

Article 10 (SFDR)

Website disclosure for an Article 8 fund

Version 2 (06.11.2025)

KRANESHARES ICAV
KraneShares Electric Vehicles & Future Mobility Screened UCITS ETF

A) Summary

The KraneShares Electric Vehicles & Future Mobility Screened UCITS ETF ("KARS LN") (the "Sub-Fund") does not have a Sustainable Investment objective. KARS LN is classified as an Article 8 financial product under the Sustainable Finance Disclosure Regulation ("SFDR").

B) No Sustainable Investment Objective

KARS LN is aware of the 'No sustainable investment objective' disclosure, which is required under the SFDR Level 2.

KARS LN promotes environmental or social characteristics, but does not have as its objective, sustainable investment.

Through its exposure to the index, KARS LN does not commit to making investments with an environmental objective aligned with the EU Taxonomy. However, subject to the screening process and eligibility for inclusion, it may hold investments considered to be sustainable on an incidental basis.

C) Environmental or Social Characteristics of the Financial Product

Through tracking the KARS LN Index (defined below), KARS LN promotes the following environmental/social characteristics:

- Investment in companies that are engaged in or expected to derive significant revenues from the production of electric vehicles or their components or in other initiatives that may change the future of mobility; and
- Avoidance of investment in companies which are involved in ESG controversies and controversial business activities, based on data from ESG data provider, Sustainalytics.

D) Investment Strategy

What is the investment strategy used to meet the environmental or social characteristics promoted?

The objective of KARS LN is to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of companies that are engaged in or expected to derive significant revenues from the production of electric vehicles or their components or in other initiatives that may change the future of mobility. The investment policy of KARS LN is to track the performance of the Bloomberg Electric Vehicles Screened Index (Total Return version (BBEVEST)) (or such other index determined by the Directors from time to time as being able to track substantially the same market as the Index and which is considered by the Directors to be an appropriate index for the Sub-Fund to track, in accordance with the Prospectus) (the "KARS LN Index"), as closely as possible, regardless of whether the KARS LN Index level rises or falls, while seeking to minimise as far as possible the tracking error between KARS LN's performance and that of the KARS LN Index.

There are two core criteria of the KARS LN Index used to select the investments, both of which are binding.

First, to be included in the KARS LN Index, a security must be classified as belonging to vehicles, electric vehicle components, batteries, hydrogen fuel cells, or raw materials sector classifications as determined by the KARS LN Index Provider.

Second, companies involved in ESG controversies and controversial business activities based on data from ESG data provider, Sustainalytics, are excluded from the KARS LN Index, as summarised in the table below.

Controversial Categories	Criteria
Highest Controversy Level	The controversy has a severe impact on the environment and/or society or poses serious business risks to the company. This category typically represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.
Environmental Objectives	Companies that have been identified as either high or severe violators of the following controversies as they pertain to the environment: <ul style="list-style-type: none"> • Community relations; • Land use and biodiversity; • Emissions, effluents and waste; • Energy use and GHG emission; • Environmental impact of products; • Lobbying and public policy; • Water use; and • Carbon impact of products.
Societal Norms	Companies that have been identified as either high or severe violators of the following societal norms: <ul style="list-style-type: none"> • Access to basic services; • Accounting and taxation; • Animal welfare; • Anti-competitive practices; • Bribery and corruption; • Business ethics; • Community relations; • Corporate governance; • Occupational health and safety; • Intellectual property; • Labour relations; • Lobbying and public policy; • Marketing practices; • Media ethics; • Data privacy and security; • Quality and safety; • Resilience; • Sanctions; • Social impact of products; • Weapons; and • Employees – human rights.
Controversial Weapons	Companies classified as involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.

