracking error, which indicates the volatility of the difference between the performance of the sub-fund and that of its benchmark. The expected tracking error is 1.25%. Investors should be aware that the real tracking error may vary according to market conditions. A fund with a lower level of deviation from the benchmark is more likely to outperform the benchmark to a more limited extent.

The sub-fund may not invest more than 10% of its total assets in equities and other securities and shares or units, more than one third of its total assets in money market instruments, or more than one third of its total assets in bank deposits. Within these limits, the sub-fund may invest in bank deposits, money market funds and/or money market instruments to achieve its investment objectives, for cash flow purposes and/or in the event of adverse market conditions.

The sub-fund invests at least 75% of its assets directly or indirectly in:

- Bonds and debt securities of issuers with an investment grade rating. An investment grade rating corresponds with at least BBB-/Baa3 (long term), A3/F3/P3 (short term) from at least one of the following rating agencies: Moody's Investor Service, Standard & Poor's or Fitch Ratings;
- Government bonds issued in local currency to which none of the aforementioned agencies has assigned a rating but the issuer of which holds an investment grade rating from at least one of the agencies listed above.

This means that the sub-fund may invest up to 25% of its assets in bonds and debt securities to which the aforementioned agencies have not assigned a rating and/or which do not meet the rating conditions specified above.

The sub-fund will not invest in 'distressed and defaulted securities' at the time of purchase. If over time a security becomes a 'distressed and defaulted security', the manager will always try to sell the position in the interest of the investor if market conditions allow this (for example, sufficient liquidity).

The sub-fund may hold ancillary liquid assets as described in point 4.1.6 of this prospectus

The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities as defined by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to promote sustainable investment (Taxonomy).

The sub-fund is classified as an "article 6" product under 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 (SFDR).

### Transparency regarding adverse sustainability impacts

The sub-fund considers the principal adverse impacts of its investment decisions by taking into account the principal adverse impacts ("PAIs") on sustainability factors as described in 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 (the "SFDR"). The principal adverse sustainability impacts are explicitly taken into account via the general exclusion policy. More detailed information on the principal adverse impacts taken into account is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Politiques générales d'exclusion pour les investissements conventionnels et responsables. In addition, the principal negative sustainability impacts are implicitly taken into account through the incorporation of sustainability risks into the management of non-sustainable products (more detailed information is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Informations sur le financement durable) and through our proxy voting and engagement policy (more information is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> Retrospective Proxy Voting - overview).

Information on the principal adverse effects on sustainability factors can also be found in the sub-fund's annual report, which will be published after 1 January 2023.

#### Disclaimer from the supplier of the index.

The information was taken from sources considered to be reliable. However, JP Morgan gives no guarantee as to the completeness or exclusivity with regard to the index. Use of the index is permitted. The index may not be copied, used or distributed without the prior written consent of JP Morgan. Copyright 2017, JP Morgan Chase & Co. All rights reserved.

The net asset value of this sub-fund is expressed in USD.

**Investors should note that the sub-fund may invest (in keeping with the principle of spreading risk) up to 100% of its net assets in securities issued or backed by the United States of America subject to the conditions set out in point 4.1.1.5 'Investment policy and objectives'.**

#### **Risk profile**

##### Risk profile of the sub-fund

In accordance with Commission Regulation (EU) No 1286/2014 and Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021, a summary risk indicator has been calculated for each sub-fund or, where applicable, for each share class or type. The summary risk indicator is a guide to the level of risk of this product compared with other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are unable to pay you.

The indicator uses a risk scale (risk classes) of 1 to 7. The higher the figure, the higher the potential return, although the return is also more difficult to predict. Losses are also possible. The lowest ranking on the scale does not imply that the investment is entirely risk-free. It only implies that, compared with the higher rankings, the product concerned would, under normal circumstances, generate a lower return, which is also easier to predict.

The synthetic risk and reward indicator is reviewed at regular intervals and products may therefore be reclassified with a lower or higher ranking on the scale on the basis of past data. The past data are not always a reliable indicator of the future return and risk.

The most recent figure for the indicator can be found in the Key Information Document under the heading "What are the risks and what could I get in return?".

The value of bond funds is primarily affected by interest-rate fluctuations. This is because the interest rate for these bonds is fixed, irrespective of market rates.

Investment in this fund is also subject to:

- A moderate inflation risk: bond funds do not provide protection against an increase in inflation.
- A moderate concentration risk: the investments are concentrated in the United States of America.

##### Risk profile of the typical investor

The sub-fund was set up for dynamic investors.

#### **Issue, redemption and fees**

KBC Renta NZD-Renta, KBC Renta AUD-Renta & KBC Renta Short USD have been merged with the KBC Renta Dollarenta sub-fund as of 4 June 2021.

##### a) 'Capitalisation' and 'distribution' sub-categories

The initial subscription period for the KBC Renta Dollarenta sub-fund ran from 20 February 1996 to 1 March 1996. During this period, subscriptions were accepted at the price of 500 USD.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>
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Portfolio management fee	Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.  For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.  (* ) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.05% p.a.
Other taxes	See Section 20.1

b) 'Institutional B Shares' sub-category

Capitalisation shares in an 'Institutional B Shares' sub-category will be offered for subscription as from 24 November 2011. The first net asset value of this new sub-category will be the net asset value for the existing capitalisation shares sub-category on the date of the first subscription to the new 'Institutional B Shares' class of shares.

The 'Institutional B Shares' sub-category is intended for investment vehicles promoted by the KBC group.

These shares will be eligible for the reduced subscription tax of 0.01%.

Amount to cover the costs of the purchase/sale of assets: 0.50% maximum for the sub-fund.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.  For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.  (* ) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.01% p.a.
Other taxes	See Section 20.1

c) 'Institutional F Shares' sub-category

Shares in the 'Institutional F Shares' sub-category will be issued from 6 December 2017 to 11 December 2017 at a subscription price of 1 000 US.

This 'Institutional F Shares' sub-category will be allocated to the subscription for the collective investment fund under Belgian law Dollar Obligatiedepot ('DOD').

Only capitalisation shares in this sub-category will be issued.

No entry fee in favour of a financial intermediary or in favour of the sub-fund will apply.



Redemption will be effected at the net asset value applicable, without deduction of an exit fee.

These shares will be eligible for the reduced Luxembourg subscription tax of 0.01%.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	<p>Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.</p> <p>For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.</p> <p>(*) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.</p>
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.01% p.a.
Other taxes	See Section 20.1

### 1.3. KBC Renta Canarenta

#### Investment policy

The KBC Renta Canarenta sub-fund aims to passively track the performance of its benchmark, the JP Morgan Government Bond Index (GBI) Canada. Its investment objective is to generate a return comparable to the performance of the JP Morgan Government Bond Index (GBI) Canada.

JP Morgan Government Bond Index (GBI) Canada is a bond index containing only Canadian government bonds.

The methodology of the index, its composition, auditing rules and additional information can be obtained from the registered office of the Management Company.

In accordance with the methodology used by the supplier of the benchmark, the index will be rebalanced on a monthly basis. The more frequently the index is rebalanced, the greater the impact on transaction charges for the sub-fund concerned will be. The frequency of rebalancing will have an impact of less than 0.05% on the annual return of the sub-fund.

As far as the method is concerned, the choice is mainly made for physical replication of the benchmark. However, the limited use of derivatives (bond futures) with a maximum limit of 10% has not been ruled out in order to limit the tracking error with the benchmark.

The sub-fund intends to implement a stratified sampling model of the performance of the index. The sub-fund will invest in all securities included in the benchmark or will limit itself to a representative selection of securities (stratified sampling) that have been, are or will be included in the benchmark. Following the use of this replication method, it is not expected that the sub-fund will hold each and every one of the underlying securities comprising the benchmark at all times or hold them in the same proportion as their weightings in the Index. The sub-fund may also hold securities that are not underlying securities comprising the index in order to comply with the diversification rules described in point 4.4. of the main part of the prospectus, to deal with the lack of liquidity of certain securities or the limited number of issues making up the benchmark. The sampled replication model will not lead to an increase in the counterparty risk. The credit rating of all the securities in which the sub-fund invests is in line with the credit rating of the securities comprising the benchmark.

Under normal market conditions, a tracking error of less than 0.5% is expected on an annual basis.

For more information regarding the specific risks for sub-funds managed passively, please see point 5 « Risk management » in the main part of the prospectus.

The credit rating of all the securities in which the sub-fund invests is in line with the credit rating of the securities comprising the benchmark.

The sub-fund may hold ancillary liquid assets as described in point 4.1.6 of this prospectus

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities, as defined by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the Taxonomy).

The sub-fund is classified as an “article 6” product under 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 (SFDR).

#### Transparency regarding adverse sustainability impacts

The sub-fund considers the principal adverse impacts of its investment decisions by taking into account indicator 14 of the principal adverse impacts (“PAIs”) (“exposure to controversial weapons”) as described in 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 (the “SFDR”). In addition, the principal negative sustainability impacts are taken into account in the inherent limits of passive management through the incorporation of sustainability risks into the management of non-sustainable products (for more detailed information, go to [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Informations sur le financement durable) and through our proxy voting and engagement policy (for more information, go to [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Retrospective Proxy Voting - overview)

Information on the main negative impacts on the sustainability factors can also be found in the annual report of this sub-fund, which will be published after January 1, 2023.

#### Disclaimer from the supplier of the index.

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The net asset value of this sub-fund is expressed in CAD.

**Investors should note that the sub-fund may invest (in keeping with the principle of spreading risk) up to 100% of its net assets in securities issued or backed by Canada, subject to the conditions set out in point 4.1.1.5 ‘Investment policy and objectives’.**

## Risk profile

### Risk profile of the sub-fund

The method used to calculate the overall exposure is the commitment approach.

In accordance with Commission Regulation (EU) No 1286/2014 and Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021, a summary risk indicator has been calculated for each sub-fund or, where applicable, for each share class or type. The summary risk indicator is a guide to the level of risk of this product compared with other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are unable to pay you.

The indicator uses a risk scale (risk classes) of 1 to 7. The higher the figure, the higher the potential return, although the return is also more difficult to predict. Losses are also possible. The lowest ranking on the scale does not imply that the investment is entirely risk-free. It only implies that, compared with the higher rankings, the product concerned would, under normal circumstances, generate a lower return, which is also easier to predict.

The synthetic risk and reward indicator is reviewed at regular intervals and products may therefore be reclassified with a lower or higher ranking on the scale on the basis of past data. The past data are not always a reliable indicator of the future return and risk.

The most recent figure for the indicator can be found in the Key Information Document under the heading "What are the risks and what could I get in return?". The value of bond funds is primarily affected by interest-rate fluctuations. This is because the interest rate for these bonds is fixed, irrespective of market rates.

The value of bond funds is primarily affected by interest-rate fluctuations. That is because the interest rate for these bonds is fixed, and is not affected by market rates.

Investment in this fund is also subject to:

- A moderate inflation risk: bond funds do not provide protection against an increase in inflation.
- A moderate credit risk: this fund invests primarily, but not solely, in bonds with an investment grade rating. Consequently the risk of an issuer being unable to honour its obligations is higher than for a fund that invests only in bonds with an investment grade rating. If investors have doubts about the solvency of bond issuers, the value of the bonds may decrease.
- A high concentration risk: the investments are concentrated in Canada.

### Risk profile of the typical investor

The sub-fund was set up for dynamic investors.

## Issue, redemption and fees

The initial subscription period for the KBC Renta Canarenta sub-fund ran from 20 February 1996 to 1 March 1996. During this period, subscriptions were accepted at the price of 1 000 CAD.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.  For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.  (* ) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.

Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.05% p.a.
Other taxes	See Section 20.1

a) 'Institutional B Shares' sub-category

Capitalisation shares in an 'Institutional B Shares' sub-category will be offered for subscription as from 24 November 2011. The first net asset value of this new sub-category will be the net asset value for the existing capitalisation shares sub-category on the date of the first subscription to the new 'Institutional B Shares' class of shares.

The 'Institutional B Shares' sub-category is intended for investment vehicles promoted by the KBC group.

These shares will be eligible for the reduced subscription tax of 0.01%.

Amount to cover the costs of the purchase/sale of assets: 0.50% maximum for the sub-fund.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	<p>Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.</p> <p>For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.</p> <p>(*) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.</p>
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.01% p.a.
Other taxes	See Section 20.1

## 1.4. KBC Renta Czechrenta Responsible Investing

### Investment policy

The portfolio of the KBC Renta Czechrenta Responsible Investing sub-fund is primarily invested, directly or indirectly, in securities, with preference being given to bonds denominated in Czech koruna (hereinafter referred to as 'CZK').

The sub-fund's benchmark is the JP Morgan Government Bond Index (GBI) Czech Republic. The sub-fund seeks to outperform the benchmark.

The sub-fund is actively managed and does not aim to replicate the benchmark index. The benchmark index is used to measure the performance and for the composition of the portfolio. The majority of the bonds held by the fund belong to the benchmark. The manager may, at its discretion, invest in bonds that do not belong to the benchmark in order to take advantage of specific investment opportunities for the sub-fund.

The composition of the portfolio may differ from that of the benchmark index, since the composition of the benchmark index is not entirely consistent with the environmental and/or social characteristics promoted by the sub-fund. The use of the benchmark does not detract from the responsible nature of the portfolio. The responsible nature of the portfolio is guaranteed by the responsible investing methodology mentioned below.

The sub-fund's investment policy restricts the extent to which the portfolio holdings may deviate from the benchmark. This deviation is measured by means of the tracking error, which indicates the volatility of the difference between the performance of the sub-fund and that of its benchmark. The expected tracking error is 0.75 %. Investors should be aware that the real tracking error may vary according to market conditions. A fund with a low deviation from the benchmark is likely to outperform the benchmark to a more limited extent.

The sub-fund may not invest more than 10% of its total assets in equities and other securities and shares or units, more than one third of its total assets in money market instruments, or more than one third of its total assets in bank deposits. Within these limits, the sub-fund may invest in bank deposits, money market funds and/or money market instruments to achieve its investment objectives, for cash flow purposes and/or in the event of adverse market conditions.

The sub-fund invests at least 75% of its assets directly or indirectly in:

- bonds and debt securities with an investment grade rating. An investment grade rating corresponds to at least BBB-/Baa3 (long term debt), A3/F3/P3 (short term debt) from at least one of the following rating agencies: Moody's Investor Service, Standard & Poor's or Fitch Ratings;
- government bonds issued in local currency or non-subordinated corporate bonds\* to which none of the aforementioned rating agencies has assigned a rating but whose issuer has an investment grade rating from at least one of the rating agencies listed above.

\* subordinated corporate bonds are, in the event of the bankruptcy of the concerned issuer, subordinated to the company's other debts: the company's other debts are paid first, then, and only if there is still capital left, the holders of the subordinated bonds are reimbursed in whole or in part; the holder of the subordinated bond does, however, have priority over the shareholders of the concerned issuer.

This means that the sub-fund may invest up to 25% of its assets in bonds and debt securities to which the aforementioned rating agencies have not assigned a rating and/or which do not meet the rating conditions specified above.

The sub-fund will not invest in 'distressed and defaulted securities' at the time of purchase. If over time a security becomes a 'distressed and defaulted security', the manager will always try to sell the position in the interest of the investor if market conditions allow this (for example, sufficient liquidity).

The sub-fund may hold ancillary liquid assets as described in point 4.1.6 of this prospectus.

### Disclaimer from the supplier of the index.

The information has been obtained from sources deemed to be reliable. However, J.P. Morgan in no way guarantees that the index is exhaustive or exclusive. Use of the index is authorised. The index may not be copied, used or distributed without the prior written authorisation of J.P. Morgan. Copyright 2017, J.P. Morgan Chase & Co. All rights reserved.

