

European SRI Transparency Guidelines

KBC Asset Management Statement of Commitment

Offering Socially Responsible Investments is an essential part of the strategic positioning and behaviour of KBC ASSET MANAGEMENT. We have been involved in SRI since 1992 and welcome the European SRI Transparency Guidelines.

This is our second statement of commitment and it is valid for the period July, 1st 2008 to June 30th, 2009. Our full response to the European SRI Transparency Guidelines can be accessed below and is available in the annual report of the retail funds and on our web site <https://www.kbcam.be/ecofund> .

KBC Asset Management Compliance with the Transparency Guidelines

KBC Asset management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate.

KBC ASSET MANAGEMENT meets the full recommendations of the European SRI Transparency Guidelines.

Date July 22nd 2008

Guideline Categories

Section 1. Basic Details																																																																															
1	Signatories* should be clear about who they are and provide background information on the fund*, and the fund manager*.																																																																														
1a	Provide the name of the fund(s) and fund manager to which these guidelines apply KBC Equimax Eco Water 1 KBC Equimax Eco Water 2 KBC Equimax Eco Water 3 KBC Equimax Eco Water 4 KBC Equimax Eco Water 5 KBC Equiselect Climate Change 1 KBC Equiselect Climate Change 2 KBC Eco Fund - Alternative Energy KBC Eco Fund - Climate Change KBC Eco Fund - Sustainable Euroland KBC Eco Fund - Water KBC If - Ethical Euro Equities KBC Click CSOB Climate Change 02 KBC Click CSOB Climate Change 1 KBC Click CSOB Water 03 KBC Click CSOB Water 1 KBC Click CSOB Water 2																																																																														
1b	Provide contact details for further information regarding the funds. Geert Heuninck, Head of SRI Department Tel. + 32 2 429 33 92 - fax + 32 2 429 81 67 – geert.heuninck@kbc.be KBC Asset Management NV, Socially responsible investments (BRUhav2 - ADM) Havenlaan 6, 1080 Brussels, Belgium. Jens Peers, Head of Eco Funds Tel : (353-1) 438 4593 Fax: (353-1) 439 4593 - Jens.Peers@KBCAM.com KBC Asset Management Limited Joshua Dawson House, Dawson Street, Dublin 2, Ireland																																																																														
1c	What is the size of the fund? In currency at a specified date <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">200806</th> <th style="text-align: right;">200712</th> <th style="text-align: right;">200612</th> </tr> </thead> <tbody> <tr> <td>KBC Equimax Eco Water 1</td> <td style="text-align: right;">60,165,341</td> <td style="text-align: right;">66,757,568</td> <td></td> </tr> <tr> <td>KBC Equimax Eco Water 2</td> <td style="text-align: right;">52,151,442</td> <td style="text-align: right;">59,152,115</td> <td></td> </tr> <tr> <td>KBC Equimax Eco Water 3</td> <td style="text-align: right;">25,848,297</td> <td style="text-align: right;">28,515,036</td> <td></td> </tr> <tr> <td>KBC Equimax Eco Water 4</td> <td style="text-align: right;">25,590,977</td> <td style="text-align: right;">28,990,193</td> <td></td> </tr> <tr> <td>KBC Equimax Eco Water 5</td> <td style="text-align: right;">21,720,724</td> <td style="text-align: right;">24,851,745</td> <td></td> </tr> <tr> <td>KBC Equiselect Climate Change 1</td> <td style="text-align: right;">23,423,054</td> <td style="text-align: right;">24,938,919</td> <td></td> </tr> <tr> <td>KBC Equiselect Climate Change 2</td> <td style="text-align: right;">27,741,284</td> <td style="text-align: right;">30,024,514</td> <td></td> </tr> <tr> <td>KBC Eco Fund - Alternative Energy</td> <td style="text-align: right;">352,439,135</td> <td style="text-align: right;">380,067,315</td> <td style="text-align: right;">122,967,327</td> </tr> <tr> <td>KBC Eco Fund - Climate Change</td> <td style="text-align: right;">102,528,364</td> <td style="text-align: right;">123,975,979</td> <td></td> </tr> <tr> <td>KBC Eco Fund - Sustainable Euroland</td> <td style="text-align: right;">8,160,137</td> <td style="text-align: right;">10,519,338</td> <td style="text-align: right;">11,109,946</td> </tr> <tr> <td>KBC Eco Fund - Water</td> <td style="text-align: right;">310,487,779</td> <td style="text-align: right;">356,744,677</td> <td style="text-align: right;">161,740,940</td> </tr> <tr> <td>KBC If - Ethical Euro Equities</td> <td style="text-align: right;">97,653,903</td> <td style="text-align: right;">117,706,588</td> <td style="text-align: right;">44,658,300</td> </tr> <tr> <td>KBC Click CSOB Climate Change 02</td> <td style="text-align: right;">3,496,467</td> <td style="text-align: