# Pricos Responsible Investing Prospectus

Public investment fund under Belgian law with a variable number of units opting for investments complying with the conditions of Directive 2009/65/EC - UCITS

Pension savings fund under Belgian law

Management regulations of the Fund and the annual reports will be appended to the prospectus.

06/07/2023

In the event of discrepancies between the Dutch and the other language versions of the prospectus, the Dutch version will prevail.

# Information concerning the Fund

## A. Introduction of the Fund

### Name

Pricos Responsible Investing

### Date of incorporation

30 January 1987

### Life

Unlimited

### Status

Collective investment fund that has opted for investments complying with the conditions of Directive 2009/65/EC and which, as far as its operations and investments are concerned, is governed by the Law of 3 August 2012 relative to undertakings for collective investment complying with the conditions of Directive 2009/65/EC and the undertakings for investment in receivables.

## B. Service providers to the Fund

### Management company

The management company is KBC Asset Management NV , Havenlaan 2 , 1080 Brussels.

#### *Delegation of the management of the investment portfolio*

The intellectual management of the bonds portfolio, with the exception of the creation of the Fund and its maintenance in terms of the technical, product-specific and legal aspects is delegated by the management company to IVESAM NV, Havenlaan 2, B-1080, Brussels, Belgium.

#### *Date of incorporation of the management company*

30 December 1999

#### *Life of the management company*

Unlimited

#### *List of the Belgian public funds and Beveks for which the management company has been appointed*

Generation Plan, Horizon, IN.flanders Employment Fund, IN.focus, KBC Eco Fund, KBC Equity Fund, KBC Index Fund, KBC Institutional Fund, KBC Master Fund, KBC Multi Interest, KBC Multi Track, KBC Participation, KBC Select Immo, Optimum Fund, Perspective, Plato Institutional Index Fund, Pricos Defensive Responsible Investing, Pricos Responsible Investing, Pricos SRI, Sivek.

### *Names and positions of the directors of the management company of the natural persons to whom the executive management of the management company has been entrusted*

| Name | Title | Mandate |
|---|---|---|
| Axel Roussis | *Non-Executive Director* | |
| Katrien Mattelaer | *Non-Executive Director* | |
| Stefan Van Riet | *Non-Executive Director* | |
| Luc Vanderhaegen | *Independent Director* | |
| Wouter Vanden Eynde | *Independent Director* | |
| Peter Andronov | *Chairman* | |
| Johan Lema | *President of the Executive Committee* | *Natural person to whom the executive management of the management company has been entrusted* |
| Chris Sterckx | *Executive Director* | *Natural person to whom the executive management of the management company has been entrusted* |
| Frank Van de Vel | *Executive Director* | *Natural person to whom the executive management of the management company has been entrusted* |
| Jürgen Verschaeve | *Executive Director* | *Natural person to whom the executive management of the management company has been entrusted* |
| Klaus Vandewalle | *Executive Director* | *Natural person to whom the executive management of the management company has been entrusted* |

The natural persons to whom the executive management of the management company has been entrusted may also be directors of various Beveks.

### *Identity of the statutory auditor of the management company or name of the certified firm of auditors and identity of the certified auditor representing it*

PriceWaterhouseCoopers België, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Damien Walgrave, company auditor and recognized auditor.

### *Subscribed capital of the management company stating the paid-up element*

The issued capital amounts to 35.754.192 euros.
The capital is fully paid up.

### *Remuneration policy*

The remuneration policy of the management company's staff is based on the KBC Remuneration Policy, the general rules laid down regarding the remuneration policy for all staff of KBC group entities and specific guidelines laid down for staff who could have a material impact on the company's risk profile ('Key Identified Staff'). The KBC Remuneration Policy is updated annually.

General rules
Each staff member's salary comprises two parts: a fixed component and a variable component. The fixed component is primarily determined by the staff member's position (such as the responsibility they bear and the complexity of their duties). The variable component is dependent on various factors such as the company's results, the results of the staff member's department and the staff member's individual targets. The remuneration policy is also affected by market practices, competitiveness, risk factors, the company's and its shareholders' long-term objectives and developments within the regulatory framework.

'Key Identified Staff'
Special rules apply to 'Key Identified Staff'. The variable salary component for this group of staff is allotted in a manner that promotes appropriate risk management and cannot give rise to the taking of extreme risks.
For the updated version of the following information (such as a description of the method for calculating the remuneration and the benefits, and the identity of the persons responsible for allocating the remuneration and the benefits, including the make-up of the remuneration committee, if such a remuneration committee has been established) please refer to the website *www.kbc.be/investment-legal-documents* (Remuneration Policy). This information is also available free of charge at the counters of the institutions providing the financial services.

## Financial service providers

The financial services providers in Belgium are:
KBC Bank NV, Havenlaan 2, B-1080 Brussels

### *Principal activities of the institutions providing the financial services*

The Fund has concluded a contract with the financial services providers for making payments to unitholders, redemption or repayment of units and distributing information concerning the Fund.

## Distributor

IVESAM NV, Havenlaan 2, B-1080 Brussels

### *Principal activities of the distributor:*

The distributor is authorised to process the requests for subscription to and redemption of units.

## Custodian

KBC Bank NV, Havenlaan 2, B-1080 Brussels

### *Custodian's activities*

The custodian:

a) Ensures the safe-keeping of the assets of the Fund and compliance with the standard obligations in this regard;
b) Ensures that the sale, issue, purchase, redemption and withdrawal of units of the fund occur in compliance with the applicable legal and regulatory provisions, the management rules and the prospectus;
c) Ensures that the net asset value of the units of the fund is calculated in accordance with the applicable legal and regulatory provisions, the management rules and the prospectus;
d) Carries out the instructions of the management company, provided that these do not contravene the applicable legal and regulatory provisions, the management rules and/or the prospectus;
e) Ensures that in transactions relating to the assets of the Fund, the equivalent value is transferred to the Fundwithin the usual terms;
f) Ascertains that:
    i. The assets in custody correspond with the assets stated in the acounts of the Fund;
    ii. The number of units in circulation stated in the accounts corresponds with the number of units in circulation as stated in the acounts of the Fund;
    iii. The investment restrictions specified in the applicable legal and regulatory provisions, the management rules and the prospectus are respected;
    iv. The rules regarding fees and costs specified in the applicable legal and regulatory provisions, the management rules and the prospectus are respected;
    v. The returns of the Fund are appropriated in accordance with the applicable legal and regulatory provisions, the management rules and the prospectus.

The custodian ensures that the cash flows of the Fund are correctly monitored and in particular that all payments by or on behalf of subscribers on subscription to units of the fund, have been received and that all the cash of the Fund has been booked to cash accounts that:

1. Have been opened in the name of the Fund, in the name of the management company acting on its behalf, or in the name of the custodian acting on its behalf;
2. Have been opened at an entity as intended in Article 18(1a, b and c) of Directive 2006/73/EC; and
3. Are held in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

If the cash accounts have been opened in the name of the custodian acting in name of the Fund, no cash from the entity intended in Article 18(1a, b and c) of Directive 2006/73/EC and none of the custodian's own cash may be booked to these accounts.

The assets of the Fund are placed in custody with a custodian as follows:

a) For financial instruments that may be held in custody:
    i. The custodian will hold in custody all financial instruments that may be registered in a financial instrument account in the books of the custodian, as well as all financial instruments that can be physically delivered to the custodian;
    ii. the custodian will ensure that all financial instruments that can be registered in a financial instrument account in the custodian's books, are registered in the custodian's books in separate accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC; these separate accounts have been opened in the name of the Fund or in the name of the management company acting on its account, so that it can be clearly ascertained at all times that they belong to the Fund, in accordance with the applicable law.
b) For other assets:
    i. The custodian will verify that the Fund or the management company acting on its behalf is the owner of the assets by checking based on information or documents provided by the Fund or the management company and, where appropriate, of available external proofs, whether the Fund or the management company acting on its behalf has ownership;
    ii. The custodian will maintain a register of the assets from which it is clear that the Fund or the management company acting on its behalf is the owner thereof and will keep that register up-to-

date.

The custodian's duty to return the financial instruments only applies to financial instruments that may be held in custody.

### *Custody tasks delegated by the custodian*

The custodian of the Fund has delegated a number of custody tasks as of the publication date of this prospectus. The tasks delegated to this sub-custodian are:

- Holding the required accounts in financial instruments and cash;
- Carrying out the custodian's instructions regarding the financial instruments and cash;
- Where required, the timely delivery of the relevant financial instruments to other parties involved with holding them;
- The collection of every type of return from the financial instruments;
- The appropriate communication to the custodian of all information that the sub-custodian receives directly or indirectly from the issuers via the chain of depositaries and performing the required formalities with regard to the financial instruments, with the exception of exercising voting rights, unless otherwise agreed in writing;
- Maintaining and communicating to the custodian all required details regarding the financial instruments;
- Processing corporate events on financial instruments, whether or not after the holder of these instruments has made a choice;
- Providing the services that have been agreed between the custodian and the sub-custodian and are legally permitted, with the exception of investment advice and asset management and/or any other form of advice relating to transactions in or the simple holding of financial instruments;
- Maintaining and communicating to the custodian all required details regarding the financial instruments.

### *List of sub-custodians and sub-sub-custodians*

The updated list of entities to which the custodian has delegated custody duties and, where applicable, the entities to which the delegated custody duties have been sub-delegated, can be consulted at *www.kbc.be/investment-legal-documents*.
The custodian is liable for the loss of financial instruments held in custody in the sense of Article 55 of the Law of 3 August 2012 relative to undertakings for collective investment complying with the conditions of Directive 2009/65/EC and the undertakings for investment in receivables.

Investors can approach the institutions providing the financial services for up-to-date information regarding the identity of the custodian and its principal duties, as well as the delegation of these duties, and the identity of the institutions to which these duties have been delegated or sub-delegated, and also regarding any conflicts of interest as specified below.

### *Conflicts of interest*

The custodian will take all reasonable measures to identify conflicts of interest that may arise in the execution of its activities between

- The custodian and management company of the Fund, or the management companies of other beveks or funds of which the custodian holds assets;
- The custodian and the Fund whose assets the custodian holds, or other beveks or funds of which the custodian holds assets;
- The custodian and the investors in this Fund whose assets the custodian holds,or other beveks or funds of which the custodian holds assets;
- These parties themselves.

The custodian of the Fund will implement and maintain effective organisational and administrative procedures in order to take all reasonable measures to detect, prevent, manage and control conflicts of interest so that they do not prejudice the interests of the aforementioned parties.

If these procedures are not sufficient to be able to assume with reasonable certainty that the interests of the aforementioned parties have not been harmed, the investors will be notified of the general nature or causes of conflicts of interest according to the procedure described on the following website: *www.kbc.be/investment-legal-documents* (About Us > Code of conduct for conflicts of interest). Investors who wish to be informed personally of such conflicts of interest can contact the financial services providers. If necessary, the open-ended investment company's custodian will adjust its processes.

## Statutory auditor of the Fund

Mazars Bedrijfsrevisoren BV, Manhattan Office Tower -Bolwerklaan 21 b8, 1210 Brussel, represented by
Dirk Stragier, company auditor and recognized auditor
and Nele Van Laethem, company auditor and recognized auditor

### *Principal activities of the statuary auditor*

The statutory auditor checks whether the financial statements of the Fund are a true and fair presentation of the financial situation of the Fund and whether the annual report is in line with the financial statements. To determine the right working methods, the statutory auditor takes account of the existing internal audit of the Fund in terms of drafting the financial statements and ensuring that they are true and fair.

## Promoter

KBC.

### *Principal activities of the promoter:*

The promoter promotes the Fund in the market.

## Person(s) bearing the costs (in the situations referred to in articles 115, §3, para. 3, 149, 152, para. 2, 156, §1, para. 1, 157, §1, para. 3, 165, 179, para. 3 and 180, para. 3 of the Royal Decree of 12 November 2012 on the undertakings for collective investment complying with the conditions of Regulation 2009/65/EC)

KBC Asset Management NV and/or one or more companies that are members of the KBC Group and/or the person(s) referred to under “Financial service providers”.

# C. Legal information

## Balance sheet date

31 December.

## Rules for the valuation of the assets

See article 3.2 of the management regulations of the Fund.

## Rules concerning the allocation of the net income

The holders of capitalisation-participation rights are not entitled to receive a dividend. The portion of the annual net income accruing to them is capitalised in favour of these participation rights.

## Annual general meeting of unitholders

The annual general meeting is held on the fourth Wednesday of the month March at 12.00 at the Office of the Management Company or at any other place in Belgium indicated in the convening notice.

## Voting rights of the unitholders

In accordance with the management regulations, the unitholder has a vote at the General Meeting of unitholders in proportion to the size of their units.

## Suspension of the redemption of units

See article 4.5 of the management regulations of the Fund.

## Liquidation of the Fund

See article 5.6 of the management regulations of the Fund and the applicable provisions of the Royal Decree of 12 November 2012 on the undertakings for collective investment complying with the conditions of Regulation 2009/65/EC.