Given the limits defined above, the sub-fund (directly or indirectly) pursues responsible investment objectives based on a dual approach: a negative screening and positive selection methodology. This approach will be gradually implemented in the portfolio from 9 September 2022. For this dual approach, the management company relies on the services of KBC Asset Management NV.

KBC Asset Management NV has a team of expert researchers responsible for this dual approach. They are supported by an independent advisory board (the "Responsible Investing Advisory Board") composed of a maximum of 12 people who are not affiliated with KBC Asset Management NV and whose sole responsibility is to oversee the dual approach and the activities of the expert researchers. A representative of KBC Asset Management NV

exercises the role of secretariat of the Responsible Investing Advisory Board. In addition, KBC Asset Management NV works with data providers specialising in responsible investing that provide data to specialist researchers, who process and supplement the data with publicly available information (including annual reports, media publications, etc.)

The sub-fund promotes a combination of environmental and social characteristics, and while it does not have sustainable investments as an objective, it invests a minimum proportion (60%) of its assets in economic activities that contribute to social objectives (i.e. "sustainable investments"). The governments, supranational debtors and/or government-related issuing agencies in which it invests must follow good governance practices. The sub-fund to the transparency obligations of Article 8(1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 the publication of sustainability information in the financial services sector ("SFDR"). Further information on how the sub-fund promotes environmental and social characteristics is available in the appendix of KBC Renta Czechrenta Responsible Investing. Pre-contractual information on financial products referred to in Article 8(1), (2) and (2a) of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852 related to KBC Renta Czechrenta Responsible Investing can be found in Annex 2.2.

#### Negative screening

In practical terms, the end result of this negative screening procedure is that the sub-fund excludes, in advance, from the responsible investment universe those issuers that fall under the exclusion policies available for inspection at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Exclusion policies for responsible investing funds.

The application of these policies means that issuers involved in activities such as the tobacco industry, weapons, gambling and adult entertainment are excluded from the investment universe of the sub-fund. This filtering also makes it possible to exclude from the sub-fund's investment universe any issuers that seriously violate the fundamental principles of environmental protection, social responsibility and good governance.

These negative screening principles are not exhaustive and may be adapted from time to time under the supervision of the Responsible Investing Advisory Board.

#### Positive selection methodology

Within the investment universe defined and the other limits described above, the responsible investment objectives of the sub-fund are as follows:

(1) to promote the integration of sustainability into the policy decisions of governments, supranational debtors and/or government-related agencies, favouring governments, supranational debtors and/or government-related agencies with a better ESG score, where ESG stands for "Environmental, Social and Governance";

(2) to promote climate change mitigation, with a preference for governments, supranational debtors and/or issuing agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target; and

(3) to support sustainable development by including governments, supranational debtors and/or government-related agencies that contribute to the United Nations Sustainable Development Goals.

If investments are to be made in instruments issued by corporate issuers, those issuers must meet the negative selection criteria set out above.

The sub-fund's objectives are available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

#### **(1) ESG score**

The contribution to the inclusion of sustainability in the policy decisions of governments, supranational debtors and/or issuing agencies linked to governments is measured on the basis of an ESG score. This score represents the assessment of aggregated performance of a given entity relative to a range of ESG criteria that are based, insofar as possible, on objective measures. The main factors underlying the ESG criteria are the following five pillars:

- overall economic performance and stability (for example, the quality of the institutions and government);
- the socioeconomic development and health of the population (e.g. education and employment);
- equality, freedom and rights of all citizens;
- environmental policy (e.g. climate change); and
- security, peace and international relations.

This list is not exhaustive and may be changed under the supervision of the Responsible Investing Advisory Board.

The ESG score of the countries in the portfolio is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR

and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

More detailed information on the ESG score is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

## **(2) Carbon intensity**

The objective of promoting climate change mitigation, with a preference for governments, supranational debtors and/or agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target, covers at least 90% of the portfolio. The objective does not apply to entities for which the data is not available.

The contribution of governments, supranational debtors and/or agencies linked to governments to mitigating climate change is measured on the basis of their carbon intensity. Carbon intensity is defined as the greenhouse gas emissions (in tonnes of CO<sub>2</sub> equivalent) divided by gross domestic product (at current prices in USD millions).

Carbon intensity is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

More detailed information on carbon intensity and the specific objectives of the sub-fund is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

The objectives can be revised upwards or downwards.

## **(3) United Nations Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or government-related agencies that contribute to the United Nations Sustainable Development Goals. The United Nations Sustainable Development Goals include social and environmental objectives. The instruments of entities that meet these requirements are classified as “sustainable investments” in accordance with article 2.17 of the SFDR.

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid up capital/the percentage of the population (by order of availability)).
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

More detailed information on this subject and on the specific objectives of the sub-fund is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

The objectives can be revised upwards or downwards.

## **Possible exceptions**

It cannot be ruled out, however, that investments may be made on a temporary and limited basis in assets that do not meet the criteria set out above. The reasons for this include the following:

- Developments as a result of which an issuer may no longer be considered as eligible after the purchase;
- Erroneous data as a result of which assets are purchased when they should not have been eligible for the sub-fund;
- a planned update of the screening criteria due to which assets should be excluded from the sub-fund, but which the management company chooses not to sell immediately in the best interests of the client (e.g. transaction costs, price volatility);
- external circumstances such as market changes and external data updates may lead to the investment solutions not achieving the abovementioned objectives.

In such cases, the manager will replace these assets with more appropriate assets as soon as possible, while always operating solely in the interest of investors.

In addition, for the purpose of efficient portfolio management, the manager may, to a large extent, use derivatives relating to assets issued by issuers that would not be eligible for inclusion in the sub-fund, to the extent that there is no usable and comparable alternative available on the market. In addition, counterparties with which derivatives transactions are entered into are not necessarily responsible issuers.

## **Information about the Taxonomy**

At the date of the prospectus, the sub-fund does not invest in environmentally sustainable economic activities within the framework of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times. The “do no significant harm” principle applies only to underlying investments that take into account EU criteria on environmentally sustainable economic activities. The investments underlying the remaining portion of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities. This point will be monitored on a regular basis.

## **Transparency on indicators regarding the principal adverse impacts**

The sub-fund takes account of the principal adverse impacts of its investment decisions on sustainability factors by taking into account the principal adverse impacts as described in Regulation (EU) 2019/2088 of the European Parliament and of the Council on 27 November 2019 on sustainability-related disclosures in the financial services sector (the ‘SFDR’). The principal adverse impacts on sustainability factors are explicitly taken into account by the general exclusion policy for conventional and Responsible Investing funds and the exclusion policy for Responsible Investing funds. More detailed information on the principal adverse impacts is available on the websites [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> General exclusion policy for conventional and Responsible Investing funds and [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> Exclusion policies for responsible investment funds. In addition, the principal adverse impacts on sustainability factors are implicitly taken into account by the Ivesam NV Proxy Voting and Engagement Policy (more detailed information is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> Retrospective Proxy Voting - overview > Proxy Voting and Engagement Policy). As part of its commitment to Responsible Investing funds, Ivesam SA exercises the voting rights of the shares it manages in accordance with its Proxy Voting and Engagement Policy. Where relevant, Ivesam NV will engage in dialogue with the management of the companies concerned, before voting if necessary.

Further information on how the sub-fund aims to take into account the main negative impacts on the sustainability factors can also be found in the appendix of KBC Renta Czechrenta Responsible Investing which can be found in Appendix 2.2. A statement on how the sub-fund has taken into account the main negative impacts on sustainability factors during the reporting period can also be found in the annual report that will be published for this sub-fund after 1 January 2023.

The net asset value of this sub-fund is expressed in CZK.

**Investors should note that the sub-fund may invest (in keeping with the principle of spreading risk) up to 100% of its net assets in securities issued or guaranteed by the Czech Republic, subject to the conditions set out in point 4.1.1.5. Investment policy and objectives.**

## **Risk profile**

### Risk profile of the sub-fund

The method used to calculate the overall risk is the commitment approach.

In accordance with Commission Regulation (EU) No 1286/2014 and Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021, a summary risk indicator has been calculated for each sub-fund or, where applicable, for each share class or type. The summary risk indicator is a guide to the level of risk of this product compared with other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are unable to pay you. The indicator uses a risk scale (risk classes) of 1 to 7. The higher the figure, the higher the potential return, although the return is also more difficult to predict. Losses are also possible. The lowest ranking on the scale does not imply that the investment is entirely risk-free. It only implies that, compared with the higher rankings, the product concerned would, under normal circumstances, generate a lower return, which is also easier to predict.

The synthetic risk and reward indicator is reviewed at regular intervals and products may therefore be reclassified with a lower or higher ranking on the scale on the basis of past data. The past data are not always a reliable indicator of the future return and risk.

The most recent figure for the indicator can be found in the Key Information Document under the heading “What are the risks and what could I get in return?”. The value of bond funds is primarily affected by interest-rate fluctuations. This is because the interest rate for these bonds is fixed, irrespective of market rates.

Investment in this fund is also subject to:

- A moderate inflation risk: bond funds do not provide protection against an increase in inflation.
- A moderate credit risk: this fund invests primarily, but not solely, in bonds with an investment grade rating. Consequently the risk of an issuer being unable to honour its obligations is higher than for a fund that invests only in bonds with an investment grade rating. If investors have doubts about the solvency of bond issuers, the value of the bonds may decrease.



- A high concentration risk: the investments are concentrated in the Czech Republic.

#### Risk profile of the typical investor

The sub-fund was set up for dynamic investors.

#### **Fund manager**

The Management Company has delegated the management of the sub-fund to CSOB Asset Management a.s., investiční společnost, Radlicka 333/150, 150 57, Praha 5, Czech Republic ('Fund Manager'). Pursuant to an investment management agreement entered into by the Management Company and the Fund Manager on 1 September 2004, the Fund Manager is responsible for the discretionary management of the sub-fund's portfolio.

CSOB Asset Management was established in 1995 and is a member of the KBC group.

CSOB Asset Management operates under the supervision of the Czech Securities Commission and is duly authorised to carry out discretionary management of investment funds.

In consideration of its services, the Management Company will pay the Fund Manager an annual fee of maximum 1%. This fee will be due at the end of each quarter and will be calculated on the net asset value of the sub-fund on the last valuation day of the quarter.

#### **Issue, redemption and fees**

The initial subscription period for the KBC Renta Czechrenta Responsible Investing sub-fund ran from 8 March 1999 to 1 April 1999. During this period, subscriptions were accepted at the price of 20 000 CZK, plus an entry fee of 2.5% payable to professional intermediaries.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	Max. 1.60% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.  For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.  (* ) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.
Fund administration fee	Max. 0.010% p.a.
Depositary and custody fees	Max. 0.090% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.05% p.a.
Other taxes	See Section 20.1

#### a) 'Institutional B Shares' sub-category

Capitalisation shares in an 'Institutional B Shares' sub-category will be offered for subscription as from 24 November 2011. The first net asset value of this new sub-category will be the net asset value for the existing capitalisation shares sub-category on the date of the first subscription to the new 'Institutional B Shares' class of shares.

The 'Institutional B Shares' sub-category is intended for investment vehicles promoted by the KBC group.

These shares will be eligible for the reduced subscription tax of 0.01%.

Amount to cover the costs of the purchase/sale of assets: 1.125% maximum for the sub-fund.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	<p>Max. 1.60% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.</p> <p>For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group S.A., the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.</p> <p>(*) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.</p>
Fund administration fee	Max. 0.010% p.a.
Depositary and custody fees	Max. 0.090% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.01% p.a.
Other taxes	See Section 20.1

## 1.5. KBC Renta Nokrenta Responsible Investing

### Investment policy

The KBC Renta Nokrenta Responsible Investing sub-fund aims to passively track the performance of its benchmark, Bloomberg Norwegian Krone Aggregate: Treasuries Total Return Unhedged. Its investment objective is to generate a return comparable to the performance of the Bloomberg Norwegian Krone Aggregate: Treasuries Total Return Unhedged.

Bloomberg Norwegian Krone Aggregate: Treasuries Total Return Unhedged is a bond index containing only Norwegian government bonds.

The methodology of the index, its composition, the auditing regulations and additional information can be obtained from the management company's offices.

In accordance with the methodology used by the supplier of the benchmark, the index will be rebalanced on a monthly basis. The more frequently the index is rebalanced, the greater the impact on transaction charges for the sub-fund concerned will be. The frequency of rebalancing will have an impact of less than 0.05% on the annual return of the sub-fund.

As far as the method is concerned, the choice is mainly made for physical replication of the benchmark. However, the limited use of derivatives (bond futures) with a maximum limit of 10% has not been ruled out in order to limit the tracking error with the benchmark.

The sub-fund intends to implement a stratified sampling model of the performance of the index. The sub-fund will invest in all securities included in the benchmark or will limit itself to a representative selection of securities (stratified sampling) that have been, are or will be included in the benchmark. Following the use of this replication method, it is not expected that the sub-fund will hold each and every one of the underlying securities comprising the benchmark at all times or hold them in the same proportion as their weightings in the Index. The sub-fund may also hold securities that are not underlying securities comprising the index in order to comply with the diversification rules described in point 4.4. of the main part of the prospectus, to deal with the lack of liquidity of certain securities or the limited number of issues making up the benchmark. The sampled replication model will not lead to an increase in the counterparty risk. The credit rating of all the securities in which the sub-fund invests is in line with the credit rating of the securities comprising the benchmark.

Under normal market conditions, a tracking error of less than 0.5% is expected on an annual basis.

For more information regarding the specific risks for sub-funds managed passively, please see point 5 'Risk management' in the main part of the prospectus.

The credit rating of all the securities in which the sub-fund invests is in line with the credit rating of the securities comprising the benchmark.

The sub-fund may hold ancillary liquid assets as described in point 4.1.6 of this prospectus.

### Disclaimer from the supplier of the index.

"Bloomberg®" and the Bloomberg indices listed herein (the "Indices") are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg"), and have been licensed for use for certain purposes by the distributor hereof (the "Licensee").

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Bloomberg does not guarantee the accuracy and/or the completeness of the indices or any data related thereto and shall have no liability for any errors, omissions or interruptions therein. Bloomberg does not make any warranty, express or implied, as to results to be obtained by licensee, owners of the product or any other person or entity from the use of the indices or any data related thereto. Bloomberg does not make any express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the indices or any data related thereto. Without limiting any of the foregoing, to the maximum extent allowed by law, Bloomberg, its licensors, and its and their respective employees, contractors, agents, suppliers, and vendors shall have no liability or responsibility whatsoever for any injury or damages – whether direct, indirect, consequential, incidental, punitive or otherwise – arising in connection with the product or indices or any data or values relating thereto, whether arising from their negligence or otherwise, even if notified of the possibility thereof.

Given the limits defined above, the sub-fund (directly or indirectly) pursues responsible investment objectives based on a dual approach: a negative screening and positive selection methodology. This approach will be gradually implemented in the portfolio from 9 September 2022. For this dual approach, the management company relies on the services of KBC Asset Management NV.

KBC Asset Management NV has a team of expert researchers responsible for this dual approach. They are supported by an independent advisory board (the “Responsible Investing Advisory Board”) composed of a maximum of 12 people who are not affiliated with KBC Asset Management NV and whose sole responsibility is to oversee the dual approach and the activities of the expert researchers. A representative of KBC Asset Management NV exercises the role of secretariat of the Responsible Investing Advisory Board. In addition, KBC Asset Management NV works with data providers specialising in responsible investing that provide data to specialist researchers, who process and supplement the data with publicly available information (including annual reports, media publications, etc.)