right;">3,362,388</td> <td></td> </tr> <tr> <td>KBC Click CSOB Climate Change 1</td> <td style="text-align: right;">4,754,043</td> <td style="text-align: right;">4,625,913</td> <td></td> </tr> <tr> <td>KBC Click CSOB Water 03</td> <td style="text-align: right;">4,646,514</td> <td style="text-align: right;">4,456,481</td> <td></td> </tr> <tr> <td>KBC Click CSOB Water 1</td> <td style="text-align: right;">34,506,786</td> <td style="text-align: right;">33,224,429</td> <td></td> </tr> <tr> <td>KBC Click CSOB Water 2</td> <td style="text-align: right;">20,602,612</td> <td style="text-align: right;">19,672,709</td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,175,916,860</td> <td style="text-align: right;">1,317,585,906</td> <td style="text-align: right;">340,476,513</td> </tr> </tbody> </table>				200806	200712	200612	KBC Equimax Eco Water 1	60,165,341	66,757,568		KBC Equimax Eco Water 2	52,151,442	59,152,115		KBC Equimax Eco Water 3	25,848,297	28,515,036		KBC Equimax Eco Water 4	25,590,977	28,990,193		KBC Equimax Eco Water 5	21,720,724	24,851,745		KBC Equiselect Climate Change 1	23,423,054	24,938,919		KBC Equiselect Climate Change 2	27,741,284	30,024,514		KBC Eco Fund - Alternative Energy	352,439,135	380,067,315	122,967,327	KBC Eco Fund - Climate Change	102,528,364	123,975,979		KBC Eco Fund - Sustainable Euroland	8,160,137	10,519,338	11,109,946	KBC Eco Fund - Water	310,487,779	356,744,677	161,740,940	KBC If - Ethical Euro Equities	97,653,903	117,706,588	44,658,300	KBC Click CSOB Climate Change 02	3,496,467	3,362,388		KBC Click CSOB Climate Change 1	4,754,043	4,625,913		KBC Click CSOB Water 03	4,646,514	4,456,481		KBC Click CSOB Water 1	34,506,786	33,224,429		KBC Click CSOB Water 2	20,602,612	19,672,709		Total	1,175,916,860	1,317,585,906	340,476,513
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<p>1e</p>	<p>Provide details of the content, frequency and means of communicating information to investors.</p> <p>KBC AM has a multi channel communication strategy, involving:</p> <ul style="list-style-type: none"> • Monitor Sustainable Investment: Bimonthly, KBC Asset Management publishes the newsletter, to provide information to interested parties about changes in methodology and decisions taken by the External Advisory Board for Sustainability Analysis and/or Environmental Advisory Committee. • Shareholders days: Each year, KBC Asset Management invites its clients to special info evenings on SRI. • NGO meeting: During this annual working meeting, a broad group of NGOs are given the opportunity to air their opinions on KBC Asset Management's policy regarding SRI. <p>The website www.kbcam.be/ecofund gives more information on the actual evolutions in the eco SRI-funds.</p>
<p>Additional</p>	<p>Briefly describe the corporate responsibility policies of the organisation that manages or promotes the fund(s), or give direction to where this information can be located.</p> <p>KBC is an integrated bancassurance group, catering mainly for retail customers, small and medium-sized enterprises and private banking clientele. It occupies leading positions on its home markets of Belgium and Central and Eastern Europe, where it specialises in retail bancassurance and asset management activities, as well as in the provision of services to businesses. The group is also active in a selection of other countries in Europe in private banking and services to businesses. Elsewhere around the globe, the group has established a presence in selected countries and regions.</p> <p>KBC's vision on CSR is embedded in its mission statement, and more specific commitments are set out in its Principles for Socially Responsible Business.</p> <p>As a member of local CSR organisations and signatory to national and international CSR principles (including the United Nations Global Compact and the Luxembourg Charte d'entreprise pour la responsabilité sociale et le développement durable), KBC intends to enter into a proactive commitment vis-à-vis its stakeholders.</p> <p>Since a few years now, the group has also been publishing an annual Corporate Social Responsibility Report, which deals with its vision and achievements in this area. This report provides group-wide information on CSR, including quantitative data on KBC staff and the group's ecological footprint. It is compiled in accordance with the reporting requirements set out in the Global Reporting Initiative G3 Guidelines and the United Nations Global Compact principles.</p> <p>KBC AM is also member of Belsif, Eurosif and subscribed the Principles for Responsible Investment.</p> <p>The CSR report of KBC group gives detailed information about last years realisations. More general group wide principles and policies can be found on www.kbc.com.</p>