# D. Tax treatment

The following tax-related information is of a general character and is not intended to cover all aspects of an investment in a UCITS. In certain cases entirely different rules might even apply. Moreover, both tax law and the interpretation of it can change. Investors who wish to have more information about the tax implications – in both Belgium and abroad – of acquiring, holding and transferring units should seek the advice of their usual financial and tax advisers.

## Of the Fund

Provided certain conditions are met, the pension savings fund is exempt from Belgian withholding tax on all investment income it collects, with the exception of income from capitalisation bonds and zero-coupon bonds on the one hand, and liquidation coupons on real estate certificates and income from shares of regulated real estate companies, on the other.

The following tax is due payable by the Fund :

| | | |
|---|---|---|
| Annual tax on undertaking for collective investment | 0.0925% | of the net amounts outstanding in Belgium on 31 December of the preceding year. The amounts already included in the tax base of the underlying undertakings for collective investment are not included in the tax base. |

This tax must, in principle, be paid by the Fund's management company, but is charged to the Fund.

It is not possible for the pension savings fund to apply double taxation treaties to foreign withholding tax deducted from the income it collects.

## Of the investor

Institutions are only permitted to open one pension savings account or insurance policy per taxpayer.
Pension savers are only permitted to pay into one pension savings account or insurance policy per taxable period.
The pension saver can pay in until 31 December of the year in which he or she reaches the age of 64.

### *Tax relief*

Pension saving contributions qualify for tax relief on long-term saving.
From assessment year 2019 (income year 2018) you get tax relief of either 30% or 25% on two maximum amounts.
There is no relief to the extent that the taxable income is lower than the tax-free amount. This is because the relief is set against the tax liability but is not refundable.

### *Maximum amount of contribution*

Taxpayers can choose between two capped amounts: 990 or 1 270 euros. If you opt for
1 270 euros you'll get a tax relief of 25% on the full amount deposited. If you don't opt expressly for this option the maximum amount is 990 euros, giving you 30% tax relief. Both amounts can be indexed annually.

### *Conditions applying to the system in which a maximum 1 270 euros is deposited per year:*

- Depositing an amount above 990 euros per year is only possible if a choice has been made specifically to do so and this before the deposit was made that would have resulted in a total amount above 990 euros being deposited.
- This choice is irrevocable and applies solely to the relevant taxable period. Therefore, the choice will have to be repeated each year.
  If an amount above 990 euros is deposited in a year in which no specific permission had been granted beforehand, the amounts deposited above the 990 euros will have to be refunded at no charge.

### *Conditions to qualify for relief*

Deposits qualify for tax relief provided a number of conditions are met::

- The savings account was opened by a resident of Belgium or a resident of the European Economic Area;
- The saver must be at least 18 when the contract starts and entered into before the age of 65;
- The savings account must be taken out in the EEA for a term of at least ten years;
- Payments must be made no later than 31 December of the income year;
- The saver has to submit a certificate to support his or her tax return.

### *Taxation of the pension savings contract*

Benefits from pension saving on which tax relief was enjoyed during build-up are taxable.

### Taxable amount

The taxable amount is equal to the annual net contributions, capitalised at a notional capitalisation rate of 6.25% for all contributions paid in prior to 1 January 1992, or 4.75% for all contributions paid in after 1 January 1992.

The interest rate may be amended by Royal Decree.

### Taxation of contracts paid out after the 60th birthday

In principle, a definitive tax of 8% will be deducted on the saver's 60th birthday.
This tax is final, i.e. the contract will not be subject to further taxation.

Tax relief is still available until the age of 64 for contributions paid in after the tax has been levied, unless the savings balance has been withdrawn in the meantime.  The savings balance built up via these contributions is free of tax.

The tax is levied as mandatory on the savings balance and cannot be paid in by the pension saver him or herself.

Each year for five years, from 2015 to 2019, tax at a rate of 1% will be collected early. The tax base in this case is the actual level of savings on 31 December 2014. Any new contracts taken out on or after 1 January 2015 are not subject to early collection of tax. When the benefit is paid out, the total amount of tax collected early will be deducted from the amount of final tax calculated. The amount to be collected early is funded by the sale of units (to be sold no later than 30 September).

For the portion of the tax base formed via contributions paid in prior to 1 January 1993, an advance levy of 6.5% was collected on 1 December 2012.

### Contracts concluded or increased after the age of 55

Contracts concluded or increased after the age of 55 are taxed on the tenth anniversary of the contract.
If the contract is paid out earlier, but after the 60th birthday, taxation occurs when the benefit is paid.
The reduced rate of 8% applies if the amount saved is paid out:
- on the tenth anniversary of the contract
- or in the event of earlier payment after the 60th birthday, if this occurs after:
  - retirement at the normal date (the normal retirement age is at this moment 65)
  - in one of the five years preceding that date
  - the 60th birthday for women or 65th birthday for men, provided in both cases that no professional activity was ever performed (Letter Adm. ETT 1069 of 11 Oct. 1996)
  - following the death of the pension saver

If payment occurs earlier, the rate is 33%.

Each year for five years, from 2015 to 2019, tax at a rate of 1% will be collected early. The tax base in this case is the actual level of savings on 31 December 2014. Any new contracts taken out on or after 1 January 2015 are not subject to early collection of tax. When the benefit is paid out, the total amount of tax collected early will be deducted from the amount of final tax calculated. The amount to be collected early is funded by the sale of units (to be sold no later than 30 September).

### Taxation of contracts paid out before the 60th birthday

If the pension saver has received a payment from his or her pension savings before his or her 60th birthday, this payment will be subject to personal income tax.

Payments are taxable at 8%, 16.5%, 33% of the progressive rate.

The lower rate applies if the accumulated pot is paid out following retirement at the normal date or in one of the five years preceding that date, or following the death of the pension saver.
Furthermore, the following additional conditions must be satisfied, except in the event of death:
- the minimum term of ten years has elapsed;
- at least five deposits were made during the five different taxable periods;
- each contribution remained invested for at least five years.

Each year for five years, from 2015 to 2019, tax at a rate of 1% will be collected early. The tax base in this case is the actual level of savings on 31 December 2014. Any new contracts taken out on or after 1 January 2015 are not subject to early collection of tax. When the benefit is paid out, the total amount of tax collected early will be deducted from the amount of final tax calculated. The amount to be collected early is funded by the sale of units (to be sold no later than 30 September).

If payment does not occur in one of the circumstances stated above, the payment will be subject to the exceptional rate of taxation of 33% or to the progressive rate.

Municipal tax is added to these rates.

### Stock market tax

| | Subscription | Redemption |
|---|---|---|
| Stock market tax | - | - |

### Tax on debt claim returns (Article 19bis of the 1992 Income Tax Code)

The income from this UCI is not subject to the tax on debt instrument returns as intended by Article 19b, Income Tax Code 1992.

### Obligatory automatic exchange of information for tax purposes

Information about an investment in this UCI is not automatically exchanged internationally.

# E. Additional information

### Information sources

The prospectus, the key information document, the management rules, the annual and half-yearly reports may be obtained free of charge from the financial services providers before or after subscription to the units.
The ongoing charges and the portfolio turnover rate for preceding periods can be obtained from the office of the Fund at Havenlaan 2, B-1080 Brussels, Belgium.
The following documents and information are available at *www.kbc.be/kid:*
key information document, the prospectus, the most recently published annual and half-yearly reports.

The past performance of the Fund is provided in the annual report.

The Board of Directors of the Management Company of the Fund is responsible for the content of the prospectus and the key information document. To the best of the Board of Directors of the Management Company of the Fund's knowledge, the information contained in the prospectus and the key information document is true and correct and nothing has been omitted that would alter the import of either the prospectus or the key information document.

The management company has the authority to determine the investment policy for the Fund, subject to statutory provisions. The management company may make changes to the investment policy, as set out in the prospectus and key information.

### Publication of the net asset value

The net asset value is available from the branches of the institutions providing the financial services. Following calculation, it is published on the website of Beama (*www.beama.be*) and/or on the KBC Asset Management NV website (*www.kbc.be/investing*) and/or on the websites of the institutions providing the financial services.

### Contact point where additional information may be obtained if needed

Product and Knowledge Management Department- APC
KBC Asset Management NV
Havenlaan 2
1080 Brussels
Belgium
Tel. KBC Live 078 152 153 (N) – 078 152 154 (F) - 078 353 137 (E) - 078 353 138 (D)

# F. Prohibition of offer or sale

**This UCITS may not be publicly offered or sold in countries where they have not been registered with the local authorities.**

The UCITS is not registered nor will be registered based on the United States Securities Act of 1933, as amended from time to time. It is forbidden to offer, sell, transfer or deliver units, directly or indirectly, in the United States of America or one of its territories or possessions or any area that is subject to its jurisdiction or to a US person, as defined in the aforementioned Securities Act. The UCITS is not registered based on the United States Investment Company Act of 1940, as amended from time to time.

# G. Competent authority

Financial Services and Markets Authority (FSMA)
Congresstraat 12-14
1000 Brussels
The prospectus will be published after approval by the FSMA. This approval does not involve any assessment of the opportuneness or quality of the offer or of the circumstances of the individual making it.
The official text of the management rules has been filed with the FSMA.

# H. Use of Benchmarks

## *Benchmarks*

The information on the Fund included in this prospectus may refer to the use of benchmarks. In keeping with the Fund's investment policy, a benchmark is understood to be an index or a combination of different indices that serves as a reference point for measuring the performance and composition of the Fund's portfolio.

Unless expressly stated otherwise in the investment policy, the Fund referring to a benchmark is actively managed, does not passively track the composition of the benchmark index and may invest in securities not included in that index. More information on how the benchmark is used for managing the Fund can be found in '2. Investment Information' included in this prospectus.

Investors should be aware that the performance of the Fund may differ from the performance of the benchmark. This difference is measured by means of a tracking error, which indicates the extent of volatility between those performances. The long-term expected tracking error is given in the table below. Investors should be aware that market conditions may cause the actual tracking error to differ from the long-term expected tracking error. .

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

Pursuant to Regulation (EU) 2016/1011 of the European Parliament and of the Council (the 'Benchmark Regulation'), the Fund is required to disclose information on the inclusion of the benchmarks' administrator in the register of approved administrators and benchmarks as established by the European Markets and Securities Authority (the 'ESMA Register').

The Fund will monitor the inclusion in the ESMA Register of entities acting as administrator(s) of benchmarks used by the Fund, and this by no later than the date on which the obligation for inclusion in this register takes effect for these entities. The Fund will then amend the prospectus accordingly.

At present, reference is made to the following benchmarks:

| **Benchmark** | **Expected tracking error** | **Administrator** | **Included in ESMA-Register** |
|---|---|---|---|
| iBoxx EURO corporate ALL Maturities - Total Return Index | 1.5% | Markit Indices Limited | Yes |
| JP Morgan EMU Government Bonds Investment Grade ALL Maturities - Total Return Index | | J.P. Morgan Securities LLC | No |
| MSCI All Countries World Ex EMU - Net Return Index | | MSCI | No |
| MSCI EMU-Net Return index | | MSCI | No |
| MSCI EMU SMALL CAP - Net Return Index | | MSCI | No |

## *Contingency plan*

The Management Company of the Fund has drafted a contingency plan on the actions to be taken in case a benchmark used by the Fund materially changes or ceases to be provided.

Examples of situations in which a benchmark materially changes are, but not limited to:

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

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

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

In case a benchmark materially changes or ceases to be provided, a suitable replacing benchmark will be sought

after.
Consideration which will be taken into account in the course of selecting a replacement benchmark are, but not limited to:

- The geographical, economical or sectorial 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 particular market; and
- Preference will be given to administrators with an existing license with KBC AM, should this result in lower costs.

If no replacement benchmark can be found, the Fund will be managed without benchmark.

The principles stated above and in the contingency plan are without prejudice to the provisions stipulated in the Information concerning the Fund.

# 2. Investment Information

## Fund's object

The main object of the Fund is to generate the highest possible return for its unit-holders by investing directly or indirectly in transferable securities. This is reflected in its pursuit of capital gains and income. To this end, the assets are invested either directly, or indirectly via correlated financial instruments, primarily in shares and bonds.

## Fund's investment policy

### *Permitted asset classes*

The Fund may invest in securities, money market instruments, units in undertakings for collective investment, deposits, financial derivatives, liquid assets and all other instruments insofar as permitted by the applicable laws and regulations and consistent with the object as described above.

### *Restrictions of the investment policy*

The investment policy will be implemented within the limits set by law and regulations.
The Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

### *Permitted derivatives transactions*

**Derivatives may solely be used to hedge currency risks.**

**Whether listed or not, derivatives such as forward contracts, futures, options or currency swaps may be used.** Unlisted derivative transactions will only be concluded with prime financial institutions specialised in such transactions.