The sub-fund promotes a combination of environmental and social characteristics and, whilst sustainable investment is not among its objectives, it invests a minimum proportion of its assets (90%) in economic activities that contribute to the realisation of social goals (i.e. ‘sustainable investments’). Governments, supranational debtors and/or governmental issuing agencies in which it invests are required to follow good governance practices. The sub-fund complies with the transparency obligations under Article 8(1) of 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 (the ‘SFDR’). More detailed information on the manner in which the sub-fund promotes environmental and social characteristics is available in the Annex on KBC Renta Nokrenta Responsible Investing. The pre-contractual information relating to financial products referred to in Articles 8(1), 8(2) and 8(2a) of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852 can be found in Annex 2.3 in respect of KBC Renta Nokrenta Responsible Investing.

### Negative screening

In practical terms, the end result of this negative screening procedure is that the sub-fund excludes, in advance, from the responsible investment universe those issuers that fall under the exclusion policies available for inspection at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Exclusion policies for responsible investing funds.

The application of these policies means that issuers involved in activities such as the tobacco industry, weapons, gambling and adult entertainment are excluded from the investment universe of the sub-fund. This filtering also makes it possible to exclude from the sub-fund’s investment universe any issuers that seriously violate the fundamental principles of environmental protection, social responsibility and good governance.

These negative screening principles are not exhaustive and may be adapted from time to time under the supervision of the Responsible Investing Advisory Board.

### Positive selection methodology

Within the investment universe defined and the other limits described above, the responsible investment objectives of the sub-fund are as follows:

(1) to promote the integration of sustainability into the policy decisions of governments, supranational debtors and/or government-related agencies, favouring governments, supranational debtors and/or government-related agencies with a better ESG score, where ESG stands for “Environmental, Social and Governance”;

(2) to promote climate change mitigation, with a preference for governments, supranational debtors and/or issuing agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target; and

(3) to support sustainable development by including governments, supranational debtors and/or government-related agencies that contribute to the United Nations Sustainable Development Goals.

The sub-fund’s objectives are available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

### **(1) ESG score**

The contribution to the inclusion of sustainability in the policy decisions of governments, supranational debtors and/or issuing agencies linked to governments is measured on the basis of an ESG score. This score represents the assessment of aggregated performance of a given entity relative to a range of ESG criteria that are based, insofar as possible, on objective measures. The main factors underlying the ESG criteria are the following five pillars:

- overall economic performance and stability (for example, the quality of the institutions and government);
- the socioeconomic development and health of the population (e.g. education and employment);
- equality, freedom and rights of all citizens;
- environmental policy (e.g. climate change); and
- security, peace and international relations.

This list is not exhaustive and may be changed under the supervision of the Responsible Investing Advisory Board.

The ESG score of the countries in the portfolio is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

More detailed information on the ESG score is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

## **(2) Carbon intensity**

The objective of promoting climate change mitigation, with a preference for governments, supranational debtors and/or agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target, covers at least 90% of the portfolio. The objective does not apply to entities for which the data is not available.

The contribution of governments, supranational debtors and/or agencies linked to governments to mitigating climate change is measured on the basis of their carbon intensity. Carbon intensity is defined as the greenhouse gas emissions (in tonnes of CO<sub>2</sub> equivalent) divided by gross domestic product (at current prices in USD millions).

Carbon intensity is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

More detailed information on carbon intensity and the specific objectives of the sub-fund is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

The objectives can be revised upwards or downwards.

## **(3) United Nations Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or government-related agencies that contribute to the United Nations Sustainable Development Goals. The United Nations Sustainable Development Goals include social and environmental objectives. The instruments of entities that meet these requirements are classified as "sustainable investments" in accordance with article 2.17 of the SFDR.

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid up capital/the percentage of the population (by order of availability)).
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

More detailed information on this subject and on the specific objectives of the sub-fund is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for responsible investing funds.

The objectives can be revised upwards or downwards.

## **Possible exceptions**

It cannot be ruled out, however, that investments may be made on a temporary and limited basis in assets that do not meet the criteria set out above. The reasons for this include the following:

- Developments as a result of which an issuer may no longer be considered as eligible after the purchase;
- Erroneous data as a result of which assets are purchased when they should not have been eligible for the sub-fund;
- a planned update of the screening criteria due to which assets should be excluded from the sub-fund, but which the management company chooses not to sell immediately in the best interests of the client (e.g. transaction costs, price volatility);
- external circumstances such as market changes and external data updates may lead to the investment solutions not achieving the abovementioned objectives.

In such cases, the manager will replace these assets with more appropriate assets as soon as possible, while always operating solely in the interest of investors.

With a view to efficient portfolio management, the manager may also make considerable use of derivatives relating to assets issued by issuers that are not eligible for inclusion in the sub-fund, in so far as there is no usable and comparable alternative available on the market. In addition, counterparties with which derivatives transactions are entered into are not necessarily responsible issuers.

## **Information about the Taxonomy**

At the date of the prospectus, the sub-fund does not invest in environmentally sustainable economic activities within the framework of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times. The “do no significant harm” principle applies only to underlying investments that take into account EU criteria on environmentally sustainable economic activities. The investments underlying the remaining portion of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

## **Compulsory liability disclaimer – J.P. Morgan:**

The information has been obtained from sources deemed to be reliable. However, J.P. Morgan in no way guarantees that the index is exhaustive or exclusive. Use of the index is authorised. The index may not be copied, used or distributed without the prior written authorisation of J.P. Morgan. Copyright 2017, J.P. Morgan Chase & Co. All rights reserved.

## **Transparency on indicators regarding the principal adverse impacts**

The sub-fund takes account of the principal adverse impacts of its investment decisions on sustainability factors by taking into account the principal adverse impacts as described in Regulation (EU) 2019/2088 of the European Parliament and of the Council on 27 November 2019 on sustainability-related disclosures in the financial services sector (the ‘SFDR’). The principal adverse impacts on sustainability factors are explicitly taken into account by the general exclusion policy for conventional and Responsible Investing funds and the exclusion policy for Responsible Investing funds. More detailed information on the principal adverse impacts is available on the websites [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > General exclusion policy for conventional and Responsible Investing funds and [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Exclusion policies for responsible investment funds. In addition, the principal adverse impacts on sustainability factors are implicitly taken into account by the Ivesam NV Proxy Voting and Engagement Policy (more detailed information is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Retrospective Proxy Voting - overview > Proxy Voting and Engagement Policy). As part of its commitment to Responsible Investing funds, Ivesam SA exercises the voting rights of the shares it manages in accordance with its Proxy Voting and Engagement Policy. Where relevant, Ivesam NV will engage in dialogue with the management of the companies concerned, before voting if necessary.

Further information on how the sub-fund aims to take into account the main negative impacts on sustainability factors can also be found in the appendix of KBC Renta Nokrenta Responsible Investing which can be found in Appendix 2.3. A statement on how the sub-fund has taken into account the main negative impacts on sustainability factors during the reporting period can also be found in the annual report that will be published for this sub-fund after 1 January 2023. The net asset value of this sub-fund is expressed in NOK.

**Investors should note that the sub-fund may invest (in keeping with the principle of spreading risk) up to 100% of its net assets in securities issued or backed by Norway, subject to the conditions set out in point 4.1.1.5. Investment policy and objectives.**

## **Risk profile**

### **Risk profile of the sub-fund**

The method used to calculate the overall exposure is the commitment approach.

In accordance with Commission Regulation (EU) No 1286/2014 and Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021, a summary risk indicator has been calculated for each sub-fund or, where applicable, for each share class or type. The summary risk indicator is a guide to the level of risk of this product compared with other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are unable to pay you. The indicator uses a risk scale (risk classes) of 1 to 7. The higher the figure, the higher the potential return, although the return is also more difficult to predict. Losses are also possible. The lowest ranking on the scale does not imply that the investment is entirely risk-free. It only implies that, compared with the higher rankings, the product concerned would, under normal circumstances, generate a lower return, which is also easier to predict.

The synthetic risk and reward indicator is reviewed at regular intervals and products may therefore be reclassified with a lower or higher ranking on the scale on the basis of past data. The past data are not always a reliable indicator of the future return and risk.

The most recent figure for the indicator can be found in the Key Information Document under the heading “What are the risks and what could I get in return?”. The value of bond funds is primarily affected by interest-rate fluctuations. This is because the interest rate for these bonds is fixed, irrespective of market rates.

Investment in this fund is also subject to:

- A moderate inflation risk: bond funds do not provide protection against an increase in inflation.

- A moderate credit risk. This fund invests primarily, but not solely, in bonds with an investment grade rating. Consequently the risk of an issuer being unable to honour its obligations is higher than for a fund that invests only in bonds with an investment grade rating. If investors have doubts about the solvency of bond issuers, the value of the bonds may decrease.
- A high concentration risk: the investments are concentrated in Norway.

Exchange risk: none

Market risk: moderate

Risk profile of the typical investor

The sub-fund was set up for dynamic investors.

**Issue, redemption and fees**

The initial subscription period for the KBC Renta Nokrenta Responsible Investing sub-fund ran from 1 April 2003 to 2 May 2003. During this period, subscriptions were accepted at the price of 4 000 NOK, plus an entry fee of 2.5% payable to professional intermediaries.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.  For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.  (* ) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.05% p.a.
Other taxes	See Section 20.1

a) 'Institutional B Shares' sub-category

Capitalisation shares in an 'Institutional B Shares' sub-category will be offered for subscription as from 24 November 2011. The first net asset value of this new sub-category will be the net asset value for the existing capitalisation shares sub-category on the date of the first subscription to the new 'Institutional B Shares' class of shares.

The 'Institutional B Shares' sub-category is intended for investment vehicles promoted by the KBC group.

These shares will be eligible for the reduced subscription tax of 0.01%.

Amount to cover the costs of the purchase/sale of assets: 0.75% maximum for the sub-fund.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	<p>Max. 1.10% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.</p> <p>For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group S.A., the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.</p> <p>(*) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.</p>
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.01% p.a.
Other taxes	See Section 20.1



## 1.6. KBC Renta Strategic Accents 1

### Investment policy

The KBC Renta Strategic Accents 1 sub-fund invests at least 90% of its assets, directly or indirectly (in derivatives, and more particularly futures and interest rate swaps and units in UCIs within the limits specified in point 4.1.2.3. of the prospectus), in corporate bonds, government bonds, other debt instruments, deposits or money market instruments.

The remaining 10% can be invested in other assets as defined in Section 4.1, 'Eligible instruments'.

The sub-fund is actively managed without the use of a benchmark.

The sub-fund's objective is to respond tactically to opportunities on the bond and money markets.

The sub-fund may invest in securities and/or derivatives denominated in any currency. The currency risk will not be systematically hedged. Furthermore, the portfolio may be concentrated on particular issuers, currencies or types of securities and/or derivatives. The portfolio composition may therefore vary significantly over time.

Derivative instruments may be used to achieve the investment objectives and to hedge the risks of the sub-fund.

As a general rule, the compartment may use futures on EMU government bonds to create exposure outright or via a spread theme, and/or to efficiently manage duration and curve risk. In addition, credit derivatives, such as Credit Default Swap (CDS) contracts on indices (e.g. iTraxx or CDX), may be used both to achieve the investment objectives and to hedge credit risk, but solely within the context of the existing risk profile and without entailing any shift to less creditworthy debtors than those in which the UCITS can invest. The sub-fund may, for example, sell credit protection on investment grade indices through Credit Default Swap contracts (subject to a maximum limit of 50% of its assets) to effectively create a liquid exposure to corporate credit risk, or, conversely, purchase credit protection on investment grade indices to effectively reduce exposure to corporate credit risk. Additionally, FX forwards may be used to hedge any unwanted FX risk. This list of derivative-based strategies is representative but non-exhaustive.

Insofar as derivatives are used, this will involve instruments that are liquid and readily negotiable. Use of derivatives therefore does not influence the liquidity risk. Nor does use of derivatives alter the allocation of the portfolio between regions, sectors or themes. It therefore does not affect the concentration risk. Derivatives do not guarantee the full or partial protection of the capital. They neither increase nor decrease the capital risk. Nor does the use of derivatives have the slightest influence on settlement risk, custody risk, flexibility risk, inflation risk or any risk dependent on external factors.

The sub-fund may not invest more than 25% of its total assets in convertible and option bonds, with a maximum of 10% in contingent convertible bonds, more than 10% of its assets in equities and other securities and shares or units, more than one third of its total assets in money-market instruments or more than one third of its total assets in bank deposits. Within these limits, the sub-fund may invest in bank deposits, money market funds and/or money market instruments to achieve its investment objectives, for cash flow purposes and/or in the event of adverse market conditions.

Contingent convertible bonds are debt instruments issued by banks or financial institutions which, following a predefined trigger event, will be converted into a determined number of shares or form the subject of a partial or total cancellation. Trigger events include the issuer's predefined capital ratios falling to a particular level, or the issue/issuer being made the subject of an action or a regulatory decision by the responsible regulator in the issuer's home market.

The sub-fund may invest up to 100% of its assets directly or indirectly in:

- bonds and debt instruments with a rating lower than investment grade;
- bonds and debt instruments of issuers with a rating lower than investment grade.

Lower than investment grade means lower than BBB-/Baa3 (long-term) and A3/F3/P3 (short-term) from at least one of the following rating agencies: Moody's Investor Service, Standard & Poor's or Fitch Ratings.

The sub-fund may invest up to 50% of its net assets in bonds and debt instruments to which the aforementioned agencies have not assigned a rating and/or which do not meet the rating conditions specified above.

The sub-fund may hold ancillary liquid assets as described in point 4.1.6 of this prospectus.

The sub-fund will not invest in 'distressed and defaulted securities' at the time of purchase. If over time a security becomes a 'distressed and defaulted security', the manager will always try to sell the position in the interest of the investor if market conditions allow this (for example, sufficient liquidity).

The investments underlying this financial product do not take into account the European Union criteria for environmentally sustainable economic activities, as defined by Regulation (EU) 2020/852 of the European

Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the Taxonomy).

The sub-fund is classified as an "Article 6" product under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability reporting in the financial services sector (SFDR).

#### Transparency regarding adverse sustainability impacts

The sub-fund considers the principal adverse impacts of its investment decisions by taking into account the principal adverse impacts ("PAIs") on sustainability factors as described in 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 (the "SFDR"). The principal adverse sustainability impacts are explicitly taken into account via the general exclusion policy. More detailed information on the principal adverse impacts taken into account is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Politiques générales d'exclusion pour les investissements conventionnels et responsables. In addition, the principal negative sustainability impacts are implicitly taken into account through the incorporation of sustainability risks into the management of non-sustainable products (more detailed information is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Informations sur le financement durable) and through our proxy voting and engagement policy (more information is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements)> Retrospective Proxy Voting - overview).

Information on the principal adverse effects on sustainability factors can also be found in the sub-fund's annual report, which will be published after 1 January 2023.

The net asset value of the sub-fund is expressed in euros.

#### Risk profile

##### Risk profile of the sub-fund

The method used to calculate the overall exposure is the commitment approach.

In accordance with Commission Regulation (EU) No 1286/2014 and Commission Delegated Regulation (EU) 2017/653 of 8 March 2017, as amended by Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021, a summary risk indicator has been calculated for each sub-fund or, where applicable, for each share class or type. The summary risk indicator is a guide to the level of risk of this product compared with other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are unable to pay you. The indicator uses a risk scale (risk classes) of 1 to 7. The higher the figure, the higher the potential return, although the return is also more difficult to predict. Losses are also possible. The lowest ranking on the scale does not imply that the investment is entirely risk-free. It only implies that, compared with the higher rankings, the product concerned would, under normal circumstances, generate a lower return, which is also easier to predict.