Section 2. SRI Investment Criteria	
2	Signatories should be clear about their purpose* and investment criteria*.
2a	<p>How does the fund define SRI?</p> <p>Traditionally, business managers aim to achieve as many of their economic targets as possible (profit). However, modern companies are attaching increasingly more importance to a healthy environment (planet) and to ethical and social issues (people). Companies are addressing these concerns and are acting to meet the demands of their staff, shareholders, customers and stakeholders.</p> <p>KBC Asset Management's approach to SRI is one which capitalises on this trend, while also taking account of three values: transparency, independence, risk-return. The purpose of our thematic ECO/SRI funds is to invest in issuers who create /offer solutions for the ESG challenges, mankind is confronted with.</p> <p>We do so because:</p> <ol style="list-style-type: none"> 1. we believe that issuers who are acting in a sustainable way, will take profit out of this strategy; 2. we want to stimulate these issuers to continue/enhance their efforts by investing in them. <p>Hereto, KBC Asset Management adopts the focus approach (pioneer screening), where investments are done in companies specialising in products and services that make an exceptional contribution to a socially responsible (environmental) theme. The focus is on the theme and specialised investments.</p>
2b	<p>What are the SRI investment criteria of the fund?</p> <p>Detailed information on the criteria : www.kbcam.be/ecofund</p>
2c	<p>How are the SRI criteria defined, and how frequently and by whom are the criteria reviewed?</p> <p>The SRI criteria are defined by the independent external environmental advisory committee.</p> <p>The criteria are continuously discussed and on a regular base, new policies are introduced. Last SRI policies are related to nuclear power and presence/activities in dictatorial regimes..</p>
2d	<p>How are criteria changes communicated to investors?</p> <p>KBC has a multi channel communication strategy, involving:</p> <ul style="list-style-type: none"> • Sustainable Investment Monitor: Bimonthly, KBC Asset Management publishes the Sustainable Investment Monitor (in Dutch only), to provide information to interested parties about changes in methodology and decisions taken by the External Advisory Board for Sustainability Analysis and Environmental Advisory Committee. • Shareholders days: Each year, KBC Asset Management invites its clients to special info evenings on SRI. • NGO meeting: During this annual working meeting, a broad group of NGOs are given the opportunity to air their opinions on KBC Asset Management's policy regarding SRI. <p>Communication with companies: Where there is uncertainty regarding policy, the company concerned will be contacted in writing and asked to provide more information on how they conduct socially responsible business. KBC Asset Management also organises workshops geared at encouraging companies to adopt socially responsible business practices.</p>