**Subject to the applicable laws and regulations and the articles of association, the Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Fund and all income generated will be paid to the Fund.**

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

**Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.**

### *Selected strategy*

The pension savings fund is primarily geared toward long-term capital growth, under the responsibility of the management company. Pursuant to the conditions of Article 145/11, 1°, 2°, 3°, 4°, 6° en 7° of the Belgian Income Tax Code 1992, the assets of the fund and the income from those assets, after deduction of costs, may be invested only in the investments stated and the limits established in a) to f) below:

a) Not more than 20% of the investments owned and described in b) to e) below may be denominated in a currency other than the euro;

b) Not more than 75% of the assets owned may be invested in bonds and other debt instruments that are traded on the capital market, in mortgage loans and in cash deposits within the following limits and according to the following terms and conditions:
- In bonds and other debt instruments in euros or in the currency of a Member State of the European Economic Area, issued or unconditionally guaranteed, in principal and in interest, by a Member State of the European Economic Area, by one of its political subsidiary departments, by other public bodies or institutions of a Member State of the European Economic Area or by a supranational organisation to which one or more Member States of the European Economic Area belong or in mortgage loans in euros or in the currency of a Member State of the European Economic Area;
- Not more than 40% of the total of these bonds and other debt instruments that are traded on the capital market, of these mortgage loans and of these cash deposits may consist of assets, in euros or in the currency of a Member State of the European Economic Area, issued by companies incorporated under public or private law from a Member State of the European Economic Area, or of cash deposits, in euros or in the currency of a Member State of the European Economic Area, with a term to maturity of more than one year at a credit institution that is recognised and supervised by a regulatory government body of this Member State;

- Not more than 40% of the total of these bonds and other debt instruments that are traded on the capital market, of these mortgage loans and of these cash deposits may consist of assets, in the currency of a State that is not a member of the European Economic Area, issued or unconditionally guaranteed, in principal and in interest, by a State that is not a member of the European Economic Area, by other public bodies or institutions of a State that is not a member of the European Economic Area, or by a supranational organisation of which none of the members is a Member State of the European Economic Area, with a term to maturity of more than one year, issued by companies from this same State incorporated under public or private law, or of cash deposits, in the currency of a State that is not a member of the European Economic Area, with a term to maturity of more than one year at a credit institution that is recognised and supervised by a regulatory government body of this State.

c) Not more than 75% of the assets owned may be directly invested in the following shares and other securities similar to shares within the following limits and in accordance with the following terms and conditions:
- Not more than 70% of the total of these shares and securities may directly consist of shares and other securities similar to shares of companies incorporated under the law of a Member State of the European Economic Area whose market capitalisation exceeds 3 000 000 000 euros or equivalent denominated in the currency of a Member State of the European Economic Area and listed on a regulated market;
- Not more than 30% of the total of these shares and securities may directly consist of shares and other securities similar to shares of companies incorporated under the law of a Member State of the European Economic Area whose market capitalisation is less than 3 000 000 000 euros or equivalent expressed in the currency of a Member State of the European Economic Area and listed on a regulated market;
- Not more than 20% of the total of these shares and securities may directly consist of shares and other securities similar to shares of companies incorporated under the law of a State that is not a member of the European Economic Area, that are not denominated in euros or in a currency of a Member State of the European Economic Area, and that are listed on a regularly operating market that is supervised by government bodies that are recognised by the public government of a Member State of the Organisation for Economic Co-operation and Development.

d) Not more than 10% of the assets may be invested (a) in cash in an account in euros or a currency of a Member State of the European Economic Area, at a credit institution that is recognised and supervised by a regulatory government body of a Member State of the European Economic Area or (b) in units of undertakings for collective investment referred to in Article 52, §1, 5° and 6° of the Royal Decree of 12 November 2012 on undertakings for collective investment that meet the conditions of Directive 2009/65/EC or in Article 35, §1, 5° and 6° of the Royal Decree of 25 February 2017 on certain public alternative undertakings for collective investment and their management companies, and stipulating various provisions for the purpose of primarily investing in money market instruments and liquid assets, in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds;

e) a maximum of 20% of the assets may be invested in units of undertakings for collective investment referred to in Article 52, §1, 5° and 6° of the Royal Decree of 12 November 2012 on undertakings for collective investment that meet the conditions of Directive 2009/65/EC or in Article 35, §1, 5° and 6°, of the Royal Decree of 25 February 2017 on certain public alternative undertakings for collective investment and their management companies, and stipulating various provisions exclusively for the purpose of collective investment of capital raised from the public in assets referred to in b) and/or c);

f) holdings of assets described in b) to e) above denominated in a currency other than the euro may be fully or partially hedged with financial derivatives for the purpose of currency risk, so that the hedged portion is not taken into account in determining the maximum percentage referred to in (a).

The Fund does not invest in the assets referred to in article 145/11 (5°) of the Belgian Income Tax Code 1992.

Within the above limits, the Fund pursues (directly or indirectly) responsible investment objectives based on a dualistic approach: a negative screening and a positive selection methodology.

This approach will be gradually implemented in the portfolio, starting 2 september 2022. KBC Asset Management NV has a team of specialist researchers responsible for this dualistic approach. They are assisted by an independent advisory board (the "**Responsible Investing Advisory Board**") comprised of up to twelve persons, who are not affiliated to KBC Asset Management NV, and whose sole responsibility is to supervise the dualistic approach and activities of the specialist researchers. The secretariat of the advisory board is handled by a representative of KBC Asset Management NV. Moreover, KBC Asset Management NV works with data suppliers with expertise in Responsible Investing that provide data to the specialized researchers, who process and complete the data with publicly available information (including annual reports, press publications, etc.).

The Fund promotes a combination of environmental and social characteristics and, even though it does not have sustainable investments as an objective, it shall invest a minimum proportion of its assets in economic activities that contribute to the achievement of environmental or social objectives (i.e. 'sustainable investments').

The issuers in which it invests must follow good governance practices.

The Fund is compliant with the transparency obligations of 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 ('SFDR'). More information on how the Fund promotes environmental and social characteristics can be found in the 'Annex for Pricos Responsible Investing '. This annex specifically covers the pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852.

Negative screening

In practical terms the end result of this negative screening procedure is that the Fund excludes issuers in advance from the Responsible Investment universe which fall foul of the exclusion policies available on *www.kbc.be/investment-legal-documents* > Exclusion policy for Responsible Investing funds.

The application of these policies means that issuers involved in such activities like the tobacco industry, weapons, gambling and adult entertainment are excluded from the Fund's investment universe. This screening also ensures that issuers who seriously violate fundamental principles of environmental protection, social responsibility and good governance are excluded from the Fund’s investment universe.
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 defined investment universe and other limits described above, the responsible investment objectives of the Fund are the following:

(1) promote the integration of sustainability into the policy decisions of issuers (companies, governments, supranational debtors and/or agencies linked to governments), by preferring issuers with a better **ESG score**, where ESG stands for ‘Environmental, Social and Governance’, and

(2) promote climate change mitigation, by preferring issuers with lower **Carbon Intensity**, with the objective of meeting a predetermined carbon intensity target;

(3) support sustainable development , by including issuers that contribute to the **UN Sustainable Development Goals** and

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

The Fund's targets are available at *www.kbc.be/investment-legal-documents* > Investment policy for Responsible Investing funds.

**(1) ESG-score**

The contribution to the integration of sustainability into policy decisions of the issuers is measured based on an ESG score. This score represents the aggregated performance assessment of a given entity against a series of ESG criteria which are grounded to the extent possible against objective measures. The main factors underpinning the ESG criteria are:

- In the case of instruments issued by companies:
    - respect for the environment (e.g., reduction in greenhouse gas emissions);
    - attention to society (e.g., employee working conditions); and
    - corporate governance (e.g., independence and diversity of the board of directors).

The ESG score for companies is an ESG risk score supplied by a data provider.

- In the case of instruments issued by national governments, supranational debtors and/or agencies linked to governments, the following five pillars are used
    - overall economic performance and stability (e.g., quality of institutions and government);
    - socio-economic development and health of the population (e.g., education and employment);
    - equality, freedom and the rights of all citizens;
    - environmental policy (e.g., climate change); and
    - security, peace and international relations.

These lists are not exhaustive and may be changed under the supervision of the Responsible Investing Advisory Board.
To achieve this objective, the ESG score of the portfolio for companies is compared to following benchmarks: iBoxx EURO corporate ALL Maturities - Total Return Index, MSCI All Countries World Ex EMU - Net Return Index, MSCI EMU-Net Return index en MSCI EMU SMALL CAP - Net Return Index
The ESG score for countries of the portfolio is compared to a reference portfolio of global government bonds (composed of the following benchmarks: 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 information on the ESG Score and the concrete goals of the Fund can be found at *www.kbc.be/investment-legal-documents* > Investment policy for Responsible Investing funds.
The targets can be revised upwards or downwards.

**(2) Carbon Intensity**

The objective to promote climate change mitigation, by favoring lower carbon intensity issuers, with the goal of meeting a predetermined carbon intensity target covers at least 90% of the portfolio. The objective does not apply to issuers for which data is not available.
The contribution of issuers to climate change mitigation is measured based on their carbon intensity. For companies, carbon intensity is defined as absolute greenhouse gas emissions (in tonnes $CO_2$ equivalent), divided by revenues (in mln USD). For countries, it is defined as the greenhouse gas emissions (in tonnes $CO_2$ equivalent), divided by the Gross Domestic Product (in current prices, in mln USD).
The targets for instruments issued by companies are different from those for instruments issued by national governments, supranational debtors and/or government-linked agencies.

More information on Carbon Intensity and the concrete goals of the Fund can be found at www.kbc.be/investment-legal-documents > Investment policy for Responsible Investing funds.

The targets may be revised upwards or downwards.

**(3) UN Sustainable Development Goals**

To support sustainable development, the Fund commits to investing a minimum proportion of the portfolio in issuers that contribute to the UN Sustainable Development Goals. The UN Sustainable Development Goals include both social and environmental objectives. Instruments of issuers that meet these requirements are designated as "sustainable investments," according to Article 2.17 of the SFDR.

Companies that contribute to the UN Sustainable Development Goals are defined as those that are aligned with at least one of the 15 first UN Sustainable Development Goals, while not being misaligned with any of these UN Sustainable Development Goals.

Governments are assessed on the five pillars as 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 on one of these pillars and not significantly poor on the other pillars, the bonds of this government and its sub-governments and agencies are considered to be instruments that contribute to sustainable development. Bonds of supranational governments contribute to the UN's 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/full paid-in capital/percentage of population (in order of availability)).
- the mission statement of the supranational institution has a sustainable objective and less than half of its members fall in the worst half of the screening for controversial regimes.

In addition, the Responsible Investing Advisory Board can award the "sustainable development" label to instruments.

More information about this and the concrete goals of the Fund can be found at www.kbc.be/investment-legal-documents > Investment policy for Responsible Investing funds .

The targets may be revised upwards or downwards.

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

To encourage the transition to a more sustainable world, the Fund commits to invest a minimum proportion of the portfolio in bonds financing green and/or social projects. Bonds whose proceeds will be used exclusively to finance (a combination of) green and social projects that are aligned with the International Capital Market Association (ICMA) Green Bond Principles and Social Bond Principles on the Use of Proceeds are considered bonds financing green and/or social projects. Instruments that meet these requirements are labelled ‘sustainable investments’, in line with article 2(17) SFDR.

More information on bonds financing green and/or social projects and the concrete goals of the Fund can be found at www.kbc.be/investment-legal-documents > Investment policy for Responsible Investing funds.

The targets may be revised upwards or downwards.

**Potential Exceptions**

It cannot be ruled out, however, that very limited investments may be made temporarily in assets that do not meet the above criteria. The reasons for this include the following:

- Developments as a result of which an issuer can no longer be regarded as eligible after purchase;
- Corporate events, such as a merger of one company with another, where the merged company can no longer be considered an eligible issuer based on the above criteria;
- Incorrect data as a result of which assets are invested (unintentionally and erroneously) in assets purchased when it should not have been eligible for the Fund;
- A planned update of the screening criteria as a result of which assets should be excluded from the Fund, but which the management company chooses to refrain from selling immediately in the best interest of the customer;
- External circumstances such as market movements and updates of external data can lead to investment solutions failing to achieve the abovementioned targets.

In these cases, the fund manager will replace the assets concerned with more appropriate assets as soon as possible, always taking into account the sole interest of the investor.

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

The fund’s net asset value is expressed in euros.

The Fund aims to use these investments to generate the following for its unit-holders:

- a return matching that of the reference currency, namely the euro;
- possible capital gains.

The Fund is actively managed with reference to the following benchmark: 9.9% iBoxx EURO corporate ALL Maturities - Total Return Index, 23.1% JP Morgan EMU Government Bonds Investment Grade ALL Maturities - Total Return Index, 12.06% MSCI All Countries World Ex EMU - Net Return Index, 40.87% MSCI EMU-Net Return index, 14.07% MSCI EMU SMALL CAP - Net Return Index.