The synthetic risk and reward indicator is reviewed at regular intervals and products may therefore be reclassified with a lower or higher ranking on the scale on the basis of past data. Past data do not always provide a reliable indication of the future return and risk.

The most recent figure for the indicator can be found in the Key Information Document under the heading "What are the risks and what could I get in return?".

The value of bond funds is primarily affected by interest-rate fluctuations. This is because the value of fixed-income bonds increases when interest rates fall and decreases when interest rates rise.

Investment in this fund is also subject to:

- a capital risk: there is no capital protection;
- a high credit risk: the fund may invest a high percentage of its assets in bonds with a poor credit rating. There is a significant risk of an issuer being unable to honour its obligations. If investors come to doubt the solvency of the issuers, the value of the bonds may decline. The sub-fund may invest up to 10% of its assets in contingent convertible bonds issued by financial institutions. When the issuing financial institutions run into financial problems, these instruments may be converted into shares or be wholly or partially written down;
- a moderate inflation risk: there is no protection against an increase in inflation;
- a high foreign exchange risk: when investing in securities denominated in currencies other than the reference currency of the fund, there is a real risk of the value of an investment being affected by exchange-rate fluctuations;
- a moderate liquidity risk: when investing partially in less liquid bonds, investors run the risk of not being able to sell a position in good time and at a reasonable price;
- a moderate market risk: the level of this risk reflects the sensitivity of the bonds to interest rates and the exchange-rate risk relative to the euro.

The risks specific to investments in contingent convertible bonds are as follows:

- trigger level and conversion risk: if the issuer's capital ratio has fallen below a certain level, and/or by a decision of the supervisory authority, the bonds may be converted into shares or wholly or partially written

down. In this case, the sub-fund could incur losses on the investment in contingent convertible bonds before the financial institution's shareholders if a write-down of the contingent convertible bonds were to occur before the insolvency of the financial institution;

- coupon cancellation/non-payment risk: the issuer of the contingent convertible bond in which the sub-fund invests may have a discretionary power to decide not to pay the coupon on the contingent convertible bond;
- capital structure inversion risk: in this case, holders of contingent convertible debt securities will suffer losses before holders of equity securities issued by the same issuer, contrary to the normal order of a capital structure hierarchy where equity holders are expected to suffer losses before debt holders;
- call extension risk and maturity risk: contingent convertible bonds may be perpetual bonds, which can only be redeemed on predetermined call dates. Redemption on the call date depends on the issuer's discretionary decision-making power;
- liquidity risk: in certain circumstances, it may be difficult to find a buyer for contingent convertible bonds, and the seller may be forced to accept a significant discount on the expected value of the bond in order to sell it;
- yield valuation risk and unknown risk: contingent convertible debt securities are also innovative financial instruments, and their behaviour in a stressed financial environment is therefore unknown. This increases the uncertainty of the valuation of contingent convertible debt securities and the risks of potential price contagion, as well as the volatility and also the liquidity risks of the entire asset class of contingent convertible securities.

#### Risk profile of the typical investor

The sub-fund was set up for dynamic investors.

#### **Issue, redemption and fees**

##### *'Institutional B Shares' sub-category*

Capitalisation shares in the 'Institutional B Shares' sub-category will be issued from 18 December 2012 until 21 December 2012 at the initial subscription price of 1 000 euros.

The initial subscription price must be paid by 28 December 2012 at the latest, at the first net asset value of 24 December 2012.

The 'Institutional B Shares' sub-category is intended for investment vehicles promoted by the KBC group.

These shares will be eligible for the reduced subscription tax of 0.01%.

Amount to cover the fees for purchase and sale of the assets: maximum 1.50% for the sub-fund.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	Max. 1.50% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.  For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group NV, the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.  (* ) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.01% p.a.
Other taxes	See Section 20.1

*'Classic Shares' sub-category*

Distribution shares in the 'Classic Shares' sub-category will be issued on 12 November 2014 at the initial subscription price of 1 000 euros. Subscriptions to shares in the sub-category will only be accepted if one and the same person subscribes in an amount of at least 25 000 euros. The initial subscription price must be paid by 17 November 2014 at the latest, at the first net asset value of 13 November 2014.

These shares will be eligible for the subscription tax of 0.05%.

As described in Section 20 "Fees, charges and expenses", the sub-fund will pay the fees and expenses indicated below:

<b>Ongoing fees and charges paid by the sub-fund (unless indicated otherwise, in the currency in which the sub-fund is denominated or as a percentage of the net asset value of the asset)</b>	
Portfolio management fee	Max. 1.50% on an annualised basis, calculated on the Sub-fund's average total net assets. The management fee cannot under any circumstances be a negative amount.  For the portion of the net assets corresponding to an investment in undertakings for collective investment (*) managed by a financial institution of the KBC Group S.A., the fee for the management of the investment portfolio is equal to the difference between the fee for the management of the investment portfolio of the aforementioned undertakings for collective investment and the percentage indicated above for the management fee of the investment portfolio.  (* ) The fee for the management of the investment portfolio of the undertakings for collective investment in which the sub-fund invests will amount to a maximum of 1.70%.
Fund administration fee	Max. 0.040% p.a.
Depositary and custody fees	Max. 0.030% p.a.
Research fee	Max. 0.005% p.a.
Other fees and charges	0.020% (estimate)
Subscription tax (Luxembourg)	0.05% p.a.
Other taxes	See Section 20.1

## Annex 2. Information pursuant to Articles 8(1), 8(2) and 8(2a) SFDR

ANNEX 2.1 for KBC Renta Eurorenta Responsible Investing

**Standard pre-contractual information for financial products referred to in Articles 8(1), 8(2) and 8(2a) of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852**

**Product name:** KBC Renta Eurorenta Responsible Investing

**Legal entity identifier:** 549300UF6VJF1T9JDR45

### Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 35 % of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, **but will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



## What environmental and/or social characteristics are promoted by this financial product?

The sub-fund promotes a combination of environmental and social characteristics and, whilst it does not have a sustainable investment objective, it will invest a minimum proportion (35%) of its assets in economic activities that contribute to the realisation of environmental or social goals ('sustainable investments'). The sub-fund does not invest in environmentally sustainable economic activities within the meaning of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times. The underlying investments of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities. This sub-fund:

- promotes the integration of sustainability into the policy decisions of governments, supranational debtors and/or governmental agencies, favouring governments, supranational debtors and/or governmental agencies with a better ESG score, where ESG stands for 'Environmental, Social and Governance'; and
- promotes climate change mitigation, with a preference for governments, supranational debtors and/or governmental issuing agencies with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target; and
- supports sustainable development by including governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals; and
- supports sustainable development by encouraging the transition to a more sustainable world through bonds financing green and/or social projects.

If investments are to be made in the instruments of corporate issuers, those issuers must meet the negative selection criteria set out in the section entitled "To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?".

The objectives of the sub-fund are as follows:

	<b>Objective</b>
<b>Target ESG score</b>	10% above the benchmark index of global bonds (composed of the following benchmark index figures: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR)
<b>Carbon intensity target</b>	25% above the benchmark index of global bonds (composed of the following benchmark figures: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR)
<b>UN Sustainable Development Goals</b>	Minimum 35% invested in instruments issued by governments, supranational institutions and/or governmental agencies, including bonds financing green and/or social projects

<b>Target for bonds financing green and/or social projects</b>	Minimum 10% invested in bonds issued by governments, supranational institutions and/or governmental agencies, including bonds financing green and/or social projects
<b>Minimum percentage of sustainable investments for the sub-fund</b>	35%
<b>Minimum percentage of sustainable investments with a social objective</b>	5%
<b>Minimum percentage of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU taxonomy</b>	1%
<b>Other specific objectives</b>	If investments are to be made in instruments issued by corporate issuers, those issuers must meet the negative selection criteria set out in the section "To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?".

No benchmark index has been set for the achievement of the environmental or social characteristics promoted by this sub-fund. For investments in instruments issued by governments, supranational debtors and/or governmental agencies, the benchmark index of global government bonds referred to above is used as a basis of comparison for certain ESG characteristics promoted by the sub-fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

**(1) ESG score indicators**

The contribution to the inclusion of sustainability in the policy decisions of governments, supranational debtors and/or government-linked issuing agencies is measured on the basis of an ESG score awarded by KBC Asset Management NV. This score represents the official assessment of an entity's performance in relation to general environmental, social and governance matters. To calculate the ESG score, each country is assessed in accordance with five equally weighted groups of criteria. The main factors underlying the ESG criteria are the following five pillars:

- overall economic performance and stability (for example, the quality of the institutions and government);
- the socioeconomic development and health of the population (e.g., education and employment);
- equality, freedom and rights of all citizens;
- environmental policy (e.g., climate change); and
- security, peace and international relations.

This list of the factors underlying the ESG criteria is not exhaustive and may be amended under the supervision of the Responsible Investment Advisory Board.

The ESG score awarded to a country evaluates the performance of government policy in that country in terms of the environment, social aspects and good governance. ESG scores are on a scale from 0 to 100. The higher

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

the ESG score, the greater the country's engagement in sustainable development. As well as excluding the lowest 10% of scores, the sub-fund will encourage best practice by ensuring its overall ESG score is more than 10% higher than the benchmark index for global government bonds. The ESG score of the countries in the portfolio is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

The ESG targets are evaluated annually and may be adjusted. Outside circumstances such as market movements and updates to data relating to the ESG score may cause an investment solution to fall short of this target, in which case the investment solution will be adjusted to return to compliance with the target within a timeframe that takes account of the customer's best interests. For supranational bonds, the Responsible Investing research team will award an ESG score that reflects the weighted average of the member states, whereby the weightings will reflect voting rights, the amount of capital paid-up or the percentage of the total population.

More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

## **(2) Carbon intensity indicators**

The objective of promoting climate change mitigation, with a preference for governments, supranational debtors and/or agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target, covers at least 90% of the portfolio. The objective does not apply to entities for which the data is not available. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

The contribution of governments, supranational debtors and/or agencies linked to governments to mitigating climate change is measured on the basis of their carbon intensity. Carbon intensity is defined as the greenhouse gas emissions (in tonnes of CO<sub>2</sub> equivalent) divided by gross domestic product (at current prices in USD millions).

A carbon intensity score is calculated for each country, with greenhouse gas emissions (national emissions plus direct and indirect imported emissions) being measured per million of gross domestic product. A country's CO<sub>2</sub> emissions figure in tonnes is the sum of:

- CO<sub>2</sub> emissions resulting from the domestic production of goods and services for domestic consumption and export; and
- CO<sub>2</sub> emissions in the country of origin that result from the import of goods and services.

KBC Asset Management NV makes the general assumption that the government controls all economic activities within its territory. KBC Asset Management NV measures domestic emissions and import-related emissions as reported by PRIMAP. The PRIMAP data set combines various published data series into a full set of greenhouse gas emissions trajectories. The gross domestic product figures (in US dollars) are based on figures from the International Monetary Fund (IMF). Within the sub-fund, the carbon intensity score is allocated to at least 90% of fund assets, excluding cash (including bank deposits) derivatives and countries for which no data exists. To calculate carbon intensity at portfolio level, KBC Asset Management NV takes the weighted average carbon intensity of the fund's holdings. The weighting used in the calculation reflect the size of the fund's holdings, scaled up for items without data. Countries for which data is unavailable are included in the negative screening and are assigned a general ESG score. For sovereign bonds, the sub-fund aims to exceed the current score of the benchmark index of global bonds. Carbon intensity is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR). Beating the benchmark is dependent on the geographical allocation, as determined by the benchmark index or the target allocation. Investment solutions in EMU government bonds aim to beat the benchmark by 25%. Outside circumstances such as market movements and updates to carbon intensity data may result in investment solutions exceeding this target, in which case the investment solution will be adjusted to meet the target again within a timeframe that takes account of the customer's best interests. For supranational bonds, the Responsible Investing research team will award a carbon intensity ESG score that reflects the weighted average of the member states, whereby the weightings will reflect voting rights, the amount of capital paid-up or the percentage of the total population.

The carbon intensity targets are checked and evaluated annually. The targets may be revised upwards or downwards. For example, if countries show insufficient progress in the reduction of their carbon intensity and



this cannot be offset by optimising the portfolio, KBC Asset Management NV may revise the target upwards. It is also possible that carbon intensity will fall to a lower level much faster than expected. If countries make excellent progress in terms of carbon intensity, KBC Asset Management NV KBC Asset Management NV wants to be able to track this acceleration in the portfolio. In that case, the target may be adjusted downwards.

### **(3) Indicators related to the UN Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals. The UN Sustainable Development Goals include social and environmental objectives. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. To be considered as contributing to sustainable development, and thus to score sufficiently well, a country must meet the following two conditions:

- the country must be aligned with the ESG criteria, i.e. it must have a score of at least 80 for one of the five pillars and not score 50 or less for any other pillar;
- the country must not be excluded, i.e. it must not be among the bottom 50% of controversial regimes, it must meet the sustainability compliance criteria and it must not be among the 10% worst-scoring countries.

Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of the two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid-up capital/the percentage of total population (by order of availability));
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

The targets are checked and evaluated annually. The targets may be revised upwards or downwards. The minimum percentage of countries that must be aligned with the UN Sustainable Development Goals may be revised to reflect any stricter requirements that KBC Asset Management NV wishes to set for the sub-fund. Revision will thus depend on the future evolution of the strategy for responsible investments, as well as on the progress made by countries in terms of sustainability.

### **(4) Indicators related to bonds financing green and/or social projects**

To promote the transition to a more sustainable world, the sub-fund undertakes to invest a minimum proportion of the portfolio in bonds financing green and/or social projects. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

The targets are checked and evaluated annually. The targets may be revised upwards or downwards. The minimum percentage of bonds financing green and/or green social projects may be revised to reflect any stricter requirements that KBC Asset Management NV wishes to set for the sub-fund. Revision will thus depend on the future evolution of the strategy for responsible investments, as well as on the progress made by countries in terms of sustainability.

## **● *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

### **1. UN Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled "What environmental and/or social characteristics are promoted by this financial product?".

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. To be considered as contributing to sustainable development, and thus to score sufficiently well, a country must meet the following two conditions:

- the country must be aligned with the ESG criteria, i.e. it must have a score of at least 80 for one of the five pillars and not score 50 or less for any other pillar;
- the country must not be excluded, i.e. it must not be among the bottom 50% of controversial regimes, it must meet the sustainability compliance criteria and it must not be among the 10% worst-scoring countries.

Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of the two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid-up capital/the percentage of total population (by order of availability)).
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

More detailed information on the 17 UN Sustainable Development Goals is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for Responsible Investing funds.

## 2. Bonds financing green and/or social projects

To promote the transition to a more sustainable world, the sub-fund undertakes to invest a minimum proportion of the portfolio in bonds financing green and/or social projects. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

Bonds that qualify as bonds intended to finance green and/or social products are bonds whose proceeds will be used exclusively to finance (a combination of) green and social projects and which are aligned with the Green Bond and Social Bond Principles of the International Capital Market Association (ICMA) on the use of proceeds. Instruments that meet these requirements are classed as sustainable investments.

### ● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The sustainable investments that the sub-fund intends to partially make do not cause significant harm to the sustainable investment objective by virtue of negative screening. The sub-fund takes account of the indicators concerning the principal adverse impacts on sustainability factors as shown in table 1 of Annex I to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex:

#### Negative screening

In practical terms, the end result of the negative screening procedure is that the sub-fund excludes from its responsible investment universe any issuers covered by the exclusion policies that are available for inspection on the website of the investment management company Ivesam NV.