Section 3. Research Process	
3	Signatories should provide information on their research process.
3a	<p>Describe your SRI research methodology and process.</p> <p>Under the focus approach, KBC Asset Management invests in the shares of companies specialising in products or services that help provide a sustainable solution to (ecological) problems that have aroused considerable interest in society.</p> <p>STEP 1: Defining the theme A team of KBC Asset Management specialists works together with the Environmental Advisory Committee to identify the thematic sub-segments that will play an important role in the long term. For example, with regard to the theme of water, KBC Asset Management expects distribution, filtration, purification and control to be key investment areas.</p> <p>STEP 2: Defining the research universe For each sub-segment, the portfolio manager draws up a list of companies with significant potential. Sustainability analysts then compile a file with an overview of the sustainability analysis for each of these companies.</p> <p>STEP 3: Defining the investment universe Bimonthly, the Environmental Advisory Committee decides if a company qualifies for investment based on two factors: the company must devote adequate attention to the theme and may not be involved in controversies surrounding sustainable business practices.</p> <p>STEP 4: Putting together the investment portfolio The team of specialists selects the shares from the investment universe that are expected to generate the highest return. The portfolio manager assembles the portfolio, taking account of the risks and long-term view for each of the thematic sub-segments.</p> <p>Themes</p> <p>1. Water Defensive and socially responsible investment in the water sector. Sub-segments are water/wastewater utilities, miscellaneous equipment, engineering/consulting, water treatment technologies and environmental control.</p> <p>2. Alternative energy Sustainable investment in renewable energy sources. Sub-segments are wind and solar energy, fuel cells, biomass and other.</p> <p>3. Climate change Sustainable investing in the shares of companies that are active in combating climate change. Sub-segments are clean technologies, energy efficiency, carbon trading, waste management and recycling.</p> <p>4. Agriculture Sustainable investment in agricultural suppliers, producers, services and processors.</p>
3b	<p>Does the fund manager use an in-house research team and/or an external research team? Please explain.</p> <p>Sustainability and theme relevance screening is carried out completely separately from portfolio management by the internal SRI department. The screening data comes from independent providers of research (EIRiS, Brokers, specialised databases, Factiva, Bloomberg, ...).</p>
3c	<p>Is there an external control or external verification process in place for the research process? Where an Advisory Committee is used, please state its responsibilities.</p> <p>The independent External Environmental Advisory Committee determines the screening methodology and also has the deciding vote in defining the investment universe. Composition; see website: www.kbcam.be/ecofund</p>
3d	Does the research process include stakeholder consultation? If yes, please provide

	<p>details.</p> <p>No.</p>
3e	<p>Do companies have the opportunity to see their profile or analysis? If yes, how often?</p> <p>The Eco fund team in Dublin organizes company visits, meetings with management. More and more, the SRI screening team contacts the company in order to obtain the required information.</p>
3f	<p>How frequently is the research process reviewed?</p> <p>Continuously. The environmental advisory committee discuss with the SRI research team about new evolutions regarding corporate social responsibility. As a result of this, we rolled out new criteria concerning nuclear power, breaches of ILO conventions and activities in controversial regimes. New criteria will be established regarding genetic engineering, bio-fuels</p>
3g	<p>What research findings are disclosed to the public? How?</p> <p>For the eco funds, we only publish general information on sectors and companies.</p>

Section 4. Evaluation and Implementation	
4	Signatories should provide information on how the research is used to build and maintain their portfolio*.
4a	<p>How are the results of research integrated into the investment process, including selection and approval of companies for investment?</p> <p>At KBC Asset Management, portfolio managers examine the group of admitted companies to select the shares with the best relationship between expected return and risk. These investments follow a process that is exactly the same as the one followed by traditional investments. In this way, KBC Asset Management is able to ensure that the eco funds products generate a similar return to traditional thematic investment funds, without running a higher risk.</p>
4b	<p>What internal or external measures are in place to ensure portfolio holdings* comply with SRI investment criteria?</p> <p>KBC AM took several measures to ensure no positions outside the accepted SRI universes:</p> <ol style="list-style-type: none"> 1. The investment management software for the front-, middle- and back-office activities flags trades exceeding the SRI universes, these trades needs approval from the SRI department; 2. the risk management department runs periodically control-runs on the SRI portfolio's; 3. the external certified audit company ((Deloitte) screens the portfolio's.
4c	<p>What is the policy and procedure for divestments* on SRI grounds?</p> <p>Issuers which are removed from the accepted SRI universe needs to be removed within a period of one month.</p>
4d	<p>Are investors informed about divestments on SRI grounds? If yes, how frequently and by what means?</p> <p>No.</p>
4e	<p>Does the fund manager inform companies of portfolio exclusions* or divestments due to non-compliance with its SRI policy and criteria?</p> <p>Not on a regular basis.</p>