However, is not the aim of the Fund to replicate the benchmark. The composition of the benchmark is taken into account when compiling the portfolio. In line with its investment policy, the Fund may not invest in all the instruments included in the benchmark. When compiling the portfolio, the manager may also decide to invest in instruments that are not included in the benchmark, or indeed not to invest in instruments that are included.
The composition of the portfolio will vary from that of the benchmark, as the composition of the benchmark is not fully consistent with the environmental and/or social characteristics promoted by the Fund. The use of the benchmark does not detract from the responsible character of the portfolio. The responsible character is guaranteed by the aforementioned responsible investing methodology.

The benchmark is also used to determine the Fund's risk limitation mechanism. This limits the extent to which the Fund's return may deviate from the benchmark.

The longterm expected tracking error for this fund is 1.5%.The tracking error measures the volatility of the Fund's return relative to that of the benchmark. The higher the tracking error, the more the Fund's return fluctuates relative to the benchmark. Market conditions may cause the actual tracking error to differ from the expected tracking error.

**Taxonomy related information**

At the date of this prospectus, the Fund does not specifically seek to invest in environmentally sustainable economic activities within the meaning of the EU Taxonomy Framework. The percentage invested in environmentally sustainable activities within the meaning of the EU Taxonomy Framework at all times is 0%. The underlying investments of this Fund do not take into account the EU criteria for environmentally sustainable economic activities. This will be monitored on a regular basis and as soon as sufficiently reliable, timely and verifiable data from issuers or investee companies is available and final regulatory technical standards are published providing more detailed guidance on the Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability disclosure in the financial services sector and on how Taxonomy information should be made public, the prospectus will be updated.

**Transparency of adverse sustainability impacts:**

The Fund considers the principal adverse impacts of its investment decisions on sustainability factors by taking into account the principal adverse impact indicators ('PAI'), as described in the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosure in the financial services sector ('SFDR').

The principal adverse impacts on sustainability factors are explicitly taken into account through the general exclusion policy for conventional funds and Responsible Investing funds and the exclusion policy for Responsible Investing funds. More information on the principal adverse impact indicators taken into account can be found at *www.kbc.be/investment-legal-documents* > General exclusion policy for conventional and Responsible Investing funds and *www.kbc.be/investment-legal-documents* > Exclusion policies for Responsible Investing funds.

In addition, the principal adverse impacts on sustainability factors are implicitly taken into account through the Proxy Voting and Engagement Policy of KBC Asset Management NV (more information can be found at *www.kbc.be/investment-legal-documents* > Retrospective Proxy Voting - overview > Proxy Voting and Engagement Policy).

As part of its commitment to responsible investment, KBC Asset Management NV exercises the voting rights of the shares it manages in accordance with the Proxy Voting and Engagement Policy. Where appropriate, KBC Asset Management NV will engage in dialogue with the management of the companies concerned, if necessary before voting.
More information on how the Fund aims to consider the principal adverse impacts on sustainability factors can also be found in the 'Annex for Pricos Responsible Investing'. A statement on how the Fund has considered the principal adverse impacts on sustainability factors during the reporting period can also be found in the annual report for this Fund which will be published after 1 January 2023.

Required disclaimers for benchmark providers:

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## *Characteristics of the bonds and debt instruments*

The Fund invests in bonds and debt instruments issued by both companies and public authorities.

The Fund invests directly and/or indirectly at least 90% of its assets in bonds and debt instruments
- in securities rated investment grade (at least BBB-/Baa3 for long-term debt, A3/F3/P3 for short-term debt) by at least one of the following rating agencies: Moody's Investors Service, Standard & Poor's or Fitch Ratings, and/or
- in government bonds issued in local currency or non-subordinated corporate bonds* which do not have a credit rating from the rating agencies mentioned above but the issuer of which has an investment grade rating by at least one of the rating agencies mentioned above, and/or
- in money market instruments whose issuer has an investment grade rating (minimum A3/F3/P3 for short-term debt) from at least one of the above rating agencies.

This means that the Fund may invest up to 10% of its assets invested in bonds and debt instruments that do not have a credit rating from the above-mentioned rating agencies and/or which do not comply with the above-mentioned credit requirements.

All maturities are taken into consideration in the selection of bonds and debt instruments.

*In the event of the bankruptcy of the relevant issuer, subordinated bonds are 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 fully or partially repaid; the holder of the subordinated bond does, however, have priority over the shareholders of the issuer in question.

# Securities Financing Transactions (SFTs)

## *General*

**The Fund may lend financial instruments within the limits set by law and regulations.**
Lending financial instruments is a transaction where one the Fund transfers financial instruments to a counterparty in exchange for financial collateral and subject to an undertaking on the part of that counterparty to supply the Fund with comparable financial instruments at some future date or on the Fund's request. The counterparty pays a fee for this to the sub-fund.

This takes place within the framework of a securities lending system managed by either a 'principal' or an 'agent'. If it is managed by a principal, the Fund has a relationship only with the principal of the securities lending system which acts as counterparty and to whom title to the loaned securities is transferred. If it is managed by an agent, the Fund has a relationship with the agent (as manager of the system) and with one or more counterparties to whom title to the loaned securities is transferred. The agent acts as intermediary between the Fund and the counterparty or counterparties.

The funds use the lending of financial instruments to generate additional income. This might consist of a fee paid by the principal or, in the event that the fund performs the securities lending through an agent, by the counterparty, as well as income generated through reinvestments.
**The funds are not permitted to agree forms of SFTs other than lending financial instruments.**

## *General information on the SFTs used*

| Type of SFT | Types of asset that the SFT can involve | Maximum percentage of the assets under management that can be involved in the SFT | Anticipated percentage of the assets under management that will be involved in the SFT |
|---|---|---|---|
| Lending financial instruments | Only **shares** and **bonds** will be lent | When lending financial instruments a **maximum of 30% of the assets under management** will be involved. | **Depending on market conditions 0–30% of the assets under management** will be involved in the lending of financial instruments |

## *Criteria for the selection of counterparties*

Lending financial instruments only occurs with high-quality counterparties. The management company selects which counterparties qualify for the lending of financial instruments.

The selected counterparties must meet the following minimum requirements to this end:

| Legal status | Minimum rating | Country of origin |
|---|---|---|
| The counterparty must belong to one of the following categories:<br><br>a) A credit institution; or<br>b) An investment firm; or<br>c) A settlement or clearing institution; or<br>d) A central bank of a member state of the European Economic Area, the European Central Bank, the European Investment Bank or a public international financial institution in which one or more European Economic Area member states participate. | Only counterparties rated as investment grade may be considered.<br><br>An investment-grade rating means: a rating equal to or higher than BBB- or Baa3 according to one or more of the following accredited rating agencies:<br><br>- Moody's (Moody's Investors Service);<br>- S&P (Standard & Poor's, a division of the McGraw-Hill Companies); en<br>- Fitch (Fitch Ratings).<br><br>If the counterparty does not have a rating, the rating of the counterparty's parent company may be taken into consideration. | All geographical regions may be considered when selecting counterparties. |

**The relationship with the counterparty or counterparties is governed by standard international agreements.**

## *Description of acceptable financial collateral and its valuation*

When the Fund lends financial instruments, it receives financial collateral in return. This financial collateral protects the Fund fund from default on the part of the counterparty to which the financial instruments have been lent.

**The Fund may accept the following forms of financial collateral:**

- **Cash**; and/or
- **Bonds and other debt instruments**, issued or guaranteed by the central bank of a member state of the European Economic Area, the European Central Bank, the European Union or the European Investment Bank, a member state of the European Economic Area or the Organisation for Economic Cooperation and Development, or by a public international institution in which one or more member states of the European Economic Area participate, other than the counterparty or a person associated with it, and which are permitted to trade on a regulated market; and/or
- **Participation rights in a monetary undertaking for collective investment** that complies with Directive 2009/65/EC or which meets the conditions of Article 52(1:6) of the Royal Decree of 12 November 2012 on certain public institutions for collective investment which meet the conditions of Directive 2009/65/EC, and the net asset value of which is calculated and published daily.

The valuation of the financial collateral occurs daily in accordance with the most applicable and accurate method: mark-to-market. A daily variation margin applies based on the daily valuation. Consequently, daily margin calls are possible.

There are no limits regarding the term of the financial collateral.

### *Reuse of financial collateral*

**If the Fund receives collateral in the form of cash, it can reinvest this cash in**

- **deposits with credit institutions** which can be withdrawn immediately and which mature within a period not exceeding twelve months, provided that the office of the credit institution is situated within a member state of the EEA, or if the office is established in a third country, provided that it is subject to prudential supervisory rules which the FSMA considers as being equivalent to the rules under European Law.
- **short term money market funds** as defined in Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds.
- **government bonds** that are denominated in the same currency as the cash received and that meet the terms and conditions set out in the Royal Decree of 7 March 2006 on securities lending by certain undertakings for collective investment.

**Reinvesting in this way can eliminate the credit risk to which the Fund is exposed concerning the collateral in respect of the financial institution where the cash account is held, but there is still a credit risk in respect of the issuer or issuers of the debt instrument(s). The management company may delegate implementation of the reinvestment policy to a third party, including the agent managing the securities lending system.**

Reinvestment in deposits at the same credit institution may not exceed 10% of the Fund's total assets. Reinvestment in bonds issued by the same public authority may not exceed 20% of the Fund's total assets.

### *Policy on the diversification of collateral and the correlation policy*

**The Fund is not permitted to accept financial collateral issued by the party offering them.**

The Fund's exposure to financial collateral issued by the same issuer may not exceed 20% of the Fund's net assets.

### *Holding of the financial collateral*

The financial collateral will be held in the following manner:

- for cash: held in a cash account; and
- for financial collateral that is not cash: registration in a custody account.

The custodian of the financial collateral and/or the entity to which certain tasks relating to the custody of the financial collateral has been delegated is not necessarily the same entity as the custodian of the Fund's assets, as stated under ‘B. Service providers to the Fund'.

### *Influence of SFTs on the Fund’s risk profile*

**This lending does not affect the Fund's risk profile** since:

- The choice of principal, agent and every counterparty is subject to strict selection criteria.
- The return of securities similar to the securities that have been lent can be requested at any time, which means that the lending of securities does not affect management of the Fund’s assets.
- A margin management system is used to ensure that the Fund is at all times the beneficiary of financial security (collateral) in the form of cash or other or other specific types of securities with a low risk, such as government bonds, in case the principal or the counterparty (if a sub-fund uses an agent) does not return similar securities. The actual value of the collateral in the form of specific types of securities with a low risk must at all times exceed the actual value of the loaned securities by 5%. Furthermore, when calculating the value of the specific types of securities with a low risk provided as collateral, a margin of 3% is applied, which should prevent a negative change in price resulting in their actual value no longer exceeding the actual value of the securities. The value of the collateral in the form of cash must at all times exceed the actual value of the loaned securities.

- The criteria met by the collateral are such as to limit the credit risk. A rating of at least investment grade is required in the case of collateral in the form of bonds and other debt instruments. In the case of collateral in the form of participation rights in monetary undertakings for collective investment, the inherent diversification of these undertakings limits the credit risk. In the case of cash that is reinvested, a rating of at least investment grade is required when reinvesting in either deposits or government bonds. In the case of reinvestment in short-term money-market funds, the inherent diversification of these funds limits the credit risk.
- The criteria met by these types of collateral are such as to limit the liquidity risk. It must be possible to value the financial collateral on a daily basis by market price or to withdraw it on demand (on reinvestment of cash in deposits).
- In the case of reinvestment of cash, there are additional criteria to limit the market risk associated with the initial values in cash. When reinvesting bonds, only bonds with a remaining term to maturity of no more than one year may be considered. The shortness of this remaining term results in a low sensitivity to interest rate movements. In the case of reinvestment in short-term money-market funds, the low duration of these funds limits the market risk with respect to the initial value in cash.
- The custody of financial collateral consisting of securities occurs by placing the securities in custody accounts which, in the event of the custodian's bankruptcy, are held outside its insolvent estate. The custody of financial collateral consisting of cash occurs by holding it in cash accounts, whether or not segregated. The extent to which the custody of financial collateral consisting of cash occurs in non-segregated accounts has no influence, however, on the Fund's risk profile.
- Operational risks are limited by operational controls, in the shape of daily control of the market values of loaned securities and collateral and reconciliation of internal and external data.

### *Distribution policy for returns on the utilised SFTs*

**By lending securities, the Fund can generate additional income, which might consist of a fee** paid by the principal or the counterparty (if the Fund uses an agent) **as well as income generated through reinvestments**. **After deducting the direct and indirect charges – set at a flat rate of 35% of the fee received** and consisting of the charges for the clearing services provided by KBC Bank NV, the charges paid to the management company for setting up and monitoring the system for lending securities, the charges for margin management, the charges associated with cash and custody accounts and cash and securities transactions, the fee paid for any management of reinvestments and, if a sub-fund uses an agent, the fee paid to the agent. This income is paid to the Fund. It should be noted in this regard that KBC Bank NV is an entity affiliated with the management company.