The application of these policies means that issuers involved in activities such as fossil fuels, the tobacco industry, weapons, gambling and adult entertainment are excluded from the investment universe of the sub-fund. Investments in financial instruments linked to livestock and food prices are also excluded, and businesses operating in the palm oil industry are subject

to strict criteria. All companies that derive at least 5% of their revenue from the production or 10% of their revenue from the sale of fur or special leather are excluded. This screening process also allows issuers to be excluded from the sub-fund's investment universe if they are located in countries that encourage unfair tax practices, severely violate fundamental principles of environmental protection, social responsibility or good governance (as determined via norms-based screening, a poor ESG risk score, severe human rights violations, or involvement in non-sustainable countries or controversial regimes). The negative screening criteria are not exhaustive and may be adjusted from time to time on the advice of the Responsible Investment Advisory Board.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Due to the exclusion policy and, in particular, the norms-based screening and the ESG risk assessment, all indicators concerning the principal adverse impacts on sustainability factors in table 1 of Annex I to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex are taken into account when investing in corporate instruments. The sub-fund does not invest in companies that severely violate the principles of the UN Global Compact and the OECD guidelines for multinational enterprises, and all companies affected by serious controversies are excluded. Also excluded are companies that materially diverge from one of the first 15 UN Sustainable Development Goals (MSCI SDG Net Alignment Score of -10) and companies obtaining an ESG risk score above 40 from Sustainalytics. For investments in instruments issued by countries, the indicators concerning the principal adverse impacts on sustainability factors in table 1 of Annex 1 to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex are taken into account by excluding the countries featuring among the 10% of states with the worst ESG scores and by excluding countries that do not respect sustainable development principles or are controversial regimes.

In addition to norms-based screening and the ESG risk assessment, via the positive selection method for carbon intensity and the exclusions in the exclusion policy for Responsible Investing funds, the indicators concerning the principal adverse impacts on sustainability factors are also taken into account for all investments by this sub-fund as follows:

- **Indicator 15:** The GHG intensity of investee countries is taken into account via the objective of reducing the carbon intensity for sovereign investments.
- **Indicator 16:** 'Investee countries subject to social violations' is taken into account by virtue of the fact that the sub-fund does not invest in (i) non-sustainable countries, and (ii) countries with controversial regimes. More detailed information is available in the exclusion policy for Responsible Investing funds.

A complete summary of the indicators concerning the principal adverse impacts on sustainability factors that the sub-fund may take into account appears in Annex I to Delegated Regulation (EU) 2022/1288.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? **Details:***

The portfolio of the sub-fund is primarily invested, directly or indirectly, in securities, with preference being given to bonds denominated in euros (EUR). As a general rule, the sub-fund may use futures on EMU government bonds to manage duration and yield curve risk effectively. However, the sub-fund may also invest in the instruments of corporate issuers (within the limits set by the prospectus).

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Any investments in the instruments of corporate issuers must comply with the negative screening criteria.

The sub-fund excludes corporate issuers that severely violate fundamental principles of environmental or social responsibility and/or good governance, as assessed by the principles of the UN Global Compact. The UN Global Compact has formulated ten guiding sustainability principles regarding human rights, labour, environment and anti-corruption which form part of our internal screening. KBC Asset Management also assesses companies' involvement in violations of the International Labor Organisation (ILO) Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The sub-fund undertakes to respect the letter and the spirit of the UN Universal Declaration of Human Rights; the principles concerning fundamental rights in the eight core conventions of the International Labor Organisation as set out in the Declaration on Fundamental Principles and Rights at Work; the UN Declaration on the Rights of Indigenous Peoples; the UK Modern Slavery Act and other international and regional human rights treaties containing internationally recognised standards by which businesses must abide. All companies appearing on the list entitled KBC Group Policy on Human Rights are excluded. More detailed information on this topic is published in the KBC Group Policy on Human Rights, which is available on the website of the investment management company Ivesam NV.

Ivesam NV also expands the listed entitled KBC Group Policy on Human Rights to include all companies whose controversy score in relation to human rights is:

- high or alarming, in sub-sectors in which human rights are considered to be greatly or seriously under threat;
- alarming, in any other sub-sector.

More detailed information on negative screening is available in the section entitled "To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?".

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?



Yes, the principal adverse impacts on sustainability factors are explicitly taken into account for all investments through the application of the exclusion policies. More detailed information is available in the section entitled 'How are indicators in relation to adverse impacts taken into consideration?' The principal adverse impacts on sustainability factors are implicitly taken into account through the Ivesam NV Proxy Voting and Engagement Policy. As part of its commitment to sustainable investing, Ivesam SA exercises the voting rights of the shares it manages in accordance with its Proxy Voting and Engagement Policy. Where relevant, Ivesam NV will engage in dialogue with the management of the companies concerned, before voting if necessary. More detailed information on this topic is also available in the section entitled 'How are indicators in relation to adverse impacts taken into consideration?'

Information on the principal adverse impacts on sustainability factors can also be found in the sub-fund's annual report, which will be published after 1 January 2023.

No



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The general investment strategy of the sub-fund is described in section 1.1 of the prospectus.

Within the limits defined above, as described in the overall investment strategy, the sub-fund (directly or indirectly) pursues responsible investment objectives based on a dual approach: negative screening and positive selection. More detailed information on negative screening and positive selection is available at the foot of the sections of this Annex "To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?" and "What limiting factors are used in the investment strategy for selecting investments so as to achieve each of the environmental or social characteristics promoted by this financial product?" The sub-fund promotes a combination of environmental and social characteristics and, whilst sustainable investment is not among its objectives, it invests a minimum proportion of its assets in economic activities that contribute to the realisation of environmental or social goals (i.e. 'sustainable investments'). Governments, supranational debtors and/or issuing agencies associated with governments in which it invests are required to follow good governance practices. Very limited temporary investments in assets that do not contribute to the achievement of the environmental or social objectives promoted by the sub-fund cannot be ruled out. This may arise due to outside circumstances, incorrect data, events within the companies or updates to the selection criteria, among other things. In such cases, the assets concerned will be replaced with more appropriate assets as soon as possible, while always

operating solely in the interest of investors. More detailed information can be found in the possible exceptions as described in section 1.1 of the prospectus.

Conformity of the universe of eligible responsible investments is ensured at all times through the use of compliance rules in the front-office system.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The negative screening and positive selection methodology is the limiting factor for selecting investments so as to achieve each of the environmental or social characteristics promoted by the sub-fund.

Negative screening methodology

As described in the section entitled “To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?”, the end result of the negative screening methodology is that the sub-fund excludes all issuers falling under the exclusion policies from its responsible universe.

Positive selection methodology

The sub-fund will encourage the incorporation of sustainability into the political decisions of governments, supranational debtors and/or governmental agencies, giving preference to governments, supranational debtors and/or governmental agencies with a higher ESG score, and will encourage the mitigation of climate change, giving preference to governments, supranational debtors and/or governmental agencies with a lower carbon intensity, with the goal of achieving a pre-set carbon intensity target. The sub-fund will also support sustainable development by including governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals. The sub-fund also undertakes to invest a minimum proportion of the portfolio in bonds financing green and/or social projects.

More detailed information on the specific objectives of this sub-fund in relation to ESG score, carbon intensity, the UN Sustainable Development Goals and bonds financing green and/or social projects is available in the summary table shown in the section entitled ‘What environmental and/or social characteristics are promoted by this financial product?’.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no minimum rate of engagement to reduce the scope of the potential investments prior to the application of this investment strategy.

● ***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The four criteria of good governance practices, namely (i) sound management structures, (ii) employee relations, (iii) remuneration of staff and (iv) tax compliance, are covered by the negative screening, whereby the sub-fund excludes all issuers falling under the exclusion policies from the responsible investment universe. As well as the exclusion of issuers involved in certain activities, the screening also allows issuers to be excluded which severely violate fundamental principles of environmental protection, social responsibility or good governance, by means of the controversy assessment and the assessment of companies located in countries that encourage unfair tax

practices. An ESG risk rating is attributed to issuers. The indicators used in this assessment vary according to the sub-sector of the company, but governance is always taken into account. Companies with a Sustainalytics ESG risk score above 40 are excluded, as are companies whose alignment with one of the first 15 UN Sustainable Development Goals is very poor (MSCI SDG Net Alignment Score of -10) and companies obtaining an ESG risk score above 40 from Sustainalytics. On the advice of Responsible Investment Advisory Board, companies may be excluded or discussed on an ad hoc basis. More detailed information on negative screening is available in the section entitled “To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?”.



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The portfolio of the sub-fund is primarily invested, directly or indirectly, in securities, with preference being given to bonds denominated in euros (EUR).

Within the eligible asset categories as set out in section 1.1 of the prospectus, the sub-fund aims to Invest, to the full extent possible, in assets promoting environmental or social characteristics. An exception is made for technical items such as cash (including bank deposits) and derivatives, and for assets for which no environmental or social guarantees exist, in which the sub-fund temporarily invests following a planned update to the eligible universe, which determines which assets promote environmental and/or social characteristics. The sub-fund may hold or invest in these types of asset in order to achieve its investment objectives, to diversify its portfolio, to manage cash or to hedge risks. Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.1 of the prospectus.

The sub-fund further undertakes to invest at least 35% of its assets in sustainable investments as defined in Article 2(17) of the SFDR. The methodology used to classify investments as sustainable within the meaning of Article 2(17) of the SFDR is available at the following address: [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for Responsible Investing funds. The sustainable investment target for this sub-fund is equal to the total of the investments regarded as ‘sustainable’ on the basis of the published methodology on alignment with the UN Sustainable Development Goals plus investments in bonds that may be regarded as bonds financing green and/or social projects.

More detailed information on this topic is available in the section entitled ‘What sustainable investment objectives does the financial product partially intends to make and how does sustainable investment contribute to these objectives?’

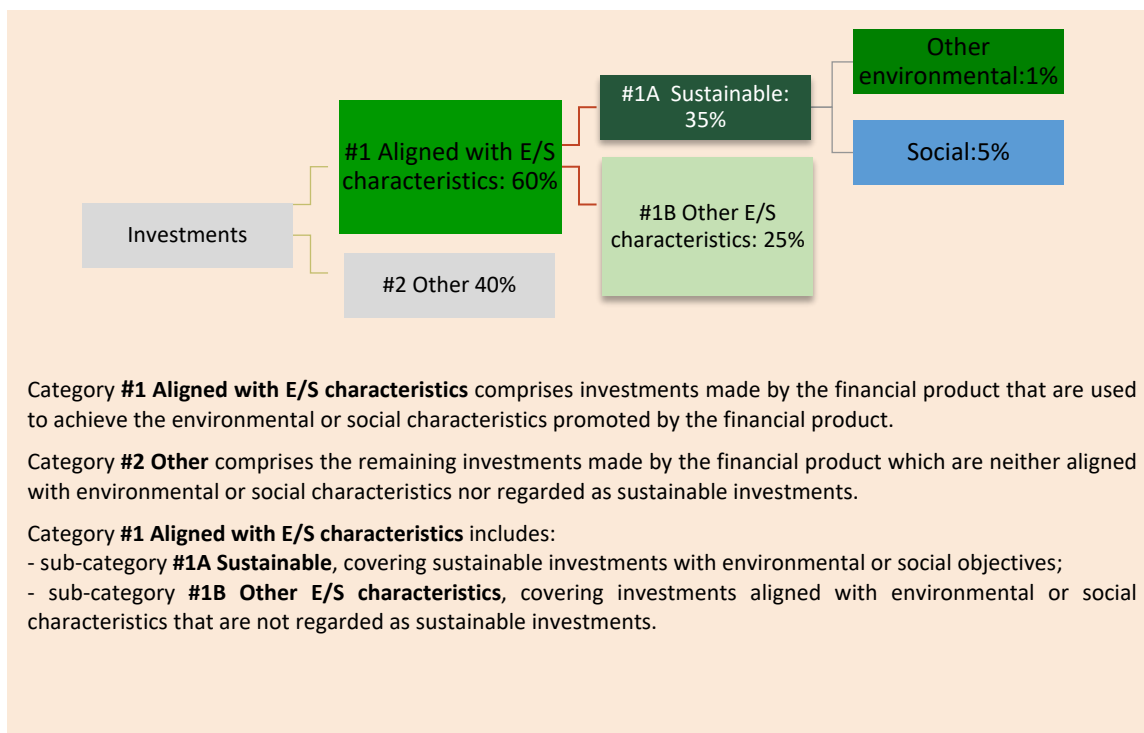
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.1 of the prospectus.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU taxonomy?**

The sub-fund does not invest in environmentally sustainable economic activities within the meaning of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times.

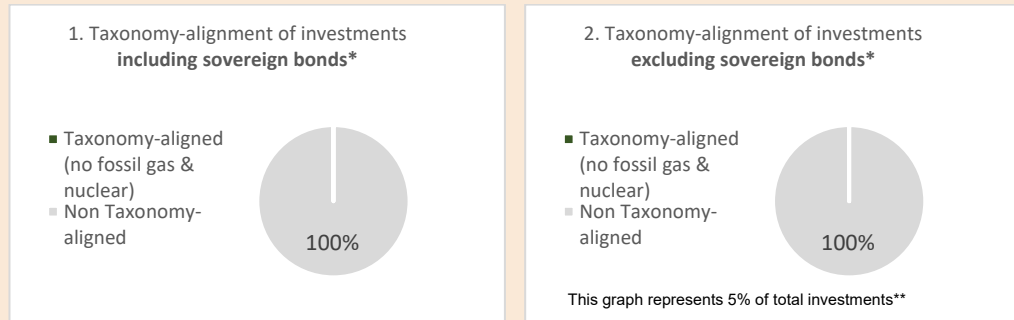
**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes
  - In fossil gas
  - In nuclear energy
- No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purposes of these diagrams, 'sovereign bonds' includes all sovereign exposures.  
 \*\* The proportion of total investments excluding sovereign bonds refers to expected exposure and is provided for illustrative purposes only. It may vary over time.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?**

The sub-fund aims to invest at least 1% in sustainable investments with an environmental objective that are not aligned with the EU taxonomy.



**What is the minimum share of socially sustainable investments?**

The sub-fund aims to invest at least 5% in sustainable investments with a social objective. The investment universe of this sub-fund consists of securities issued by a limited number of issuers, and therefore any future change in the assessment of these issuers' sustainability could have an impact on the minimum share of sustainable investments with a social or environmental objective as indicated in this prospectus. In particular, it is possible that the characterisation of some or all of these securities will change from "sustainable investments with an environmental objective" to "sustainable investments with a social objective" (or vice versa), in which case the prospectus will be updated at the earliest opportunity to reflect this change.



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

These are technical items such as cash (including bank deposits) and derivatives which do not form part of the screening methodology. The sub-fund may hold or invest in these types of asset in order to achieve its investment objectives, to diversify its portfolio, to manage cash or to hedge risks. Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.1 of the prospectus.

No minimum environmental or social guarantees exist for investments included in category #2 Other.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No benchmark index has been set for the achievement of the environmental or social characteristics promoted by this sub-fund. For investments in instruments issued by governments, supranational debtors and/or governmental agencies, the reference portfolio of global government bonds (comprising the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR) is used as a basis of comparison for certain ESG characteristics promoted by the sub-fund.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

#### *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

- *How does the designated index differ from a relevant broad market index?*

Not applicable.

