

Sustainability-Related Disclosures

for K&H dollár rugalmas európai vállalatok előremutató származtatott nyíltvégű alap

31 March 2026

Summary

The Fund invests directly or indirectly, via SPV notes,

- in cash instruments and debt securities (“interest-bearing portfolio component”); and
- enters into a derivative transaction, namely an equity swap (“derivative portfolio component”).

This document contains no information regarding the derivative (synthetic) portfolio component, as the equity swap transaction concluded by the Fund does not pursue a sustainable investment objective and does not promote environmental and/or social characteristics.

The Fund promotes a combination of environmental and social characteristics. Although it does not have a sustainable investment objective, at least 10% of its investments qualify as sustainable investments within the meaning of Article 2(17) of the SFDR. Issuers must also follow good governance practices. To achieve this objective, the Fund applies a two-step approach consisting of negative screening and a positive selection methodology.

Negative screening involves assessing specific exclusion criteria under which issuers are immediately excluded from the responsible investment universe. The negative screening criteria may be amended upon the recommendation of the Responsible Investment Advisory Committee.

The Fund aims to ensure that at least 10% of its investments qualify as sustainable investments within the meaning of Article 2(17) SFDR. These sustainable investments consist of (i) bonds financing green and/or social projects, and (ii) investments in instruments issued by governments, supranational issuers and/or government-related agencies that contribute to the achievement of the United Nations Sustainable Development Goals (SDGs), including instruments whose issuers are granted a “sustainable development” qualification by KBC Asset Management upon the recommendation of the Responsible Investment Advisory Committee. The UN SDGs include both social and environmental goals. If a government receives a sufficiently high score in at least one of the factors assessed and shows no significant deficiencies in the others, bonds issued by that government or its sub-sovereign entities are deemed to contribute to the SDGs.

Regarding interest-bearing assets held directly or indirectly via SPV notes, all indicators relating to the principal adverse impacts (PAIs) of investment decisions on sustainability factors set out in Table 1 of Annex I to Delegated Regulation (EU) 2022/1288, as well as the relevant indicators listed in Tables 2 and 3, are considered for instruments issued by corporates, particularly through the Responsible Investments Exclusion Policy, including norms-based screening and ESG risk assessment. For investments in sovereign issuers, all indicators set out in Table 1 of Annex I to Delegated Regulation (EU) 2022/1288, as well as the relevant indicators set out in Tables 2 and 3, are taken into account. Countries that fall into the worst 10% under the ESG scoring model or are deemed to have controversial or non-compliant sustainability practices are excluded.

In addition to norms-based screening and ESG risk assessment, the Fund also considers the following PAI indicators through the exclusions included in the Responsible Investments Exclusion Policy:

- **PAI 4 – Exposure to companies active in the fossil fuel sector:** Fossil fuels are excluded from the investment universe under the Responsible Investments Exclusion Policy.
- **PAI 7 – Activities negatively affecting biodiversity-sensitive areas:** Funds applying the responsible investment methodology do not invest in issuers with high or severe controversy scores related to Land Use and Biodiversity, or in issuers whose activities negatively impact biodiversity without adequate mitigation measures.
- **PAI 10 – Violations of the UN Global Compact principles and OECD Guidelines:** Under the norms-based screening criteria, companies severely violating environmental, social or

governance principles listed in the UN Global Compact are excluded. The Fund Manager also assesses compliance with ILO conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

- **PAI 14 – Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons):** Any issuer involved in controversial weapons is excluded.
- **PAI 16 – Investments in countries subject to social violations:** Bonds issued by countries that do not respect fundamental sustainability principles are excluded, including countries under international sanctions or those with authoritarian regimes. Countries that have not ratified or transposed the eight ILO fundamental conventions or at least half of the 18 core international human rights treaties are considered non-compliant.

Several additional PAIs are indirectly taken into account through the Proxy Voting and Stewardship Policy.

Under the positive selection methodology, the interest-bearing portfolio component may be invested in the following asset categories, all of which qualify either as “sustainable investments” or as instruments promoting environmental and/or social characteristics:

1. **Bonds financing green and/or social projects** issued or guaranteed by Member States of the European Economic Area, the United Kingdom, Switzerland, the United States, Japan, Canada or Australia, or by prudentially supervised financial institutions established in these jurisdictions (“sustainable investments”).
2. **Debt securities issued or guaranteed by the above-listed countries** that contribute to the achievement of the UN SDGs (“sustainable investments”).
3. **Deposits or debt securities issued by prudentially supervised financial institutions** established in the above-listed jurisdictions whose assets contribute to the UN SDGs (“instruments promoting environmental and/or social characteristics”).

Furthermore, the Fund undertakes that during its entire term (including derivatives), at least 10% of the total portfolio will be invested — directly or indirectly via SPV notes — in the green and/or social project bonds listed under category (1) above (“sustainable investments”), of which at least 1% will be invested in bonds financing green projects (“environmentally themed sustainable investments not qualifying as environmentally sustainable under the EU Taxonomy”¹), and at least 1% in bonds financing social projects (“socially themed sustainable investments”). No minimum percentage is set for investments under categories (2) and (3); these may represent up to 90% of the total portfolio. Temporary deviations may occur due to circumstances such as incorrect data disclosures, corporate events (e.g. mergers where the new issuer no longer meets the criteria), or updates to exclusion criteria.

The Fund does not designate a reference benchmark for achieving the promoted environmental or social characteristics or sustainability objectives. Compliance with these characteristics is monitored through pre- and post-trade controls within the internal processes of the Fund Manager.

To promote environmental and social characteristics, the Fund uses various data sources, such as MSCI, Morningstar Sustainalytics, S&P Trucost, Bloomberg and internal research. External data sources undergo quality checks. KBC Asset Management NV relies, among other tools, on an ESG data aggregator, which compiles ESG data from external providers (e.g., Morningstar Sustainalytics, Trucost, MSCI) and internal research. Internal tools and models are used to process ESG data and identify issuers belonging to the responsible investment universe. The methodological principles are presented to the Responsible Investment Advisory Committee, and model outcomes to the Financial Risk Committee of KBC Asset Management NV.

As part of its investment strategy, KBC Asset Management exercises shareholder voting rights through its Proxy Voting and Stewardship Policy.

A potential limitation of the Responsible Investment methodology is the reliance on external data providers and their ESG assessments, as well as the delayed integration of new data points due to the backward-looking nature of assessments. KBC AM reviews its methodology and data providers annually to monitor developments and remain aligned with the transparently communicated Responsible Investment principles chosen for its clients.