**More information is provided on the terms and conditions governing securities lending in the annual or half-yearly report for the Fund.**

## General strategy for hedging the exchange rate risk

In order to protect its assets against exchange rate fluctuations and within the limitations laid down in the management rules, the Fund may perform transactions relating to the sale and/or the purchase of forward currency contracts, as well as the sale of call options and the purchase of put options on currencies. The transactions in question may relate solely to contracts traded on a regulated market that operates regularly, that is recognised and that is open to the public or, that are traded with a recognised, prime financial institution specialising in such transactions and dealing in the over-the-counter (OTC) market in options. With the same objective, the Fund may also sell currencies forward or exchange them in private transactions with prime financial institutions specialising in such transactions.

## Social, ethical and environmental aspects

The investment policy takes into account certain social, ethical and environmental aspects against which issuers are being assessed. Investments may not be made in, amongst others:

- financial instruments issued by manufacturers of controversial weapon systems that are prohibited by international (and national) law or for which there is a broad consensus that they should be banned. These weapon systems include: cluster bombs and sub-munitions, chemical or biological weapons, anti-personnel mines (including Claymore mines), weapons containing depleted uranium;
- financial instruments issued by manufacturers 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 of socially responsible investments. 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 complete overview of the exclusion criteria can be found at *www.kbc.be/investment-legal-documents* > *General exclusion policies for conventional funds and funds investing in responsible investments*. These exclusion criteria can be modified at any time by the management company.

For this Fund, additional criteria relating to Responsible Investing apply. These are further specified in '2. Investment information – Selected strategy' and on *www.kbc.be/investment-legal-documents* > *Exclusion policies for funds investing in responsible investments*.

### *Integration of sustainability risk into the investment policy:*

In the investment policy, the management company shall take into account the sustainability risk as defined under title "3. Information on the risk profile" as follows:

I. by defining an exclusion policy (the "Exclusion Criteria") applicable to all funds and Sicavs. (Further information can be found at *www.kbc.be/investment-legal-documents* > *General exclusion policies for conventional funds and socially responsible Investment funds*); and

II. additional criteria relating to Socially Responsible Investing ("SRI") apply for this UCITS. These additional criteria are specified under title ‘2. Investment information - Selected Strategy’ and on *www.kbc.be/investment-legal-documents* > *Exclusion policies for socially responsible funds*.

In its investment policy, the management company constantly assesses the underlying investments at issuer level, but also (if relevant) at the level of the asset allocation and the regional or sectoral allocation. In these regular assessments, the sustainability risk is considered as one of the various elements that can influence the return. The SRI research team assigns an ESG risk rating to the majority of companies included in the best-known benchmarks and to a selection of small and medium-sized companies, based on input from an ESG data provider, where ESG stands for "Environmental, Social and Governance". The ESG risk ratings are shared internally with portfolio managers and strategists so that they can use them as a factor in the investment decision-making process. This UCITS follows the Best-In-Class methodology and consequently, a binding rule applies: this UCITS only invests in companies with the lowest ESG risk rating in their sub-sector. The threshold varies. Relatively more companies are accepted from sub-sectors with a low ESG risk rating than from sub-sectors with a high ESG risk rating.

# 3. Information on the risk profile

## Risk profile of the Fund

**Investors should take note of the general information below, the individual risksas well as the "What are the risks and what could I get in return?" section in the key information document.**

The value of a unit can decrease or increase and the investor may not get back the amount invested.

The UCITS risk profile is based on a recommendation by the Belgian Asset Managers Association, which is available at *www.beama.be*.

## List of risks

**The information below is a general overview of the potential risks that the investor could incur. The assessment of the risks can be accessed in the table below. There, a list of risks may be consulted, with an indication of the risk assessment, and a brief justification for the risk assessment.**

### *Market risk*

The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio. In an equity fund, for instance, this is the risk that the equity market in question will go down and, in a bond fund, the risk that the bond market in question will fall. The higher the volatility of the market in which the UCITS invests, the greater the risk. Such markets are subject to greater fluctuations in return.

### *Credit risk*

The risk that an issuer or a counterparty will default and fail to meet its obligations towards the Fund. This risk exists to the extent that the Fund invests in debt instruments. Debtor quality also affects the credit risk (e.g., an investment in a debtor with a 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 the debtor can have an impact on the credit risk.

### *Settlement risk*

The risk that settlement via a payment system will not take place as expected because payment or delivery by a counterparty fails to take place or is not in accordance with the initial conditions. This risk exists to the extent that the UCITS invests in regions where the financial markets are not yet 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 in a timely manner at a reasonable price. This means that the UCITS can only liquidate its assets at a less favourable price or after a certain period. The risk exists if the UCITS invests in instruments for which there is no market or a market with only limited liquidity; 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 changes in exchange rates. This risk exists only to the extent that the UCITS invests in assets that are denominated in a currency that develops differently from the reference currency of the Fund. For instance, a Fund denominated in USD will not be exposed to any exchange risk when investing in bonds or equities denominated in USD, but it will be exposed to an exchange risk when investing in bonds or equities denominated in EUR.

The assessment of the exchange risk does not take account of the volatility of all currencies in which the assets in portfolio are denominated vis-à-vis the reference currency of the UCITS.

### *Custody risk*

The risk of loss of assets held 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 large concentration of investments in specific assets or in specific markets. This means that the performance of those assets or markets will have a substantial impact on the value of the UCITS portfolio. The greater the diversification of the UCITS portfolio, the smaller the concentration risk. This risk will, for example, also be higher in more specialised markets (e.g., a specific region, sector or theme) than in widely diversified markets (e.g., a worldwide allocation).

## Performance risk

The risk to return, including the fact that the risk may vary depending on the choices made by each undertaking for collective investment, as well as the existence or absence of, or restrictions upon, any third-party security. The risk depends in part on the market risk and on how active the management of the manager is.

## Capital risk

The risks to capital, including the potential risk of erosion due to the redemption of shares and the distribution of profit in excess of the investment return. This risk can be limited by loss-mitigation, capital-protection or capital-guarantee techniques.

## Flexibility risk

Inflexibility both within the product itself, including the risk of premature redemption, and constraints on switching to other providers. This risk can mean that the UCITS is unable to take the desired actions at certain times. It can be higher in the case of UCITS or investments subject to restrictive laws or regulations.

## Inflation risk

This risk is dependent on inflation. It applies, for example, to bonds with a long term to maturity and a fixed income.

## Environmental factors

Uncertainty concerning the changeability of environmental factors (such as the tax regime or amendments to laws or regulations) that could affect how the UCITS operates.

## Sustainability risk

Sustainability risk is the risk that the value of the investment will be adversely affected by environmental, social or governance events or conditions.

Environmental risk is the risk that the value of the investment will be adversely affected by environmental events or conditions, including those resulting from climate change and other environmental degradation.

Social risk is the risk that the value of the investment will be adversely affected by social events or conditions.

Governance risk is the risk that the value of the investment will be adversely affected by events or circumstances resulting from insufficient corporate governance.

The nature of these risks varies over time:

I. In the short term, sustainability risk is usually dependent on a particular event. Such risks usually only affect the value of the investment when the event occurs. Examples of these events are an incident (resulting in a lawsuit to compensate for e.g. environmental damage), lawsuits and fines (e.g. for not respecting social legislation), scandals (e.g. when a company gets bad publicity because human rights are not respected within the production chain or because the products do not meet the promised ESG standards, where ESG stands for "Environmental, Social and Governance"). These types of sustainability risks are rated higher when an issuer is less stringent on ESG standards; and

II. Long-term sustainability risk refers to risks that may develop over the long term, such as: business activities that may come under pressure due to climate change (e.g. parts of the automotive industry); changing product preferences of customers (e.g. preference for more sustainable products); difficulties in recruitment; rising costs (e.g. insurance companies facing claims as a result of changing weather conditions). As this risk develops over the long term, companies may seek to mitigate it, for example, by changing their product offerings, improving their supply chain, etc. However, the ability to adapt is not the same for all types of business activities, so some activities are more exposed to sustainability risk than others (e.g. the oil sector). This is why the sustainability risk also depends on the specific investment policy of the UCITS.

The sustainability risk for this UCITS is 'low'.

Summary table of risks assessed by the Fund:

| **Risk type** | **Concise definition of the risk** | | **Explanation:** |
|---|---|---|---|
| Market risk | The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio | moderate | the level of the risk reflects the volatility of the equity component. |
| Credit risk | The risk that an issuer or a counterparty will default | low | |
| Settlement risk | The risk that settlement of a transaction via a payment system will not take place as expected | low | |
| Liquidity risk | The risk that a position cannot be liquidated in a timely manner at a reasonable price | low | |
| Exchange or currency risk | The risk that the value of an investment will be affected by changes in exchange rates | low | |
| Custody risk | The risk of loss of assets held in custody with a custodian or sub-custodian | low | |
| Concentration risk | The risk relating to a large concentration of investments in specific assets or in specific markets | low | |
| Performance risk | Risks to return | moderate | the level of the risk reflects the volatility of the equity component. |
| Capital risk | Risks to capital | moderate | There is no capital protection. |
| Flexibility risk | Inflexibility both within the product and constraints on switching to other providers | none | |
| Inflation risk | Risk of inflation | moderate | the bond component does not provide any protection against an increase in inflation. |
| Environmental factors | Uncertainty regarding the immutability of environmental factors, such as the tax regime | low | |

## Risk profile of the typical investor

Profile of the typical investor for which the Fund has been designed : Dynamic profile.

The risk profile has been determined from the point of view of an investor in the euro area and may differ from that of an investor in other currency zones. More information on the risk profiles can be obtained at *www.kbc.be/riskprofile*.

## Summary risk indicator

In accordance with Commission Regulation (EU) No.1286/2014, the Commission Delegated Regulation 2017/653 (EC) of March 8, 2017 as amended by the Commission Delegated Regulation 2021/2268 (EC) of September 6, 2021, a summary risk indicator has been calculated. The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. It is given as a figure between 1 and 7. The higher the figure, the greater the potential return, but also the more difficult it is to predict this return. Losses are possible too. The lowest figure does not mean that the investment is entirely free of risk. However, it does indicate that, compared with the higher figures, this product will generally provide a lower, but more predictable return.

The summary risk indicator is assessed regularly and can therefore go up or down based on data from the past. Data from the past is not always a reliable indicator of future risk and return.

The most recent indicator can be found under the ‘What are the risks and what could I get in return?' heading in the 'Key Information' document.

# 4. Information concerning the trading of units

## How to buy and sell units

**If it turns out that units are being held by persons other than those permitted to hold them, the Fund may, in accordance with article 4.3 of the management rules , and without charge (except any taxes due and any charges to cover the cost of realising the assets), redeem those units.**

| **Cut-off time for receiving orders at the financial service providers in Belgium**[(1)]<br><br>**Date of published net asset value** | **Date the net asset value is calculated** | **Actual values used** | **Date of payment or repayment of the orders** |
|---|---|---|---|
| **D**<br>(every banking day [(2)]<br>at 05 pm CET) | **D+1 banking day** | **D** if maximum 20% of the actual values are already known on D<br>(every banking day [(2)]<br>at 05 pm CET)<br><br>**D+1** if more than 20% of the actual values are already known on D<br>(every banking day [(2)]<br>at 05 pm CET) | **D = date of payment**<br>**D+4 banking days = date of repayment** |

[(1)] The cut-off time for receiving orders stated above applies to orders investors place directly with the financial services providers in Belgium.
If an investor places an order with a financial institution other than the financial service providers in Belgium, he/she must find out from that institution what cut-off time (time + date) applies to the order he/she wishes to place so that the institution in question can take the necessary action to ensure that the order reaches the financial service providers in Belgium before 05 pm CET on day D in order to qualify as an order of day D.
[(2)] with the exception of banking days on which one or more markets on which more than 20% of the Fund's assets are listed are closed or if transactions are suspended or restricted.

## Calculation of the net asset value

The net asset value is calculated daily, as described above, except on days on which no units may be issued or redeemed.

## Publication of the net asset value

The 'Information concerning the Fund – E. Additional information – Publication of the net asset value' section specifies where the result of the calculation of the net asset value can be viewed.

# 5. Types of units and fees and charges

Participation in Pricos Responsible Investing is established by registration in a savings account opened in the name of the unit-holder and stating the number of units to which the unit-holder is entitled.
Units in Pricos Responsible Investing must be fully paid up and are issued without specification of a nominal value. There are no preferential or pre-emptive rights attached. The units are not issued in material form.

## Dividend payment

After the close of the financial year, the General Meeting determines the portion of the result, which, within the limitations imposed by the Law of 3 August 2012 relative to undertakings for collective investment complying with the conditions of Directive 2009/65/EC and the undertakings for investment in receivables, is to be paid to the holders of distribution units.

The holders of capitalisation units are not entitled to receive a dividend. The portion of the annual net income accruing to them is capitalised in favour of these units.