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



### Where can I find more product specific information online?

More product-specific information can be found on the website:  
[www.kbc.be/SRD](http://www.kbc.be/SRD) > KBC Renta Eurorenta Responsible Investing

Standard pre-contractual information for financial products referred to in Articles 8(1), 8(2) and 8(2a) of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** KBC Renta Czechrenta Responsible Investing  
**Legal entity identifier:** 549300FF8WT3GKDFTX23

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 60 % of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, **but will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The sub-fund promotes a combination of environmental and social characteristics and, whilst it does not have a sustainable investment objective, it will invest a minimum proportion (60%) of its assets in economic activities that contribute to the realisation of social goals ('sustainable investments'). The sub-fund does not invest in environmentally sustainable economic activities within the meaning of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times. The underlying investments of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities. This sub-fund:

- promotes the integration of sustainability into the policy decisions of governments, supranational debtors and/or governmental agencies, favouring governments, supranational debtors and/or governmental agencies with a better ESG score, where ESG stands for 'Environmental, Social and Governance'; and
- promotes climate change mitigation, with a preference for governments, supranational debtors and/or governmental issuing agencies with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target; and
- supports sustainable development by including governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals.

If investments are to be made in instruments issued by corporate issuers, those issuers must meet the negative selection criteria set out in the section entitled 'To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?'

The objectives of the sub-fund are as follows:

	<b>Objective</b>
<b>Target ESG score</b>	Max. 20% lower than the benchmark index of global bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR)
<b>Carbon intensity target</b>	Up to 100% worse than that of the benchmark index of global bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR)
<b>UN Sustainable Development Goals</b>	Minimum 60% invested in instruments issued by governments, supranational institutions and/or governmental agencies
<b>Minimum percentage of sustainable investments for the sub-fund</b>	60%
<b>Minimum percentage of sustainable investments with a social objective</b>	60%
<b>Other specific objectives</b>	If investments are to be made in the instruments of corporate issuers, those issuers must meet the negative selection criteria set out in the section entitled "To what extent do the sustainable investments that the financial product partially

	intends to make, not cause significant harm to any environmental or social sustainable investment objective?".
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No benchmark index has been set for the achievement of the environmental or social characteristics promoted by this sub-fund. For investments in instruments issued by governments, supranational debtors and/or governmental agencies, the benchmark index of global government bonds referred to above is used as a basis of comparison for certain ESG characteristics promoted by the sub-fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the financial product?***

**(1) ESG score indicators**

The contribution to the inclusion of sustainability in the policy decisions of governments, supranational debtors and/or government-linked issuing agencies is measured on the basis of an ESG score awarded by KBC Asset Management NV. This score represents the official assessment of an entity’s performance in relation to general environmental, social and governance matters. To calculate the ESG score, each country is assessed in accordance with five equally weighted groups of criteria. The main factors underlying the ESG criteria are the following five pillars:

**Sustainability indicators**  
measure how the environmental or social characteristics promoted by the financial product are attained.

- overall economic performance and stability (for example, the quality of the institutions and government);
- the socioeconomic development and health of the population (e.g., education and employment);
- equality, freedom and rights of all citizens;
- environmental policy (e.g., climate change); and
- security, peace and international relations.

This list of the factors underlying the ESG criteria is not exhaustive and may be amended under the supervision of the Responsible Investment Advisory Board.

The ESG score awarded to a country evaluates the performance of government policy in that country in terms of the environment, social aspects and good governance. ESG scores are on a scale from 0 to 100. The higher the ESG score, the greater the country’s engagement in sustainable development. As well as excluding the bottom 10% of scores, the overall ESG score of the sub-fund must not be more than 20% worse than the benchmark index of global bonds. The ESG score of the countries in the portfolio is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

The ESG targets are evaluated annually and may be adjusted. Outside circumstances such as market movements and updates to data relating to the ESG score may cause an investment solution to fall short of this target, in which case the investment solution will be adjusted to return to compliance with the target within a timeframe that takes account of the customer’s best interests. For supranational bonds, the Responsible Investing research team will award an ESG score that reflects the weighted average of the member states, whereby the weightings will reflect voting rights, the amount of capital paid-up or the percentage of the total population.

More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled ‘What environmental and/or social characteristics are promoted by this financial product?’

**(2) Carbon intensity indicators**

The objective of promoting climate change mitigation, with a preference for governments, supranational debtors and/or agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target, covers at least 90% of the portfolio. The objective does not apply to entities for which the data is not available. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled ‘What environmental and/or social characteristics are promoted by this financial product?’

The contribution of governments, supranational debtors and/or agencies linked to governments to mitigating climate change is measured on the basis of their carbon intensity. Carbon intensity is defined as the greenhouse gas emissions (in tonnes of CO<sub>2</sub> equivalent) divided by gross domestic product (at current prices in USD millions).

A carbon intensity score is calculated for each country, with greenhouse gas emissions (national emissions plus direct and indirect imported emissions) being measured per million of gross domestic product. A country's CO<sub>2</sub> emissions figure in tonnes is the sum of:

- CO<sub>2</sub> emissions resulting from the domestic production of goods and services for domestic consumption and export; and
- CO<sub>2</sub> emissions in the country of origin that result from the import of goods and services.

KBC Asset Management NV makes the general assumption that the government controls all economic activities within its territory. KBC Asset Management NV measures domestic emissions and import-related emissions as reported by PRIMAP. The PRIMAP data set combines various published data series into a full set of greenhouse gas emissions trajectories. The gross domestic product figures (in US dollars) are based on figures from the International Monetary Fund (IMF). Within the sub-fund, the carbon intensity score is allocated to at least 90% of fund assets, excluding cash (including bank deposits) derivatives and countries for which no data exists. To calculate carbon intensity at portfolio level, KBC Asset Management NV takes the weighted average carbon intensity of the fund's holdings. The weighting used in the calculation reflect the size of the fund's holdings, scaled up for items without data. Countries for which data is unavailable are included in the negative screening and are assigned a general ESG score. For sovereign bonds, the sub-fund aims to exceed the current score of the benchmark index of global bonds. Carbon intensity is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR). Beating the benchmark is dependent on the geographical allocation, as determined by the benchmark index or the target allocation. The carbon intensity score of the sub-fund may not be more than 100% worse than that of the benchmark index of global bonds. Outside circumstances such as market movements and updates to carbon intensity data may result in investment solutions exceeding this target, in which case the investment solution will be adjusted to meet the target again within a timeframe that takes account of the customer's best interests. For supranational bonds, the Responsible Investing research team will award a carbon intensity ESG score that reflects the weighted average of the member states, whereby the weightings will reflect voting rights, the amount of capital paid-up or the percentage of the total population.

The carbon intensity targets are checked and evaluated annually. The targets may be revised upwards or downwards. For example, if countries show insufficient progress in the reduction of their carbon intensity and this cannot be offset by optimising the portfolio, KBC Asset Management NV may revise the target upwards. It is also possible that carbon intensity will fall to a lower level much faster than expected. If countries make excellent progress in terms of carbon intensity, KBC Asset Management NV wants to be able to track this acceleration in the portfolio. In that case, the target may be adjusted downwards.

### **(3) Indicators related to the UN Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals. The UN Sustainable Development Goals include social and environmental objectives. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. To be considered as contributing to sustainable development, and thus to score sufficiently well, a country must meet the following two conditions:

- the country must be aligned with the ESG criteria, i.e. it must have a score of at least 80 for one of the five pillars and not score 50 or less for any other pillar;
- the country must not be excluded, i.e. it must not be among the bottom 50% of controversial regimes, it must meet the sustainability compliance criteria and it must not be among the 10% worst-scoring countries.

Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of the two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid-up capital/the percentage of total population (by order of availability));
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

The targets are checked and evaluated annually. The targets may be revised upwards or downwards. The minimum percentage of countries that must be aligned with the UN Sustainable Development Goals may be revised to reflect any stricter requirements that KBC Asset Management NV wishes to set for the sub-fund. Revision will thus depend on the future evolution of the strategy for responsible investments, as well as on the progress made by countries in terms of sustainability.

## ● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

### **1. UN Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

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- the country must be aligned with the ESG criteria, i.e. it must have a score of at least 80 for one of the five pillars and not score 50 or less for any other pillar;
- the country must not be excluded, i.e. it must not be among the bottom 50% of controversial regimes, it must meet the sustainability compliance criteria and it must not be among the 10% worst-scoring countries.

Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of the two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid-up capital/the percentage of total population (by order of availability));
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

More detailed information on the 17 UN Sustainable Development Goals is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for Responsible Investing funds.

## ● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The sustainable investments that the sub-fund intends to partially make do not cause significant harm to the sustainable investment objective by virtue of negative screening. The sub-fund takes account of the indicators concerning the principal adverse impacts on sustainability factors as shown in table 1 of Annex I to Delegated Regulation (EU) 2022/1288

and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex:

#### Negative screening

In practical terms, the end result of the negative screening procedure is that the sub-fund excludes from its responsible investment universe any issuers covered by the exclusion policies that are available for inspection on the website of the investment management company Ivesam NV.

The application of these policies means that issuers involved in activities such as fossil fuels, the tobacco industry, weapons, gambling and adult entertainment are excluded from the investment universe of the sub-fund. Investments in financial instruments linked to livestock and food prices are also excluded, and businesses operating in the palm oil industry are subject to strict criteria. All companies that derive at least 5% of their revenue from the production or 10% of their revenue from the sale of fur or special leather are excluded. This screening process also allows issuers to be excluded from the sub-fund's investment universe if they are located in countries that encourage unfair tax practices, severely violate fundamental principles of environmental protection, social responsibility or good governance (as determined via norms-based screening, a poor ESG risk score, severe human rights violations, or involvement in non-sustainable countries or controversial regimes). The negative screening criteria are not exhaustive and may be adjusted from time to time on the advice of the Responsible Investment Advisory Board.

#### *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Due to the exclusion policy and, in particular, the norms-based screening and the ESG risk assessment, all indicators concerning the principal adverse impacts on sustainability factors in table 1 of Annex I to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex are taken into account when investing in corporate instruments. The sub-fund does not invest in companies that severely violate the principles of the UN Global Compact and the OECD guidelines for multinational enterprises, and all companies affected by serious controversies are excluded. Also excluded are companies that materially diverge from one of the first 15 UN Sustainable Development Goals (MSCI SDG Net Alignment Score of -10) and companies obtaining an ESG risk score above 40 from Sustainalytics. For investments in instruments issued by countries, the indicators concerning the principal adverse impacts on sustainability factors in table 1 of Annex 1 to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex are taken into account by excluding the countries featuring among the 10% of states with the worst ESG scores and by excluding countries that do not respect sustainable development principles or are controversial regimes.

In addition to norms-based screening and the ESG risk assessment, via the positive selection method for carbon intensity and the exclusions in the exclusion policy for Responsible Investing funds, the indicators concerning the principal adverse impacts on sustainability factors are also taken into account for all investments by this sub-fund as follows:

- **Indicator 15:** The GHG intensity of investee countries is taken into account via the objective of reducing the carbon intensity for sovereign investments.
- **Indicator 16:** 'Investee countries subject to social violations' is taken into account by virtue of the fact that the sub-fund does not invest in (i) non-sustainable countries, and (ii) countries with controversial regimes. More detailed information is available in the exclusion policy for Responsible Investing funds.

A complete summary of the indicators concerning the principal adverse impacts on sustainability factors that the sub-fund may take into account appears in Annex I to Delegated Regulation (EU) 2022/1288.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The objective of the sub-fund is to outperform the benchmark, which is the JP Morgan Government Bond Index (GBI) Czech Republic. The portfolio of the KBC Renta Czechrenta Responsible Investing sub-fund is primarily invested, directly or indirectly, in securities, with preference being given to bonds denominated in Czech koruna. However, the sub-fund may also invest in the instruments of corporate issuers (within the limits set by the prospectus).

Any investments in the instruments of corporate issuers must comply with the negative screening criteria.

The sub-fund excludes corporate issuers that severely violate fundamental principles of environmental or social responsibility and/or good governance, as assessed by the principles of the UN Global Compact. The UN Global Compact has formulated ten guiding sustainability principles regarding human rights, labour, environment and anti-corruption which form part of our internal screening. KBC Asset Management also assesses companies' involvement in violations of the International Labor Organisation (ILO) Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The sub-fund undertakes to respect the letter and the spirit of the UN Universal Declaration of Human Rights; the principles concerning fundamental rights in the eight core conventions of the International Labor Organisation as set out in the Declaration on Fundamental Principles and Rights at Work; the UN Declaration on the Rights of Indigenous Peoples; the UK Modern Slavery Act and other international and regional human rights treaties containing internationally recognised standards by which businesses must abide. All companies appearing on the list entitled KBC Group Policy on Human Rights are excluded. More detailed information on this topic is published in the KBC Group Policy on Human Rights, which is available on the website of the investment management company Ivesam NV.

Ivesam NV also expands the listed entitled KBC Group Policy on Human Rights to include all companies whose controversy score in relation to human rights is:

- high or alarming, in sub-sectors in which human rights are considered to be greatly or seriously under threat;
- alarming, in any other sub-sector.

More detailed information on negative screening is available in the section entitled “To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?”.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### Does this financial product consider principal adverse impacts on sustainability factors?



Yes, the principal adverse impacts on sustainability factors are explicitly taken into account for all investments through the application of the exclusion policies. More detailed information is available in the section entitled ‘How are indicators in relation to adverse impacts taken into consideration?’ The principal adverse impacts on sustainability factors are implicitly taken into account through the Ivesam NV Proxy Voting and Engagement Policy. As part of its commitment to sustainable investing, Ivesam SA exercises the voting rights of the shares it manages in accordance with its Proxy Voting and Engagement Policy. Where relevant, Ivesam NV will engage in dialogue with the management of the companies concerned, before voting if necessary. More detailed information on this topic is also available in the section entitled ‘How are indicators in relation to adverse impacts taken into consideration?’

Information on the principal adverse impacts on sustainability factors can also be found in the sub-fund’s annual report, which will be published after 1 January 2023.

No



### What investment strategy does this financial product follow?

The general investment strategy of the sub-fund is described in section 1.4 of the prospectus.

Within the limits defined above, as described in the overall investment strategy, the sub-fund (directly or indirectly) pursues responsible investment objectives based on a dual approach: negative screening and positive selection. More detailed information on negative screening and positive selection is available at the foot of the sections of this Annex entitled ‘To what extent do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?’ and ‘What limiting factors are used in the investment strategy for selecting investments so as to achieve each of the environmental or social characteristics promoted by this financial product?’ The sub-fund promotes a combination of environmental and social characteristics and, whilst sustainable investment is not among its objectives, it invests a minimum proportion of its

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

assets in economic activities that contribute to the realisation of social goals (i.e. 'sustainable investments'). Governments, supranational debtors and/or issuing agencies associated with governments in which it invests are required to follow good governance practices. Very limited temporary investments in assets that do not contribute to the achievement of the environmental or social objectives promoted by the sub-fund cannot be ruled out. This may arise due to outside circumstances, incorrect data, events within the companies or updates to the selection criteria, among other things. In such cases, the assets concerned will be replaced with more appropriate assets as soon as possible, while always operating solely in the interest of investors. More detailed information can be found in the possible exceptions as described in section 1.4 of the prospectus.

Conformity of the universe of eligible responsible investments is ensured at all times through the use of compliance rules in the front-office system.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The negative screening and positive selection methodology is the limiting factor for selecting investments so as to achieve each of the environmental or social characteristics promoted by the sub-fund.

Negative screening methodology

As described in the section entitled 'To what extent do the sustainable investments that the financial product partially intends to make not cause significant harm to an environmental or social sustainable investment objective?', the end result of the negative screening methodology is that the sub-fund excludes all issuers falling under the exclusion policies from its responsible universe.