Section 5. Engagement Approach**	
5	Signatories should explain their approach to engagement if the fund has such a policy.
5a	<p>What are the aims of the engagement policy? KBC AM will pursue an active voting and engagement policy towards business-economic, corporate governance and corporate social responsibility elements and towards developments which determine the value of a company and which (may) have a significant impact on value creation or the return for clients/investors.</p> <p>The voting and engagement policy is put into practice in the case of firms in which the investment funds managed by KBC AM have a significant interest and where exercising the voting right could have a material impact on the outcome of the vote.</p> <p>The voting and engagement policy includes:</p> <ol style="list-style-type: none"> 1. Actively supporting proposals made at the General Meeting which help create shareholder value in the medium and long term; 2. Encouraging companies to implement policy measures that make them sustainable and socially responsible; 3. Opposing proposals that conflict with shareholder interests and the generally accepted principles of corporate governance and corporate social responsibility. <p>This policy is centred around the Proxy Voting and Engagement Committee (PVEC), which co-ordinates the various steps of the policy pursued and advises the Executive Committee of KBC AM on votes to be cast.</p> <p>Where appropriate, KBC AM will enter into a dialogue with the management of the companies concerned, if necessary before it votes.</p> <p>The following elements, among others, may prompt a dialogue</p> <ul style="list-style-type: none"> • A lack of transparency surrounding economic, strategic, corporate governance or corporate social responsibility elements; • A poor performance as regards one or more 'sustainable business' criteria compared to their peers; • Business-economic measures that threaten to destroy shareholder value.
5b	<p>How does the fund prioritise which companies it will engage with?</p> <p>The Proxy voting and engagement policy focuses especially on the companies in which the ecofunds hold important positions (5% and more).</p> <p>Additionally, companies involved in specific SRI related topics (human rights, breaches ILO conventions, controversial weapons, ...) can be engaged as well.</p>
5c	<p>Who undertakes engagement on behalf of the fund?</p> <p>KBC AM has created the Proxy Voting and Engagement Committee, which co-ordinates all engagement activities on behalf of the funds.</p> <p>KBC AM's Proxy Voting and Engagement Committee (PVEC) has seven members, including the chairman who is appointed by the Executive Committee. Five members are members of the PVEC by virtue of their job:</p> <ul style="list-style-type: none"> • the head of equity fund management; • the head of the share analysis unit; • the head of the legal department; • the head of SRI; • a compliance officer. <p>The seventh member will be an external expert best placed to help the PVEC fulfil its advisory role.</p> <p>Main responsibilities:</p> <ul style="list-style-type: none"> • Starting and co-coordinating shareholder dialogue, including the possibility of placing additional items on SRI-relevant elements on the agenda of the (extraordinary) general meeting of the companies in the scope; • Starting and co-ordinating the voting procedure;

	<ul style="list-style-type: none"> • Providing advice on voting decisions to the Executive Committee of KBC AM, including on the way votes will be cast on agenda items to be voted on and on which/how many shares that votes will be cast; • Monitoring the Proxy Voting and Engagement Policy (updating, amending and/or extending it); • Reporting and communicating (internal and external).
5d	<p>What methods of engagement are employed?</p> <p>The following instruments are available:</p> <ul style="list-style-type: none"> • Voting; • Dialogue; • Class actions.
5e	<p>How is the effectiveness of engagement activity monitored/addressed?</p> <p>On a yearly basis, companies in scope for the ECO funds are re-screened. During this screening, evolutions regarding the targeted issues are evaluated. Additionally, if the specific company stays in scope of the voting and engagement policy, the PVEC will on a yearly basis decide whether or not additional engagement is required.</p>
5f	<p>What further steps, if any, are taken if engagement is considered unsuccessful?</p> <p>If engagement is not resulting in the desired changes, KBC AM can consider to vote against management at the upcoming annual meeting on the agenda points, related to the specific raised issue(s). Engagement will also be used to inform companies on new –stringent – SRI criteria, giving them a specific period to comply with our demands.</p>
5g	<p>How, and how frequently, are engagement activities communicated to investors and other stakeholders?</p> <p>KBC AM will report on the actions taken and the outcome of this policy once a year (website). The first report can be expected by spring 2009.</p>

Section 6. Voting Policy**	
6	Signatories should make clear their policies on voting*.
6a	Does the fund have a voting policy? If so, what is it? See chapter 5.
6b	Does the fund disclose its voting practices and reasoning for decisions? If so, where can this information be found? On the website, and in the annual report of the different funds, all voting activities will be reported
6c	Does the fund sponsor/co-sponsor shareholder resolutions? All voting and engagement decisions are taken by the executive committee of KBC AM and/or PVEC.

Section 7. Periodical Activities	
7	Signatories should periodically disclose information about their activities. This should be done at least on an annual basis.
7a	List the fund holdings at a specified date within the last 6 months. The fund holdings are communicated via the annual report, available on our website .
7b	What engagement activity has been carried out on behalf of the fund during the past year? In December 2007, we have organised a workshop on CSR and SRI for listed companies. Apart from that, we have on a regular base contact with companies we invest in through company visits, conference calls and management contacts.
7c	What voting actions occurred that were related to the SRI fund criteria? Our first voting report will be published spring 2009.

** if applicable