The unitholders will receive payment within six months of the close of the financial year via institutions designated for this purpose by the General Meeting.

The General Meeting may decide to proceed to interim payments in accordance with the provisions of the law.

The Management Company may, in accordance with the provisions laid down in the management rules and within the limits of the law, decide to pay out interim dividends.

## Fees and charges regarding the Fund

### *Ongoing charges*

The key information document sets out the ongoing charges, which consist of management fees and other administrative or operating costs on the one hand and transaction costs on the other hand, as calculated in accordance with the provisions of the Commission Delegated Regulation 2017/653 (EC) of March 8, 2017 as amended by the Commission Delegated Regulation 2021/2268 (EC) of September 6, 2021.

The ongoing charges are the charges taken from the UCITS over a financial year. They are shown in a figure for management fees and other administrative or operating costs and a figure for transaction costs. The figure for management fees and other administrative or operating costs represents all annual expenses and other payments from the Fund's assets over the given period that is based on the previous year's figures. The transaction cost figure is an estimate of both annual explicit and implicit transaction costs and is based on the transactions of the previous 36 months. For unit classes or types of units that have been in existence for less than 36 months, the Commission Delegated Regulation 2017/653 (EC)vof March 8, 2017 as amended by the Commission Delegated Regulation 2021/2268 (EC) of September 6, 2021 establishes a modified estimation method. These figures are expressed as a percentage of the average net assets or, where relevant, of the unit class or type of units.
The following are not included in the charges shown: entry and exit charges paid by the investor, incidental costs such as performance fees and payments made with a view to providing collateral in the context of derivative financial instruments.

### *Portfolio turnover rate*

An important indicator for estimating the transaction costs to be paid by the Fund is the portfolio turnover rate. This rate shows the frequency with which the composition of the assets changes during a year as a result of transactions not dependent on the subscription for or redemption of units. Active asset management may result in high turnover rates. The portfolio turnover rate for the preceding year is given in the annual report.

### *Existence of Commission Sharing Agreements*

The Management Company, or where applicable, the appointed manager has entered into a Commission Sharing Agreement with one or more brokers for transactions in units on behalf of one or more funds. This agreement specifically concerns the execution of orders and the delivery of research reports.

### *What the Commission Sharing Agreement entails:*

The Management Company, or where appropriate, the appointed manager can ask the broker to pay invoices on their behalf for a number of goods and services provided. The broker will then pay those invoices using the savings that have been built up to a certain percentage above the gross commission that it receives from the funds for carrying out transactions.

### *N.B.:*

Only goods and services that assist the Management Company, or where applicable, the appointed manager in managing the funds in the interest of this the Fund can be covered by a Commission Sharing Agreement.

### *Goods and services eligible for a Commission Sharing Agreement:*

- Research-related and advice-related services;
- Portfolio valuation and analysis;
- Market information and related services;
- Return analysis;
- Services related to market prices;
- Computer hardware linked to specialised computer software or research services;
- Dedicated telephone lines;
- Fees for seminars when the topic is relevant to investment services;
- Publications when the topic is relevant to investment services;
- All other goods and services that contribute directly or indirectly to achieving the investment objectives of the funds.

The Management Company, or where appropriate, the appointed manager has laid down an internal policy as regards entering into Commission Sharing Agreements and avoiding possible conflicts of interest in this respect, and has put appropriate internal controls in place to ensure this policy is observed.

More information on Commission Sharing Agreements is available in the annual report.

### *Existence of fee sharing agreements and rebates*

The management company may share its fee with the distributor, and institutional and/or professional parties.

In principle, the percentage share amounts to between 35% and 70%. However, in a small number of cases, the distributor’s fee is less than 35%. Investors may, on request, obtain more information on these cases.

If the management company invests the assets of the undertaking for collective investment in units of undertakings for collective investment that are not managed by an entity of KBC Groep NV, and receives a fee for doing so, it will pay this fee to the undertaking for collective investment.

Fee-sharing does not affect the amount of the management fee paid by the Fund to the management company. This management fee is subject to the limitations laid down in the management rules. The limitations may only be amended after approval by the General Meeting.

The management company has concluded a distribution agreement with the distributor in order to facilitate the wider distribution of the  by using multiple distribution channels.

It is in the interests of the holders of shares of a fund and of the distributor for the largest possible number of units to be sold and for the assets of the Fund to be maximised in this way. In this respect, there is therefore no question of any conflict of interest.

The information concerning the type of units and/or the type of unit class, and the fees and charges associated with these, is stated below grouped per type of units and/or the type of unit class.

# Pricos Responsible Investing

| *Types of units offered to the public* | *Currency for the calculation of the net asset value* | *ISIN code* | *The initial subscription period/day (unless the subscription period is closed early)* | *The first net asset value following the initial subscription period/day* | *Initial subscription price* |
|---|---|---|---|---|---|
| CAP (capitalisation units) | EUR | BE0026535543 | 30 January 1987<br><br>Settlement for value:<br>13 February 1987 | 2 February 1987 | 2000 BEF |

***One-off fees and charges charged to the investor*** ***unless indicated otherwise, in the currency the Fund is denominated in or as a percentage of the net asset value per unit***

| | *Subscription* | *Redemption* |
|---|---|---|
| Trading fee | After the initial subscription period: 2.00% | - |
| Administrative charges | - | - |
| Amount to cover the costs of the purchase/sale of assets | After the initial subscription period: 0.00% | After the initial subscription period: 0.00% |
| Amount to discourage sales within one month of purchase | - | - |
| Stock market tax | see the 'Information concerning the Fund - D. Tax treatment' | |

***Recurrent fees and charges paid by the Fund*** ***unless indicated otherwise, in the currency the Fund is denominated in or as a percentage of the net asset value per unit***

| | | |
|---|---|---|
| Fee for managing the investment portfolio | 0.90% | per year calculated on the basis of the average total net assets of the Fund.<br><br>For the portion of net assets corresponding to an investment in undertakings for collective investment(*) managed by a financial institution belonging to the KBC group, the fee for managing the investment portfolio equals the difference between the fee for managing the investment portfolio of the aforementioned undertakings for collective investment and the percentage (to the left) that is paid for managing the investment portfolio.<br><br>IVESAM NV receives a fee from the management company of max. 0.90% per year, calculated on that part of the portfolio that it manages, without the total management fee received by the management company being exceeded. |
| | 0.01% | per year calculated on the basis of the portion of the average total net assets of the Fund that are directly invested in bonds and debt instruments, compensating the use of research to those instruments.<br><br>(*) The fee for the management of the investment portfolio of the undertakings for collective investment in which the Fund invests will amount to max. 1.70% a year. |
| Administration fee | 0.15% | per year calculated on the basis of the average total net assets of the Fund. |
| Fee for financial services | 625 EUR | per year. |
| Custodian’s fee | 0.04% | per year and calculated monthly on the basis of the value of the securities held in custody by the custodian on the last banking day of the preceding month, except on those assets invested in underlying undertakings for collective Investment managed by a financial institution of the KBC group. |
| Fee paid to the statutory auditor of the Fund | 1844 EUR | Fee of the statutory auditor (excluding VAT):<br>This amount can be indexed on an annual basis in accordance with the decision of the General Meeting |
| Annual tax<br>**This tax must, in principle, be paid by the Fund's management company but is charged to the Fund.** | see the 'Information concerning the Fund - D. Tax treatment’ | |
| Other charges (estimation) such as the regulator's fees, the cost of publication and any marketing costs | 0.10% | of the net assets of the sub-fund per year. |

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and article 6, first paragraph of Regulation (EU) 2020/852**

**Product Name:**
Pricos Responsible Investing

**Legal entity identifier (LEI):**

# Environmental and/or social characteristics

**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-Taxonomie** 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.

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

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental 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 50% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ 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 | ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☒ with a social objective |
| ☐ It will make a minimum of **sustainable investments 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 Fund promotes a combination of environmental and social characteristics and, even though it does not have sustainable investments as an objective, it shall invest a minimum proportion of 50% of its assets in economic activities that contribute to the achievement of environmental or social objectives (i.e. 'sustainable investments'). The Fund does not specifically seek to invest in environmentally sustainable economic activities within the meaning of the EU Taxonomy framework. The percentage invested at all times in environmentally sustainable activities within the meaning of the Taxonomy framework is 0%. The underlying investments of this Fund do not take into account the EU risk criteria for environmentally sustainable economic activities.

This Fund:

- promotes the integration of sustainability into the policy decisions of issuers (companies, governments, supranational debtors and/or agencies linked to governments) by preferring issuers with a better ESG (risk)score**;**
- promotes climate change mitigation by preferring issuers with lower carbon intensity, with the objective of meeting a predetermined carbon intensity target;

- supports sustainable development by including issuers that contribute towards achieving the UN Sustainable Development Goals;
- supportes sustainable development by encouraging the transition to a more sustainable world via bonds financing green and/or social projects.

The concrete objectives of the Fund are:

| | Objective |
|---|---|
| **Instruments issued by companies** | |
| ESG risk score | 10% better than the following benchmarks: iBoxx EURO corporate ALL Maturities - Total Return Index, MSCI All Countries World Ex EMU - Net Return Index, MSCI EMU-Net Return index and MSCI EMU SMALL CAP - Net Return Index. |
| Carbon Intensity | A reduction of 50% by 2030 based on the following benchmarks: iBoxx EURO corporate ALL Maturities - Total Return Index, MSCI All Countries World Ex EMU - Net Return Index, MSCI EMU-Net Return index and MSCI EMU SMALL CAP - Net Return Index. |
| UN Sustainable Development Goals | A minimum of 60% of the investments in instruments issued by companies should contribute to UN Sustainable Development Goals, including the green, social & sustainability bonds within the corporate bonds part. |
| Bonds financing green and/or social projects | A minimum of 10% of the corporate bonds invested in should qualify as bonds to finance green and/or social projects. |
| **Instruments issued by governments, supranational debtors and/or agencies linked to governments** | |
| ESG Score | 10% better than the reference portfolio of global government bonds (composed of the following benchmarks: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR). |
| Carbon Intensity | 25% better than the reference portfolio of global government bonds (composed of the following benchmarks: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR). |
| UN Sustainable Development Goals | A minimum of 60% of the investments in instruments issued by governments, supranational debtors and/or agencies linked to governments should contribute to UN Sustainable Development Goals, including the green, social & sustainability bonds according to internal screening. |
| Bonds financing green and/or social projects | A minimum of 10% of the investments in bonds issued by governments, supranational debtors and/or agencies linked to governments should qualify as bonds financing green and/or social projects. |
| **Minimum % Sustainable Investments** | A minimum of 50% of sustainable investments. |
| **Other specific objectives** | Not applicable. |

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Fund.

For investments issued by companies the benchmarks iBoxx EURO corporate ALL Maturities - Total Return Index, MSCI All Countries World Ex EMU - Net Return Index, MSCI EMU-Net Return index and MSCI EMU SMALL CAP - Net Return Index are used as a basis for comparison, to compare certain ESG characteristics promoted by the Fund.

For investments in instruments issued by governments, supranational debtors and/or government-linked agencies, the described reference portfolio of global government bonds is used as a basis for comparison, to compare certain ESG characteristics promoted by the Fund.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

**(1) Indicators related to the ESG-score**

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The contribution to the integration of sustainability into policy decisions of the issuers is measured based on an ESG (risk) score. This score represents the aggregated performance assessment of a given entity with respect to general environmental, social and governance themes. The main factors underpinning the ESG criteria are:

- In the case of instruments issued by companies:
  - respect for the environment (e.g. reduction in greenhouse gas emissions);
  - attention to society (e.g. employee working conditions); and
  - corporate governance (e.g. independence and diversity of the board of directors).

The ESG risk score is a measure of a company's environmental, social and governance (ESG) risks. To determine this score, relevant key ESG issues for the sub-sector in question are considered, along with the quality of the company’s management team and any possible ESG controversies involving the company in the recent past. The ESG risk score for companies measures the difference between a company’s exposure to ESG risks relevant to its sector and the extent to which a company hedges those risks. The lower a company's ESG risk score on a scale of 0 to 100, the less its sustainability risk. The ESG risk scores for companies are based on data supplied by data provider Sustainalytics.

In addition to excluding companies with a severe ESG risk (i.e. an ESG risk rating > 40), the Fund will promote best practices by using an overall ESG risk score that is 10% below that of the benchmarks iBoxx EURO corporate ALL Maturities - Total Return Index, MSCI All Countries World Ex EMU - Net Return Index, MSCI EMU-Net Return index and MSCI EMU SMALL CAP - Net Return Index as described in the prospectus under the heading 'Investment information'.

- In the case of instruments issued by national governments, supranational debtors and/or agencies linked to governments five pillars, each of which is given equal weighting:
  - overall economic performance and stability (e.g. quality of institutions and government);
  - socio-economic development and health of the population (e.g. education and employment);
  - equality, freedom and the rights of all citizens;
  - environmental policy (e.g. climate change); and
  - security, peace and international relations.