Positive selection methodology

The sub-fund will encourage the incorporation of sustainability into the political decisions of governments, supranational debtors and/or governmental agencies, giving preference to governments, supranational debtors and/or governmental agencies with a higher ESG score, and will encourage the mitigation of climate change, giving preference to governments, supranational debtors and/or governmental agencies with a lower carbon intensity, with the goal of achieving a pre-set carbon intensity target. The sub-fund will also support sustainable development by including governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals.

More detailed information on the specific objectives of this sub-fund in relation to ESG score, carbon intensity and the UN Sustainable Development Goals is available in the summary table shown in the section entitled 'What environmental and/or social characteristics are promoted par this financial product?'

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no minimum rate of engagement to reduce the scope of the potential investments prior to the application of this investment strategy.

● ***What is the policy to assess good governance practices of the investee companies?***

The four criteria of good governance practices, namely (i) sound management structures, (ii) employee relations, (iii) remuneration of staff and (iv) tax compliance, are covered by the negative screening, whereby the sub-fund excludes all issuers falling under the exclusion policies from the responsible investment universe. As well as the exclusion of issuers involved in certain activities, the screening also allows issuers to be excluded which severely violate fundamental principles of environmental protection, social responsibility or good governance, by means of the controversy assessment and the assessment of companies located in countries that encourage unfair tax

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

practices. An ESG risk rating is attributed to issuers. The indicators used in this assessment vary according to the sub-sector of the company, but governance is always taken into account. Companies with a Sustainalytics ESG risk score above 40 are excluded, as are companies whose alignment with one of the first 15 UN Sustainable Development Goals is very poor (MSCI SDG Net Alignment Score of -10) and companies obtaining an ESG risk score above 40 from Sustainalytics. On the advice of Responsible Investment Advisory Board, companies may be excluded or discussed on an ad hoc basis. More detailed information on negative screening is available in the section entitled ‘To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?’.

## What is the asset allocation planned for this financial product?



The portfolio of the sub-fund is primarily invested, directly or indirectly, in securities, with preference being given to bonds denominated in Czech koruna. The sub-fund’s benchmark is the JP Morgan Government Bond Index (GBI) Czech Republic. The sub-fund sets out to outperform the benchmark. The sub-fund is actively managed and does not set out to replicate the benchmark. The manager may use its discretion to invest in bonds not included in the benchmark in order to take advantage of the sub-fund’s specific investment opportunities.

Within the eligible asset categories as set out in section 1.4 of the prospectus, the sub-fund aims to invest, to the full extent possible, in assets promoting environmental or social characteristics. An exception is made for technical items such as cash (including bank deposits) and derivatives, and for assets for which no environmental or social guarantees exist, in which the sub-fund temporarily invests following a planned update to the eligible universe, which determines which assets promote environmental and/or social characteristics. The sub-fund may hold or invest in these types of asset in order to achieve its investment objectives, to diversify its portfolio, to manage cash or to hedge risks. Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.4 of the prospectus.

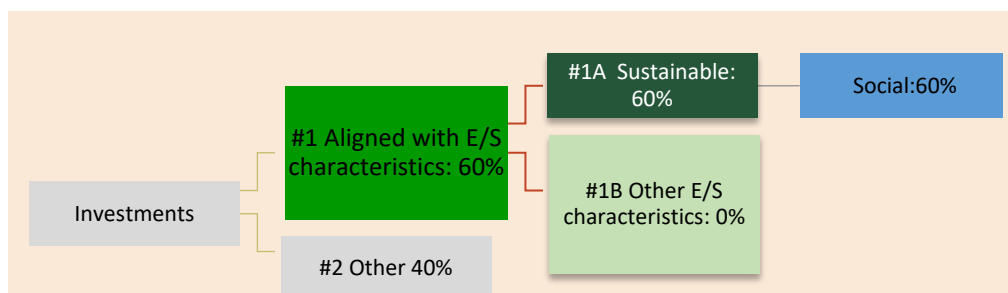
The sub-fund further undertakes to invest at least 60% of its assets in sustainable investments as defined in Article 2(17) of the SFDR. The methodology used to classify investments as sustainable within the meaning of Article 2(17) of the SFDR is available at the following address: [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) Investment policy for Responsible Investing funds. The sustainable investment target for this sub-fund is equal to the percentage of the investments regarded as ‘sustainable’ on the basis of the published methodology on alignment with the UN Sustainable Development Goals. More detailed information on this topic is available in the section entitled ‘What sustainable investment objectives does the financial product partially intends to make and how does sustainable investment contribute to these objectives?’

### Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



Category **#1 Aligned with E/S characteristics** comprises investments made by the financial product that are used to achieve the environmental or social characteristics promoted by the financial product.

Category **#2 Other** comprises the remaining investments made by the financial product which are neither aligned with environmental or social characteristics nor regarded as sustainable investments.

Category **#1 Aligned with E/S characteristics** includes:

- sub-category **#1A Sustainable**, covering sustainable investments with environmental or social objectives;

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

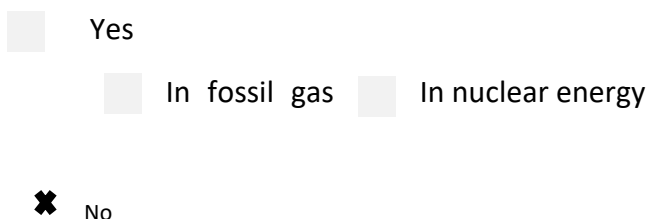
Investments in derivatives are not used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.4 of the prospectus.



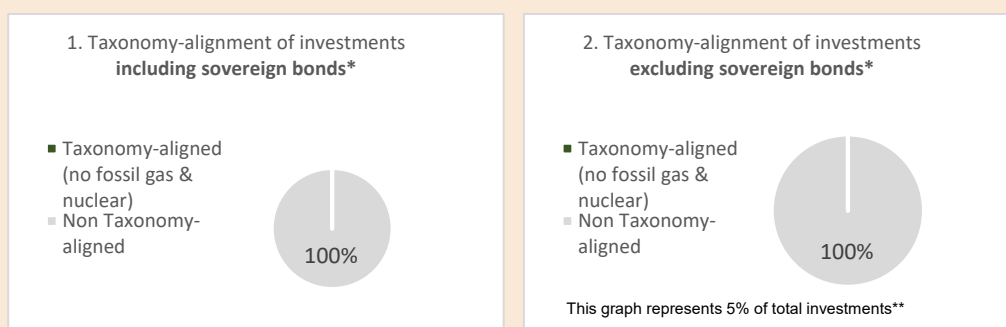
● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU taxonomy??**

The sub-fund does not invest in environmentally sustainable economic activities within the meaning of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy??**



**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**




\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.


\*\* The proportion of total investments excluding sovereign bonds refers to expected exposure and is provided for illustrative purposes only. It may vary over time.

2 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?**

The sub-fund does not undertake to invest a minimum proportion in investments with an environmental objective.



**What is the minimum share of socially sustainable investments?**

The sub-fund aims to invest at least 60% in sustainable investments with a social objective. The investment universe of this sub-fund consists of securities issued by a single issuer, and therefore any future change in the assessment of this issuer's sustainability could have an impact on the minimum share of sustainable investments with a social or environmental objective as indicated in this prospectus. In particular, it is possible that the characterisation of these securities will change from "sustainable investments with a social objective" to "sustainable investments with an

environmental objective", in which case the prospectus will be updated at the earliest opportunity to reflect this change.



**What investments are included under category #2 Other, what is their purpose and are there any minimum environmental or social safeguards?**

These are technical items such as cash (including bank deposits) and derivatives which do not form part of the screening methodology. The sub-fund may hold or invest in these types of asset in order to achieve its investment objectives, to diversify its portfolio, to manage cash or to hedge risks. Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.4 of the prospectus.

No minimum environmental or social guarantees exist for investments included in category #2 Other.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No benchmark index has been set for the achievement of the environmental or social characteristics promoted by this sub-fund. For investments in instruments issued by governments, supranational debtors and/or governmental agencies, the reference portfolio of global government bonds (comprising the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR) is used as a basis of comparison for certain ESG characteristics promoted by the sub-fund.

**How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:**  
[www.kbc.be/SRD](http://www.kbc.be/SRD) > KBC Renta Czechrenta Responsible Investing

**Standard pre-contractual information for financial products referred to in Articles 8(1), 8(2) and 8(2a) of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852**

**Product name:** KBC Renta Nokrenta Responsible Investing  
**Legal entity identifier:** 549300GS4N4Q6DHDZ312

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 90 % of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, **but will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### What environmental and/or social characteristics are promoted by this financial product?



The sub-fund promotes a combination of environmental and social characteristics and, whilst it does not have a sustainable investment objective, it will invest a minimum proportion (90%) of its assets in economic activities that contribute to the realisation of social goals ('sustainable investments'). The sub-fund does not invest in environmentally sustainable economic activities within the meaning of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times. The underlying investments of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities. This sub-fund:

- promotes the integration of sustainability into the policy decisions of governments, supranational debtors and/or governmental agencies, favouring governments, supranational debtors and/or governmental agencies with a better ESG score, where ESG stands for 'Environmental, Social and Governance'; and



- promotes climate change mitigation, with a preference for governments, supranational debtors and/or governmental issuing agencies with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target; and
- supports sustainable development by including governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals.

The objectives of the sub-fund are as follows:

	<b>Objective</b>
<b>Target ESG score</b>	5% above the benchmark index of global bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR)
<b>Carbon intensity target</b>	10% above the benchmark index of global bonds (composed of the following benchmark index figures: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR)
<b>UN Sustainable Development Goals</b>	Minimum of 90% of investments made at sub-fund level, including bonds financing green and/or social projects
<b>Minimum percentage of sustainable investments for the sub-fund</b>	90%
<b>Minimum percentage of sustainable investments with a social objective</b>	90%
<b>Other specific objectives</b>	Not applicable

No benchmark index has been set for the achievement of the environmental or social characteristics promoted by this sub-fund. For investments in instruments issued by governments, supranational debtors and/or governmental agencies, the benchmark index of global government bonds referred to above is used as a basis of comparison for certain ESG characteristics promoted by the sub-fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**(1) ESG score indicators**

The contribution to the inclusion of sustainability in the policy decisions of governments, supranational debtors and/or government-linked issuing agencies is measured on the basis of an ESG score awarded by KBC Asset Management NV. This score represents the official assessment of an entity's performance in relation to general environmental, social and governance matters. To calculate the ESG score, each country is assessed in accordance with five equally weighted groups of criteria. The main factors underlying the ESG criteria are the following five pillars:

- overall economic performance and stability (for example, the quality of the institutions and government);
- the socioeconomic development and health of the population (e.g., education and employment);

- equality, freedom and rights of all citizens;
- environmental policy (e.g., climate change); and
- security, peace and international relations.

This list of the factors underlying the ESG criteria is not exhaustive and may be amended under the supervision of the Responsible Investment Advisory Board.

The ESG score awarded to a country evaluates the performance of government policy in that country in terms of the environment, social aspects and good governance. ESG scores are on a scale from 0 to 100. The higher the ESG score, the greater the country's engagement in sustainable development. As well as excluding the lowest 10% of scores, the sub-fund will encourage best practice by ensuring its overall ESG score is more than 5% higher than the benchmark index for global government bonds. The ESG score of the countries in the portfolio is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR).

The ESG targets are evaluated annually and may be adjusted. Outside circumstances such as market movements and updates to data relating to the ESG score may cause an investment solution to fall short of this target, in which case the investment solution will be adjusted to return to compliance with the target within a timeframe that takes account of the customer's best interests. For supranational bonds, the Responsible Investing research team will award an ESG score that reflects the weighted average of the member states, whereby the weightings will reflect voting rights, the amount of capital paid-up or the percentage of the total population.

More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

## **(2) Carbon intensity indicators**

The objective of promoting climate change mitigation, with a preference for governments, supranational debtors and/or agencies linked to governments with lower carbon intensity, with the aim of achieving a predetermined carbon intensity target, covers at least 90% of the portfolio. The objective does not apply to entities for which the data is not available. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

The contribution of governments, supranational debtors and/or agencies linked to governments to mitigating climate change is measured on the basis of their carbon intensity. Carbon intensity is defined as the greenhouse gas emissions (in tonnes of CO<sub>2</sub> equivalent) divided by gross domestic product (at current prices in USD millions).

A carbon intensity score is calculated for each country, with greenhouse gas emissions (national emissions plus direct and indirect imported emissions) being measured per million of gross domestic product. A country's CO<sub>2</sub> emissions figure in tonnes is the sum of:

- CO<sub>2</sub> emissions resulting from the domestic production of goods and services for domestic consumption and export; and
- CO<sub>2</sub> emissions in the country of origin that result from the import of goods and services.

KBC Asset Management NV makes the general assumption that the government controls all economic activities within its territory. KBC Asset Management NV measures domestic emissions and import-related emissions as reported by PRIMAP. The PRIMAP data set combines various published data series into a full set of greenhouse gas emissions trajectories. The gross domestic product figures (in US dollars) are based on figures from the International Monetary Fund (IMF). Within the sub-fund, the carbon intensity score is allocated to at least 90% of fund assets, excluding cash (including bank deposits) derivatives and countries for which no data exists. To calculate carbon intensity at portfolio level, KBC Asset Management NV takes the weighted average carbon intensity of the fund's holdings. The weighting used in the calculation reflect the size of the fund's holdings, scaled up for items without data. Countries for which data is unavailable are included in the negative screening and are assigned a general ESG score. For sovereign bonds, the sub-fund aims to exceed the current score of the benchmark index of global bonds. Carbon intensity is compared with a reference portfolio of global government bonds (composed of the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR). Beating the benchmark is dependent on the geographical allocation, as determined by the benchmark index or the target allocation. Investment solutions in global government bonds aim to beat the benchmark by

10%. Outside circumstances such as market movements and updates to carbon intensity data may result in investment solutions exceeding this target, in which case the investment solution will be adjusted to meet the target again within a timeframe that takes account of the customer's best interests. For supranational bonds, the Responsible Investing research team will award a carbon intensity ESG score that reflects the weighted average of the member states, whereby the weightings will reflect voting rights, the amount of capital paid-up or the percentage of the total population.

The carbon intensity targets are checked and evaluated annually. The targets may be revised upwards or downwards. For example, if countries show insufficient progress in the reduction of their carbon intensity and this cannot be offset by optimising the portfolio, KBC Asset Management NV may revise the target upwards. It is also possible that carbon intensity will fall to a lower level much faster than expected. If countries make excellent progress in terms of carbon intensity, KBC Asset Management NV wants to be able to track this acceleration in the portfolio. In that case, the target may be adjusted downwards.

### **(3) Indicators related to the UN Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals. The UN Sustainable Development Goals include social and environmental objectives. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. To be considered as contributing to sustainable development, and thus to score sufficiently well, a country must meet the following two conditions:

- the country must be aligned with the ESG criteria, i.e. it must have a score of at least 80 for one of the five pillars and not score 50 or less for any other pillar;
- the country must not be excluded, i.e. it must not be among the bottom 50% of controversial regimes, it must meet the sustainability compliance criteria and it must not be among the 10% worst-scoring countries.

Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of the two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid-up capital/the percentage of total population (by order of availability));
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

The targets are checked and evaluated annually. The targets may be revised upwards or downwards. The minimum percentage of countries that must be aligned with the UN Sustainable Development Goals may be revised to reflect any stricter requirements that KBC Asset Management NV wishes to set for the sub-fund. Revision will thus depend on the future evolution of the strategy for responsible investments, as well as on the progress made by countries in terms of sustainability.

