

Information on how KBC integrates sustainability risks into its investment advice and how it takes due account of the main adverse effects on sustainability factors

Sustainability or ESG has never been more topical. ESG stands for 'Environmental, Social and Governance' and covers a number of areas, including climate, energy use, availability of raw materials, health, security, human rights, labour laws and corporate governance.

Sustainability is an important theme in our investment advice for funds and investment-type insurance products. It is an inherent part of our investment strategy and we are systematically expanding our range of socially responsible investment (SRI) products. We also take account of the potential adverse impact of sustainability risks in the selection of investment products we provide advice on.

Sustainability risks are environmental, social or 'sound governance' events that, if they were to occur, could have a negative impact on the return of an investment product. For instance, a polluting company could be forced to clean up its pollution or a company might receive negative publicity or be denounced for violating human rights. Such events may end up having a negative impact on that company's profitability and consequently on the performance of a related investment product.

We also consider the main adverse effects on sustainability factors when providing advice. By sustainability factors, we mean environmental, social and employment matters, respect for human rights and the fight against corruption and bribery. We do this by carefully selecting the investment products we provide advice on. We take due account of the sustainability risks and the main adverse effects on sustainability factors in our range of investment products and that is reflected in our advice:

- KBC Bank Ireland (KBCI) is a distributor of SRI funds managed by KBC Fund Management Ltd and KBC Asset Management NV. In addition, we provide advice on SRI funds.
- These funds are characterised by a positive selection. A specialised research team from KBC Asset Management NV compiles a universe of issuers (companies, governments, etc.) and compares them in terms of sustainability. After conducting this screening, the highest scoring companies/governments are added to the sustainable universe. The research team is assisted in this task by the SRI Advisory Board, an external board made up of independent expert advisers (www.kbc.be/socially-responsible-investment [➤ Four reasons for socially responsible investment > Independent experts](#)).
- KBC group companies have an exclusion policy for all investment products referred to above in the 'list of products for which you can go to KBC for advice' (both conventional and sustainable products). The policy stipulates that no investments may be made in companies that are involved in the tobacco industry, in the production and/or development of controversial weapons or in companies that contravene the principles of the UN Global Compact. Any such companies are blacklisted, are not invested in and are accordingly excluded from our investment advice. Information about these exclusions can be found at www.kbc.com > [Sustainable Business](#) > [Setting rules and policies](#) or by using the search term "Blacklist".
- There is also a specific exclusion policy for SRI funds offered by KBC Asset Management NV that goes further than the exclusion policy applying to all investment products. In this case, special attention is paid to tobacco, fossil fuels, gambling, adult entertainment, fur and exotic leather, palm oil, controversial regimes, biodiversity, water consumption, taxes, capital punishment and futures contracts on agricultural commodities. Information on the selection criteria used, the independent advisory board and the screening results is provided at www.kbc.be/socially-responsible-investment > [4 reasons for socially responsible investment](#).

The only way to invest in KBC's SRI Investment products that meet the above criteria is through our KBCI distribution channels, including the KBCI Mobile App. From the 15th March 2021, KBCI will only be offering New Domiciled ExpertEase/Sivek SRI Funds to our New Business Customers. Please see here

<https://www.kbc.ie/expertease-sivek-funds> to see a list of our new SRI funds. To view our existing Belgian Funds, which are offered to our Customers, please click here. www.kbc.ie/investments/investment-funds/belgian

In addition, KBCI, which is a tied agent of KBC Life and Pensions for the distribution of Personal Retirement Savings Account (PRSA) products, offers pension products to our customers. Our pension customers can invest a number of investment funds as outlined with the exception of a single pension sub-fund (which is an SRI fund), all other pension funds are non-SRI funds.

What do the identification requirements mean for you?

European financial institutions must report all transactions and equivalent actions in certain financial instruments to their supervisory authority. KBC Bank Ireland plc (KBCI) is a distributor of funds managed by KBC Fund Management Ltd and KBC Asset Management NV. KBCI and KBC Fund Management Ltd are regulated by the Central Bank of Ireland. KBC Asset Management NV is authorised in Belgium and regulated by the Belgian Financial Services and Markets Authority (FSMA).

To this end the EU has imposed new identification requirements. It applies to individuals and to legal entities who trade in listed financial instruments, such as shares, bonds, warrants, government loans and state notes. Some investment funds, investment-type insurance products, time deposit accounts, deposits and savings certificates are not covered by this measure.

Before you can open an Investment Account and at any time while you continue to hold and operate the Investment Account, to ensure compliance with our obligations in relation to anti-money laundering, fraud prevention and the prevention of the financing of terrorism and to comply with taxation requirements e.g. Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS), you will be required to produce to us satisfactory evidence of your identity, current permanent address, the source of funds which make up any lodgement and your Personal Public Service (PPS) Number, tax resident status and for non-tax residents and U.S citizens your Tax Identification Number. We will advise you at the time you apply to open an Investment Account of the documentation that is required. We may request further documentation from you in order to support your application.

Which types of telephone call and electronic communication is KBC required to record and keep?

The Markets in Financial Instruments Directive (MiFID) also requires KBC to record and keep telephone and electronic communications that may lead to transactions in investment products. We therefore record conversations and electronic communications between customers and staff whose duties relate to investments. If you have a conversation with an Investment Executive or a Financial Planning Advisor, we will record it and keep the recording for evidence purposes and to comply with our legal requirements. Further information can be found in our Data Protection Notice.