These lists of factors underpinning the ESG criteria are not exhaustive and may be changed under the supervision of the Responsible Investing Advisory Board.

The ESG score for countries assesses how well countries’ public policies perform in environmental, social and good governance terms. The higher a country’s ESG score on a scale of 0 to 100, the more it is committed to sustainable development. In addition to excluding the worst rated 10%, the Fund will promote best practices by using an overall ESG score that is 10% better than the reference portfolio of global government bonds (composed of the following benchmarks: 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 objectives will be evaluated annually and may be adjusted. External circumstances such as market movements and updates of data regarding the ESG-(risk)score can lead to investment solutions failing to achieve this objective. In that case the investment solution will be adapted to meet the objective again within a time frame that takes into account the client's best interest. For supranational bonds, the Responsible Investing research team will assign an ESG score that is a weighted average of the member states, with the weightings being determined by voting rights, paid-in capital or percentage of the population.

More information on the Fund's concrete objectives can be found in the summary table in the section ‘What environmental and/or social characteristics are promoted by this financial product?’.

**(2) Indicators related to the carbon intensity**

The objective to promote climate change mitigation by preferring issuers with lower carbon intensity in order to reach a predetermined carbon intensity objective, applies to at least 90% of the portfolio. The objective does not apply to issuers for which data is not available.

More information on the Fund's concrete objectives can be found in the summary table in the section ‘What environmental and/or social characteristics are promoted by this financial product?’.

The contribution of issuers to climate change mitigation is measured based on their carbon intensity. For companies, carbon intensity is defined as absolute greenhouse gas emissions (in tonnes $CO_2$ equivalent) divided by revenues (in million USD). For countries, it is defined as greenhouse gas emissions (in tonnes $CO_2$ equivalent) divided by the Gross Domestic Product (in million USD).

The objectives for instruments issued by companies differ from those for instruments issued by national governments, supranational debtors and/or government-linked agencies.

The number of tonnes of $CO_2$ emitted by a company is the sum of:

- the direct $CO_2$ emissions resulting from the company's own activities (scope 1); and
- the indirect $CO_2$ emissions resulting from the generation of purchased electricity (scope 2).

The indirect $CO_2$ emissions resulting from the activities of suppliers and customers, for example (scope 3), are not included in the sum. Carbon intensity calculations are based on data sourced from Trucost. Within the Fund, the carbon intensity score based on scope 1 and scope 2 emissions is assigned to at least 90% of the companies in the Fund.

The Fund aims for a reduction of 50% by 2030 compared to the benchmarks iBoxx EURO corporate ALL Maturities - Total Return Index, MSCI All Countries World Ex EMU - Net Return Index, MSCI EMU-Net Return index and MSCI EMU SMALL CAP - Net Return Index as described in the prospectus under the heading 'Investment information' at the end of 2019.

An immediate reduction of 30% is implemented for 2019, followed by a 3% reduction on an annual basis. The portfolio's weighted average will be assessed against that trajectory. Carbon intensity at the portfolio level is calculated based on the weighted average of the carbon intensity of the positions in the Fund. This calculation does not take technical items such as cash and derivatives into account, and companies without data are also excluded. The weights used in the calculation depend on the size of the positions in the Fund, rescaled for the items without data. The companies for which no data is available are included in the negative screening and given an overall ESG risk rating. External circumstances such as market movements and updates of data regarding the carbon intensity can lead to investment solutions not meeting this target trajectory. In that case the investment solution will be adapted to meet the trajectory again within a time frame that takes into account the client's best interest.

The number of tonnes of CO2 emitted by a country is the sum of:

- the CO2 emissions resulting from the domestic production of goods and services for domestic consumption and for export; and
- the CO2 emissions resulting from the import of goods and services, back to the country of origin.

KBC Asset Management NV takes a broad approach to a government as a regulator of all economic activities within its territory. KBC Asset Management NV measures territorial emissions and emissions related to imports, as reported by PRIMAP. PRIMAP's dataset combines several published datasets into a comprehensive set of greenhouse gas emission trajectories. GDP figures in millions of USD are based on data of the International Monetary Fund (IMF). The carbon intensity score is assigned to at least 90% of the assets in the Fund, excluding cash, derivatives and countries without data. Carbon intensity at the portfolio level is calculated based on the weighted average of the carbon intensity of the positions in the Fund. The weights used in the calculation depend on the size of the positions in the Fund, rescaled for the items without data. The countries for which no data is available are included in the negative screening and given an overall ESG rating.

For government bonds, the Fund targets a 25% improvement on the current carbon intensity score of the reference portfolio of global government bonds (composed of the following benchmarks: 67% developed markets: J.P. Morgan GBI Global Unhedged EUR and 33% emerging markets: J.P. Morgan GBI-EM Global Diversified Composite Unhedged EUR). This improvement is dependent on the regional allocation, determined by the benchmark. External circumstances such as market movements and updates of data regarding the carbon intensity can lead to investment solutions not meeting this objective. In that case the investment solution will be adapted to meet the objective again within a time frame that takes into account the client's best interest.

For supranational bonds, the Responsible Investing research team will assign a carbon intensity score that is a weighted average of member states, with weightings determined by voting power, paid-in capital or percentage of population.

Carbon intensity targets are monitored and evaluated annually. The targets can be revised upwards or downwards. For example, if companies and/or countries do not show sufficient progress in reducing their carbon intensity and if this cannot be compensated for through portfolio optimisation, KBC Asset Management NV may be forced to adjust the target upwards. It is also possible that at some point the carbon intensity will reach a lower level much faster than expected. When companies and/or countries make very good progress in terms of carbon intensity, KBC Asset Management NV wants to be able to follow that acceleration in the portfolio. In that case the target can be adjusted downwards.

**(3) Indicators related to the UN Sustainable Development Goals**

To support sustainable development, the Fund commits to investing a minimum proportion of the portfolio in issuers that contribute to the achievement of the UN Sustainable Development Goals. The UN Sustainable Development Goals include both social and environmental objectives.

More information on the Fund's concrete objectives can be found in the summary table in the section 'What environmental and/or social characteristics are promoted by this financial product?'.

Companies that contribute to the UN Sustainable Development Goals are defined as those that are aligned with at least one of the 15 first UN Sustainable Development Goals, while not being misaligned with any of these UN Sustainable Development Goals.

Governments are assessed on the five pillars as 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 on one of these pillars and not significantly poor on the other pillars, the bonds of this government and its sub-governments and agencies are considered to be instruments that contribute to UN Sustainable Development Goals.

In order to be considered as contributing to the UN Sustainable Development Goals, a country should meet the following two conditions:

- The country is aligned with the ESG criteria: it has a score of at least 80 for one of the five pillars and does not score lower than 50 for any of the other pillars;
- The country is not excluded: it does not rank among the 50% most controversial regimes AND it does meet the criteria on respecting the sustainable principles AND it does not rank among the 10% worst scoring countries of the universe.

Supranational government bonds are considered to contribute to the UN Sustainable Development Goals if either of the following criteria is met:

- at least half of its members contribute to the UN Sustainable Development Goals (weighted by voting power/full paid-in capital/percentage of population (in order of availability).
- the mission statement of the supranational institution has a sustainable objective and less than half of its members fall in the worst-scoring half of the screening for controversial regimes.

In addition, the Responsible Investing Advisory Board can award the "sustainable development" label to instruments of companies.

The targets are checked and evaluated annually. The targets can be revised upwards or downwards. The minimum percentage of issuers contributing to the achievement of the UN Sustainable Development Goals may be revised to take into account any stricter requirements that KBC Asset Management NV wishes to impose on the Fund. Therefore, the revision will depend on the future development of the responsible investment strategy, but also on the progress made by countries/companies with regard to sustainability.

**(4) Indicators related to bonds to finance green and/or social projects**

To promote the transition to a more sustainable world, the Fund commits to invest a minimum portion of the portfolio in bonds to finance green and/or social projects. More information on the Fund's concrete objectives can be found in the summary table in the section 'What environmental and/or social characteristics are promoted by this financial product?'.

The targets are checked and evaluated annually. The targets can be revised upwards or downwards. The minimum percentage of bonds to finance green and/or social projects may be revised to take into account any stricter requirements that KBC Asset Management NV wishes to impose on the Fund. Therefore, the revision will depend on the future development of the responsible investment strategy, but also on the progress made by companies/countries with regard to 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**

The Fund commits to investing a minimum proportion of the portfolio in issuers that contribute to the UN Sustainable Development Goals to support sustainable development.

More information about the concrete objectives of the Fund can be found in the summary table in the section 'What environmental and/or social characteristics are promoted by this financial product?'.

Instruments of companies that are aligned with at least one of the 15 first UN Sustainable Development Goals, while not being misaligned with any of these UN Sustainable Development Goals, are designated as "sustainable investments".

Instruments of governments, supranational debtors and/or government-linked agencies that contribute to the UN's sustainable development goals in accordance with what is explained in the section "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?" of this appendix also qualify as "sustainable investments".

In addition, the Responsible Investing Advisory Board can award the 'sustainable development' label to instruments of companies.

**(2) Bonds financing green and/or social projects**

To encourage the transition to a more sustainable world, the Fund commits to invest a minimum proportion of the portfolio in bonds financing green and/or social projects. More information about the concrete objectives of the Fund can be found in the summary table in the section 'What environmental and/or social characteristics are promoted by this financial product?'.

Bonds whose proceeds will be used exclusively to finance (a combination of) green and social projects that are aligned with the International Capital Market Association (ICMA) Green Bond Principles and Social Bond Principles on the Use of Proceeds are considered bonds financing green and/or social projects. Compliance with these principles is verified by an external party. Instruments that meet these requirements are labelled '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?**

**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 antibribery matters.

The sustainable investments that the Fund partially intends to make do not cause significant harm to the sustainable investment objective due to negative screening.

The Fund takes into account all indicators for the principal adverse impacts of the investment decisions on sustainability factors as listed in Table 1 of Annex 1 of the Delegated Regulation (EU) 2022/1288 and the relevant indicators for the principal adverse impacts of the investment decisions on sustainability factors in Tables 2 and 3 of Annex 1 of the Delegated Regulation 2022/1288 through the negative screening.

The negative screening entails the advance exclusion from the responsible investment universe by the Fund of issuers that do not align with the exclusion policies.

The application of these policies means that issuers involved in activities such as fossil fuels, the tobacco industry, arms, gambling and adult entertainment are excluded from the Fund's investment universe. Investments in financial instruments linked to livestock and food prices are also excluded, whereas strict criteria apply to companies that are active in the palm oil industry. All companies that derive at least 5% of their revenues from the production or 10% of their revenues from the sale of fur or special leather, are excluded. The negative screening also ensures that issuers based in countries that encourage unfair tax practices, that seriously violate fundamental principles of environmental protection, social responsibility and good governance (through the normative screening, through a poor ESG risk rating, due to involvement in unsustainable countries and controversial regimes) are excluded from the Fund's investment universe.

These negative screening principles are not exhaustive and may be modified on the advise of the Responsible Investing Advisory Board.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Through the exclusion policy for responsible investment funds, and in particular through the normative screening and ESG risk assessment, all indicators for the principal adverse impacts of the investment decisions on sustainability factors as listed in Table 1 of Annex 1 of the Delegated Regulation 2022/1288 as well as the relevant indicators for the principal adverse impacts of the investment decisions on sustainability factors in Tables 2 and 3 of Annex 1 of the Delegated Regulation 2022/1288, are taken into account for instruments issued by companies. The Fund does not invest in companies that seriously violate the Principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. All companies involved in serious controversies related to environmental, social or good governance issues are excluded as well. Also excluded are companies that deviate significantly (a score of -10) from any of the first 15 UN Sustainable Development Goals (based on MSCI SDG Net Alignment Score), as well as companies with an ESG risk rating of more than 40 according to data provider Sustainalytics.

For investments in instruments issued by countries, all indicators for the principal adverse impacts of the investment decisions on sustainability factors as listed in Table 1 of Annex 1 of the Delegated Regulation 2022/1288 as well as the relevant indicators for the principal adverse impacts of the investment decisions on sustainability factors in Tables 2 and 3 of Annex 1 of the Delegated Regulation 2022/1288 are taken into account by excluding countries belonging to the worst 10% according to the ESG rating model, and by excluding countries that do not comply with the sustainability principles and are exposed to controversial regimes.

On top of the normative screening and the ESG risk assessment, using the exclusions in the exclusion policy for responsible investment funds, the following indicators for adverse impacts on sustainability factors are also taken into account as follows for all investments of this Fund:

- **Indicator 3**: greenhouse gas ('GHG') intensity of investee companies is taken into account through the carbon intensity reduction target for companies.
- **Indicator 4:** exposure to companies active in the fossil fuel sector is taken into account as the Fund does not invest in companies that are active in the fossil fuel sector.
- **Indicator 10**: Violations of the United Nations Global Compact (UNGC) Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises is taken into account as the Fund does not invest in companies that seriously violate UNGC principles or OECD guidelines.
- **Indicator 14**: exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) is taken into account as the Fund does not invest in companies that are active in controversial weapons.
- **Indicator 15**: GHG intensity of investee countries is taken into account through the carbon intensity reduction target for sovereign related investments.