#### **● *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

##### **1. UN Sustainable Development Goals**

To support sustainable development, the sub-fund undertakes to invest a minimum proportion of the portfolio in governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals. More detailed information on the specific objectives of the sub-fund is available in the summary table in the section entitled 'What environmental and/or social characteristics are promoted by this financial product?'

Governments are assessed on the five pillars described in the ESG score, which contain indicators that can be linked to the 17 UN Sustainable Development Goals. If a government scores sufficiently well for one of these pillars and not significantly badly for the others, the bonds of that government and its sub-

governments and agencies are considered instruments that contribute to the UN Sustainable Development Goals. To be considered as contributing to sustainable development, and thus to score sufficiently well, a country must meet the following two conditions:

- the country must be aligned with the ESG criteria, i.e. it must have a score of at least 80 for one of the five pillars and not score 50 or less for any other pillar;
- the country must not be excluded, i.e. it must not be among the bottom 50% of controversial regimes, it must meet the sustainability compliance criteria and it must not be among the 10% worst-scoring countries.

Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if one of the two criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/fully paid-up capital/the percentage of total population (by order of availability));
- the supranational institution's mission has a sustainable purpose and less than half of its members fall in the bottom half of our selection of controversial regimes.

More detailed information on the 17 UN Sustainable Development Goals is available at [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) > Investment policy for Responsible Investing funds.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The sustainable investments that the sub-fund intends to partially make do not cause significant harm to the sustainable investment objective by virtue of negative screening. The sub-fund takes account of the indicators concerning the principal adverse impacts on sustainability factors as shown in table 1 of Annex I to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex:

Negative screening

In practical terms, the end result of the negative screening procedure is that the sub-fund excludes from its responsible investment universe any issuers covered by the exclusion policies that are available for inspection on the website of the investment management company Ivesam NV.

The application of these policies means that issuers involved in activities such as fossil fuels, the tobacco industry, weapons, gambling and adult entertainment are excluded from the investment universe of the sub-fund. Investments in financial instruments linked to livestock and food prices are also excluded. This screening process also allows issuers to be excluded from the sub-fund's investment universe if they are located in countries that encourage unfair tax practices, severely violate fundamental principles of environmental protection, social responsibility or good governance (as determined via norms-based screening, a poor ESG risk score, severe human rights violations, or involvement in non-sustainable countries or controversial regimes). The negative screening criteria are not exhaustive and may be adjusted from time to time on the advice of the Responsible Investment Advisory Board.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Due to the exclusion policy and, in particular, the norms-based screening and the ESG risk assessment, all indicators concerning the principal adverse impacts on sustainability factors in table 1 of Annex I to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex are taken into account. For investments in instruments issued by countries, the indicators concerning the principal adverse impacts on sustainability factors in table 1 of Annex 1 to Delegated Regulation (EU) 2022/1288 and the relevant indicators concerning the principal adverse impacts on sustainability factors as shown in tables 2 and 3 of that Annex are taken into account by excluding the countries featuring among the 10% of states with the worst ESG scores and by excluding countries that do not respect sustainable development principles or are controversial regimes.

In addition to norms-based screening and the ESG risk assessment, via the positive selection method for carbon intensity and the exclusions in the exclusion policy for Responsible Investing funds, the indicators concerning the principal adverse impacts on sustainability factors are also taken into account for all investments by this sub-fund as follows:

- **Indicator 15:** 'GHG intensity of investee countries' is taken into account via the objective of reducing the carbon intensity for sovereign investments.
- **Indicator 16:** 'Investee countries subject to social violations' is taken into account by virtue of the fact that the sub-fund does not invest in (i) non-sustainable countries, and (ii) countries with controversial regimes. More detailed information is available in the exclusion policy for Responsible Investing funds.

A complete summary of the indicators concerning the principal adverse impacts on sustainability factors that the sub-fund may take into account appears in Annex I to Delegated Regulation (EU) 2022/1288.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The investment objective of the sub-fund is to achieve a return comparable to the Bloomberg Norwegian Krone Aggregate: Treasuries Total Return Unhedged, a bond index containing only Norwegian sovereign bonds. The sub-fund will not invest in the instruments of corporate issuers. This question is therefore not applicable.

*The EU taxonomy lays down a principle of 'do no significant harm'. Taxonomy-aligned investments should therefore cause no significant harm to the objectives of the EU taxonomy. The principle is accompanied by specific criteria set by the EU.*

The 'do no significant harm' principle applies only to underlying investments of the financial product that take the EU criteria on environmentally sustainable economic activities into account. The investments underlying the remaining portion of this financial product do not take the EU criteria for environmentally sustainable economic activities into account.

*All other sustainable investments must also do no significant harm to environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?



Yes, the principal adverse impacts on sustainability factors are explicitly taken into account for all investments through the application of the exclusion policies. More detailed information is available in the section entitled 'How are indicators in relation to adverse impacts taken into consideration?' The principal adverse impacts on sustainability factors are implicitly taken into account through the Ivesam NV Proxy Voting and Engagement Policy. As part of its commitment to sustainable investing, Ivesam SA exercises the voting rights of the shares it manages in accordance with its Proxy Voting and Engagement Policy. Where relevant, Ivesam NV will engage in dialogue with the management of the companies concerned, before voting if necessary. More detailed information on this topic is also available in the section entitled 'How are indicators in relation to adverse impacts taken into consideration?'

Information on the principal adverse impacts on sustainability factors can also be found in the sub-fund's annual report, which will be published after 1 January 2023.

No



## What investment strategy does this financial product follow?

The general investment strategy of the sub-fund is described in section 1.5 of the prospectus.

Within the limits defined above, as described in the overall investment strategy, the sub-fund (directly or indirectly) pursues responsible investment objectives based on a dual approach: negative screening and positive selection. More detailed information on negative screening and positive selection is available at the foot of the sections of this Annex entitled 'To what extent do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?' and 'What limiting factors are used in the investment strategy for selecting investments so as to achieve each of the environmental or social characteristics promoted by this financial product?'

The sub-fund promotes a combination of environmental and social characteristics and, whilst sustainable investment is not among its objectives, it invests a minimum proportion of its assets in economic activities that contribute to the realisation of social goals (i.e. 'sustainable investments'). Governments, supranational debtors and/or issuing agencies associated with governments in which it invests are required to follow good governance practices. Very limited temporary investments in assets that do not contribute to the achievement of the environmental or social objectives promoted by the sub-fund cannot be ruled out. This may arise due to outside circumstances, incorrect data, events within the companies or updates to the selection criteria, among other things. In such cases, the assets concerned will be replaced with more appropriate assets as soon as possible, while always operating solely in the interest of investors. More detailed information can be found in the possible exceptions as described in section 1.5 of the prospectus.

Conformity of the universe of eligible responsible investments is ensured at all times through the use of compliance rules in the front-office system.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The negative screening and positive selection methodology is the limiting factor for selecting investments so as to achieve each of the environmental or social characteristics promoted by the sub-fund.

#### Negative screening methodology

As described in the section entitled ‘To what extent do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?’, the end result of the negative screening methodology is that the sub-fund excludes all issuers falling under the exclusion policies from its responsible universe.

#### Positive selection methodology

The sub-fund will encourage the incorporation of sustainability into the political decisions of governments, supranational debtors and/or governmental agencies, giving preference to governments, supranational debtors and/or governmental agencies with a higher ESG score, and will encourage the mitigation of climate change, giving preference to governments, supranational debtors and/or governmental agencies with a lower carbon intensity, with the goal of achieving a pre-set carbon intensity target. The sub-fund will also support sustainable development by including governments, supranational debtors and/or governmental agencies that contribute to the UN Sustainable Development Goals.

More detailed information on the specific objectives of this sub-fund in relation to ESG score, carbon intensity and the UN Sustainable Development Goals is available in the summary table shown in the section entitled ‘What environmental and/or social characteristics are promoted par this financial product?’.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no minimum rate of engagement to reduce the scope of the potential investments prior to the application of this investment strategy.

- ***What is the policy to assess good governance practices of the investee companies?***

The sub-fund aims to passively track the performance of its benchmark, Bloomberg Norwegian Krone Aggregate: Treasuries Total Return Unhedged. The method chosen to replicate the benchmark will mainly be physical replication. The sub-fund will not invest in the instruments of corporate issuers. This question is therefore not applicable.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



### **What is the asset allocation planned for this financial product?**

The sub-fund aims to passively track the performance of its benchmark, the Bloomberg Norwegian Krone Aggregate: Treasuries Total Return Unhedged. The method chosen to replicate the benchmark will mainly be physical replication. However, the limited use of derivatives (bond futures) with a maximum limit of 10% has not been ruled out in order to limit the tracking error with the benchmark.

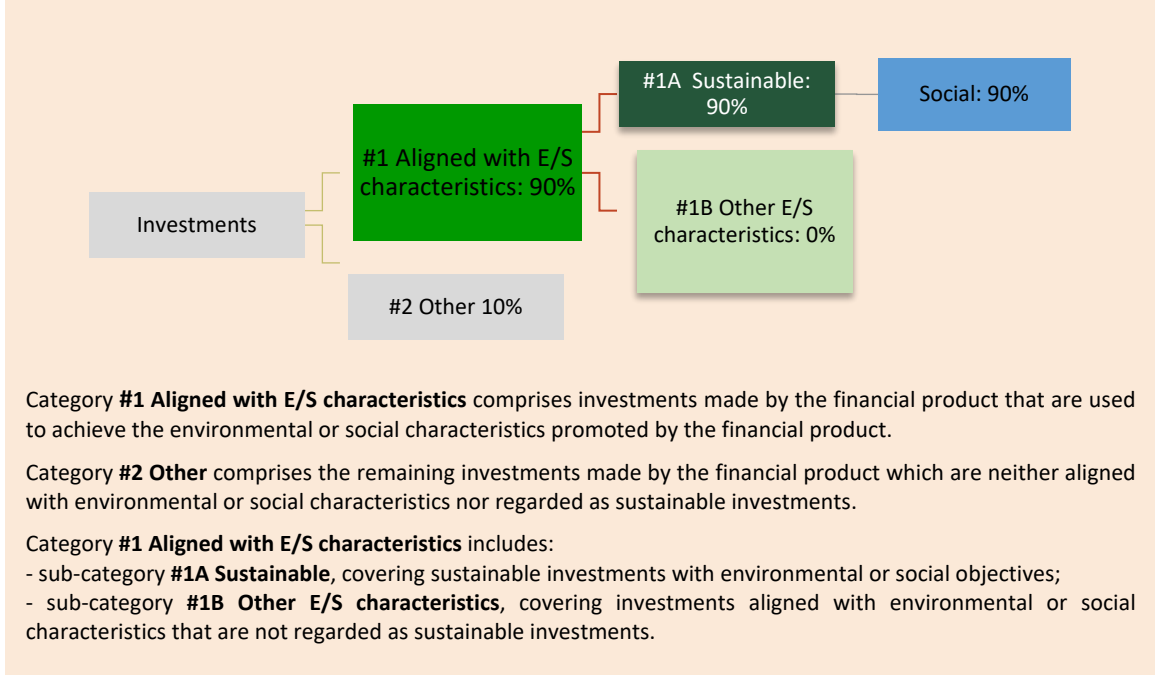
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Within the eligible asset categories as set out in section 1.5 of the prospectus, the sub-fund aims to invest, to the full extent possible, in assets promoting environmental or social characteristics. An exception is made for technical items such as cash (including bank deposits) and derivatives, and for assets for which no environmental or social guarantees exist, in which the sub-fund temporarily invests following a planned update to the eligible universe, which determines which assets promote environmental and/or social characteristics. The sub-fund may hold or invest in these types of asset in order to achieve its investment objectives, to diversify its portfolio, to manage cash or to hedge risks. Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.5 of the prospectus.

The sub-fund further undertakes to invest at least 90% of its assets in sustainable investments as defined in Article 2(17) of the SFDR. The methodology used to classify investments as sustainable within the meaning of Article 2(17) of the SFDR is available at the following address: [www.ivesam.be/documentation-investissements](http://www.ivesam.be/documentation-investissements) Investment policy for Responsible Investing funds. The sustainable investment target for this sub-fund is equal to the percentage of the investments regarded as ‘sustainable’ on the basis of the published methodology on alignment with the UN Sustainable Development Goals. More detailed information on this topic is available in the section entitled ‘What sustainable investment objectives does the financial product partially intend to achieve and how does sustainable investment contribute to these objectives?’



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.5 of the prospectus.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU taxonomy?**

The sub-fund does not invest in environmentally sustainable economic activities within the meaning of the European Union Taxonomy. The percentage invested in environmentally sustainable economic activities within the meaning of the European Union Taxonomy is 0% at all times.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

**What is the**

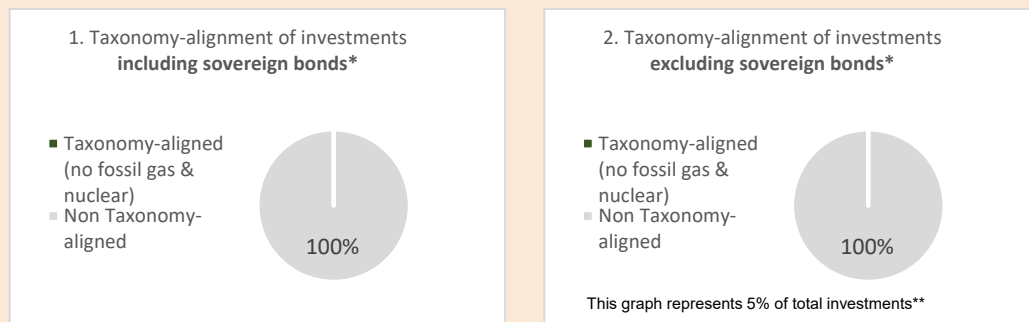
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

Yes

In fossil gas     In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.  
 \*\* The proportion of total investments excluding sovereign bonds refers to expected exposure and is provided for illustrative purposes only. It may vary over time.

**minimum share of investments in transitional and enabling activities?**

Not applicable

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?


The sub-fund does not undertake to invest a minimum proportion in investments with an environmental objective.



**What is the minimum share of socially sustainable investments?**

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The sub-fund aims to invest at least 90% in sustainable investments with a social objective. The investment universe of this sub-fund consists of securities issued by a single issuer, and therefore any future change in the assessment of this issuer's sustainability could have an impact on the minimum share of sustainable investments with a social or environmental objective as indicated in this prospectus. In particular, it is possible that the characterisation of these securities will change from "sustainable investments with a social objective" to "sustainable investments with an environmental objective", in which case the prospectus will be updated at the earliest opportunity to reflect this change.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

These are technical items such as cash (including bank deposits) and derivatives which do not form part of the screening methodology. The sub-fund may hold or invest in these types of asset in order to achieve its investment objectives, to diversify its portfolio, to manage cash or to hedge risks. Investments in derivatives are not and will not be used to promote environmental or social characteristics. Derivatives are used for the specific purposes within the investment policy set out in section 1.5. of the prospectus.

No minimum environmental or social guarantees exist for investments included in category #2 Other.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No benchmark index has been set for the achievement of the environmental or social characteristics promoted by this sub-fund. For investments in instruments issued by governments, supranational debtors and/or governmental agencies, the reference portfolio of global government bonds (comprising the following benchmark indices: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR) is used as a basis of comparison for certain ESG characteristics promoted by the sub-fund.

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

● ***How does the designated index differ from a relevant broad market index?***

Not applicable.

● ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



## **Where can I find more product specific information online?**

**More product-specific information can be found on the website:**  
[www.kbc.be/SRD](http://www.kbc.be/SRD) > KBC Renta Nokrenta Responsible Investing