- **Indicator 16**: Investee countries subject to social violations is taken into account as the Fund does not invest in (i) countries not complying with the sustainability principles, and (ii) countries exposed to controversial regimes. More information can be found in the Exclusion policy for responsible investment funds.

In addition, the principal adverse impacts on sustainability factors are implicitly taken into account through the Proxy Voting and Engagement Policy of KBC Asset Management NV. As part of its commitment to responsible investment, KBC Asset Management NV exercises the voting rights of the shares it manages in accordance with its proxy voting and engagement policy. Where appropriate, KBC Asset Management NV will enter into dialogue with the management of the companies concerned, if necessary before voting.

A complete overview of the indicators for adverse impacts on sustainability factors that the Fund can take into account is included in Annex 1 of 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*

Companies seriously violating the basic good practices in terms of environmental, social and governance issues, as assessed by the UN Global Compact Principles, are excluded from the Fund. The United Nations Global Compact has formulated ten guiding sustainability principles regarding human rights, labour, environment and anti-corruption which are part of the internal screening. In addition, KBC AM assesses the companies' involvement in violations of the International Labour Organization's (ILO) Conventions, the OECD Guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights.

The Fund commits to respect the letter and the spirit of the United Nations Universal Declaration of Human Rights; the principles concerning fundamental rights in the eight International Labour Organisation core conventions 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 the business sector must abide.

KBC Asset Management NV assesses all companies on the 'Human Rights List' of KBC Group as well as all companies meeting the criteria below:

- a high or severe controversy score related to Human Rights, for subindustries for which Human Rights are considered a high or severe risk.
- a severe controversy score related to Human Rights, for all other subindustries.

Based on this assessment, appropriate measures are taken, ranging from engagement with the companies concerned to selling positions. More information on the Policy on Human Rights can be found on the KBC Asset Management NV website.

More information on negative screening can be found in the section on "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" of this annex.

*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 not 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 of the Fund through the exclusion policies applied. In addition, the principal adverse impacts on sustainability factors are implicitly taken into account through KBC Asset Management NV's proxy voting and engagement policies.

More information on the principal adverse impacts on sustainability factors can be found under the section "How have the indicators for adverse impacts on sustainability factors been taken into account?" of this appendix.

The information on principal adverse impacts on sustainability factors can also be found in the annual report for this Fund, 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 Fund is described in section 2. 'Investment information' of the prospectus.

Within the constraints described in the general investment strategy, the Fund pursues (directly or indirectly) responsible investment objectives based on a dualistic approach: a negative screening and a positive selection methodology.

More information regarding the negative screening and positive selection methodology can be found in the section ‘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?' and the section '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?’ of this annex.

The Fund promotes a combination of environmental and social characteristics and, even though it does not have sustainable investments as an objective, it shall invest a minimum proportion of its assets in economic activities that contribute to the achievement of environmental or social objectives (i.e. ‘sustainable investments’).

The issuers in which it invests must follow good governance practices.

It cannot be ruled out that very limited investments may be made temporarily in assets that no longer contribute to achieving environmental or social objectives promoted by the Fund.

Among other things, this can be due to external circumstances, erroneous data, corporate events, and updates to the screening criteria. In these cases, the assets concerned will be replaced with more appropriate assets as quickly as possible, always taking into account the sole interest of the investor. More information can be found in the prospectus under possible exceptions as described in section 2. Investment information.

In addition, compliance of the eligible responsible universes is ensured at all times through the use of compliance rules enforced 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 are the binding elements in the selection of investments to achieve each of the environmental or social characteristics promoted by the Fund.

Negative screening

The end result of this negative screening procedure is that the Fund excludes issuers in advance from the Responsible Investment universe which fall foul of the exclusion policies that apply to this Fund.

More information on the negative screening can be found in the section ‘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 positive selection methodology

The Fund will promote the integration of sustainability into the policy decisions of issuers (companies, governments, supranational debtors and/or agencies linked to governments), by preferring issuers with a better ESG (risk)score and promote climate change mitigation, by preferring issuers with lower Carbon Intensity, with the goal of meeting a predetermined carbon intensity target. The Fund will also support sustainable development, by including issuers that contribute to the UN Sustainable Development Goals and by encouraging the transition to a more sustainable world via bonds financing green and/or social projects.

More information on the concrete objectives applicable to this Fund regarding ESG (risk) score, carbon intensity, UN Sustainable Development Goals and bonds financing green and/or social projects can be found in the overview table under section '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 committed minimum rate to reduce the scope of the investments considered prior to the application of the abovementioned 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 principles regarding good governance practices, i.e. i) sound management structures, ii) employee realtions, iii) remuneration of staff and iv) tax compliance, are taken into account in the negative screening, whereby the Fund excludes issuers that violate the exclusion policies. In addition to excluding issuers involved in certain activities, this screening also ensures that issuers who seriously violate fundamental principles of environmental protection, social responsibility and good governance are excluded through the assessment of controversies and by evaluating companies based in countries that encourage unfair tax practices.

Private issuers are assigned an ESG risk score. The indicators used in this assessment vary depending on the company's subsector, but good governance is always taken into account. Companies with an ESG risk score higher than 40, based on data from the data provider Sustainalytics, are excluded, as well as companies that strongly conflict with one of the first 15 UN Sustainable Development Goals (a score of -10, based on the MSCI SDG Net Alignment Score). Ad-hoc exclusions or deviations can be applied to certain companies on the advice of the Responsible Investing Advisory Board.

More information on the negative screening can be found in the section ‘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?’.

**What is the asset allocation planned for this financial product?**

**Asset allocation** describes the share of investments in soecific assets.

The Fund may invest in securities, money market instruments, deposits, liquid assets and all other instruments insofar as permitted by the applicable laws and regulations and consistent with the object as described in the prospectus under title “2. Investment information".

Within these categories of eligible assets, the Fund fund aims to invest at least 85% of the assets in assets that promote environmental or social characteristics.

In addition, the Fund invests in technical investments, such as cash and derivatives, and assets in which the Fund temporarily invests following a scheduled update of the eligible universe that determines which assets promote environmental and/or social characteristics, for which there are no environmentall or social safeguards. The Fund may hold or invest in these types of assets to achieve its investment objectives, to diversify the portfolio, for liquidity management purposes and to hedge risks. Derivatives are used to hedge risks as specified in title 'Permitted derivative transactions' as dexcribed in the prospectus under section 2. Investment information of title “Information concerning the Fund ”.

Investments in derivatives are not used to promote environmental or social characteristics and also will not affect them.

In addition, the Fund commits to invest at least 50% of the assets in ‘sustainable investments’ as defined by art. 2.17 SFDR. The Fund does not distinguish between sustainable investments with an environmental objective and sustainable investments with a social objective.

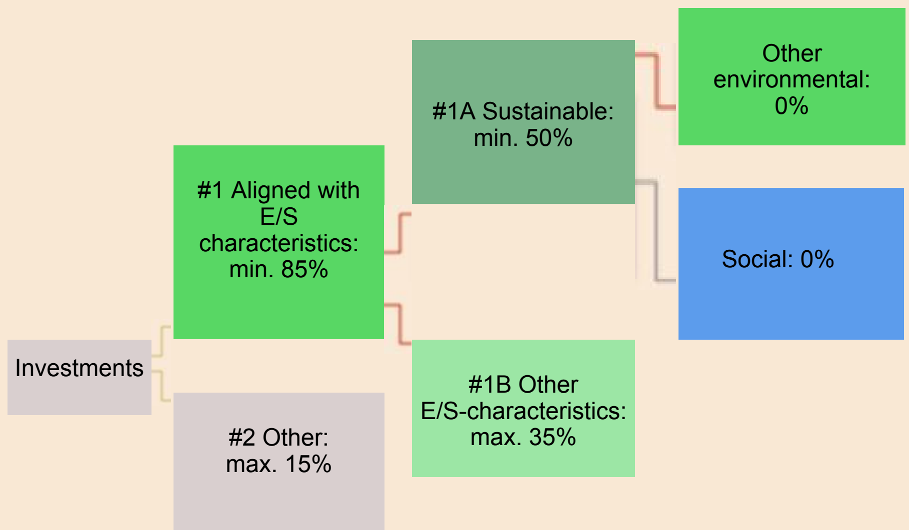
The objective with respect to sustainable investments for this Fund is equal to the sum of investments that are considered "sustainable" based on the published methodology on contributing to the achievement of the UN Sustainable Development Goals, plus investments in bonds that can be considered as bonds to finance green and/or social projects, plus instruments that are classified as "sustainable" by the Responsible Investing Advisory Board. More information can also be found in the section ‘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?**.**

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.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product;

**#2 Other** includes the remaining investments of the financial product which are neither alligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S-characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Investments in derivatives are not used to attain the environmental or social characteristics promoted by the Fund and will not affect them.

Derivatives are used to hedge risks as specified in the permitted derivatives transactions as described in the prospectus in section 2. Investment information.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund does not specifically seek to invest in environmentally sustainable economic activities within the meaning of the EU Taxonomy.

The percentage of government bonds in the portfolio as defined in the chart under "Does the financial product invest in EU taxonomy compliant fossil gas and/or nuclear energy activities?" varies over the life of the Fund and no minimum threshold is set.
Consequently, the visual representation of the portfolio composition in '1. Taxonomy-alignment of investments including sovereign bonds' does not differ from the visual representation of portfolio composition in '2. Taxonomy-aligment of investments excluding sovereign bonds'. The percentage invested at all times in environmentally sustainable activities within the meaning of the EU taxonomy is 0%.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy"[(1)]?**

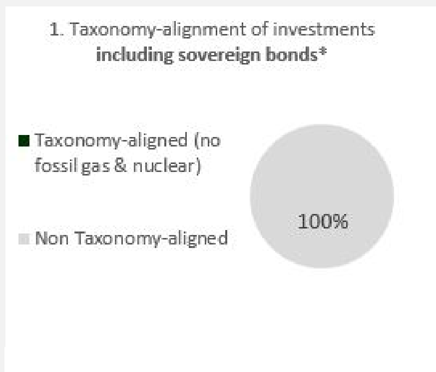
☐ Yes

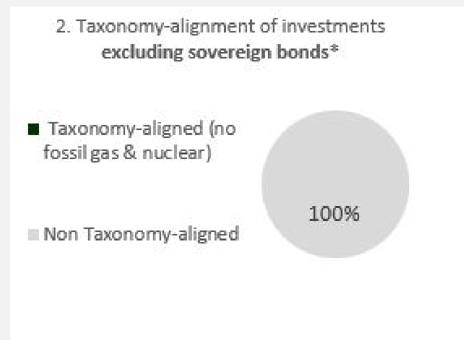
☐ in fossil gas ☐ in nuclear energy

No

(1) 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.***




This graph represents x% of the total investments

* *For the purpose of these graphs, 'sovereign bonds' consists of all sovereign exposures.*

**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 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 Fund commits to invest at least 50% in sustainable investments as defined by art. 2.17 SFDR. No distinction is made between environmentally sustainable investments and socially sustainable investments. The Fund does not commit to invest a minimum share thereof in instruments with an environmental objective that are not aligned with the EU Taxonomy. Therefore, the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is thus 0%.

Asset managers depend on available sustainability data relating to their investee companies. Although the EU is currently preparing a Directive that would require companies to publish sustainability information (the Corporate Sustainability Reporting Directive), this legislation is still a work in progress. Consequently, there is currently a lack of sustainability data available. This has created the risk that investment funds currently report a very low percentage of investments that comply with the EU Taxonomy.

**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with a social objective is 0%.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

There are technical investments such as cash and derivatives that are not part of the screening methodology. The Fund may hold or invest in these types of assets to achieve investment objectives, to diversify the portfolio, for liquidity management purposes and to hedge risks. Investments in derivatives are not used to promote environmental or social characteristics and will not affect them. Derivatives are used to hedge risks as specified in the title "Permitted Derivative Transactions" as described in the prospectus under section 2. Investment information. For the investments under "#2 Other" there are no environmental or social minimum safeguards.

**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?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Fund.

For investments issued by companies the benchmarks iBoxx EURO corporate ALL Maturities - Total Return Index, MSCI All Countries World Ex EMU - Net Return Index, MSCI EMU-Net Return index and MSCI EMU SMALL CAP - Net Return Index are used as a basis for comparison, to compare certain ESG characteristics promoted by the Fund.

For investments in instruments issued by governments, supranational debtors and/or government-linked agencies, the described reference portfolio of global government bonds (composed of the following benchmarks: 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 for comparison, to compare certain ESG characteristics promoted by the 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.

**Where can I find more product specific information online?**

**More product-specific information can be found on the website**: *www.kbc.be/SRD* > Pricos Responsible Investing