	<p>Companies with involvement level in the following weapons categories:</p> <ul style="list-style-type: none"> • Anti-personnel mines; • Biological and chemical weapons; • Cluster weapons; • Depleted uranium; • Nuclear weapons; and • White phosphorus.
Global Compact Compliance Status	Companies that are violating the United Nations (UN) Global Compact Principles.
Small Arms	<p>Companies that derive 5% or more revenue from:</p> <p>Manufacture and sale of assault weapons to civilians</p> <p>Distribution and retail sale of assault weapons</p> <p>Manufacture and sale of key components of small arms</p>
Tobacco	<p>5% or more revenue from production of tobacco or tobacco-related products/services.</p> <p>10% or more revenue from distribution and/or retail sale of tobacco products.</p> <p>Companies with involvement in the production of tobacco.</p>
Coal	Companies that derive 1% or more revenue from thermal coal extraction or thermal coal supporting products and services.
Oil & gas	<p>Companies that derive 10% or more revenue from exploration, production, refining, transportation and/or storage of oil or supporting products and services.</p> <p>Companies that derive 50% or more revenue from exploration, production, refining, transportation and/or storage of gas or supporting products and services.</p> <p>Companies that derive 10% or more revenue from exploration of oil and gas in the Arctic region, shale energy exploration or production, or oil sands extraction.</p>
Electricity	Companies that derive 50% or more revenue from electricity which is generated from thermal coal, oil, or gas.

What is the policy to assess good governance practices of the investee companies?

The KARS LN Index excludes all companies which have been assessed by ESG data provider, Sustainalytics as being subject to Highest Controversy Level or which have that have breached a principle of the UN Global Compact.

E) Proportion of Investments

0% of KARS LN'S net asset value is invested in sustainable investments that have an environmental objective aligned with the EU Taxonomy.

90% of KARS LN'S net asset value is invested directly in assets which are aligned with the environmental or social characteristics promoted by the Sub-Fund.

The remaining 10% of KARS LN'S net asset value includes the remaining investments of the Sub-Fund which are not aligned with the environmental or social characteristics, such as securities issued by companies which are not included in the KARS LN Index which is held to help the Sub-Fund replicate its Index, e.g. securities which provide similar price and yield performance and risk profiles to constituents of the KARS LN Index. Such securities will be subject to good governance requirements.

Additionally, the Sub-Fund may hold other assets, such as units in other funds for the purposes of efficient portfolio management, liquidity management or hedging purposes and cash, for ancillary liquidity purposes. No minimum environmental or social safeguards are applied to such assets.

F) Monitoring of Environmental or Social Characteristics

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product?

To ensure that environmental and social characteristics are met throughout the lifecycle of KARS LN, the ESG process above is applied and monitored on an ongoing basis, at least once a quarter by the Index Provider. In case a security no longer meets this requirement, the security will be sold within the next regular rebalancing of the KARS LN Index, which is quarterly. This ensures that securities which no longer meet the requirements will be held for a defined maximum period after they have been identified as no longer meeting the requirements.

The following indicators are used to measure the attainment of KARS LN social or environmental characteristics.

- Sector classifications – securities must be classified as belonging to the vehicles, electric vehicle components, batteries, hydrogen fuel cells, or raw materials sector classifications, as determined by the KARS LN Index Provider, to be included in the Index; and
- ESG controversies and controversial business activities data from KARS LN ESG data provider, Sustainalytics.

G) Methodologies for Environmental or Social Characteristics

KARS LN is passive and seeks to achieve the social or environmental characteristics which it promotes by tracking its index with minimal tracking error. KARS LN Index is re-balanced periodically in accordance with its methodology. The Investment Manager reviews the KARS LN Index periodically to ensure that it remains aligned with the strategy of the Sub-Fund. The methodologies used for the calculation of KARS LN Index can be found here:

<https://assets.bbhub.io/professional/sites/27/Bloomberg-Electric-Vehicles-Screened-Index-Methodology.pdf>

H) Data Sources and Processing

Data sources used to attain each of the environmental or social characteristics promoted by the Sub-Fund

The Investment Manager will mainly rely on the designated index, Bloomberg Electric Vehicles Screened Index (Total Return version (BBEVST)).

Measures taken to ensure data quality

Krane obtains KARS LN Index data directly from Bloomberg (the “Index Provider”). Compliance rules are set up in Bloomberg AIM to ensure that the Sub-Fund tracks the KARS LN Index; otherwise, an alert will trigger.

How data are processed

The Index Provider will provide a proforma data set ahead of any rebalance. Krane ensures KARS LN continues to track its Index pursuant to a rebalance by uploading the proforma into the Bloomberg AIM system and comparing the new index to the fund’s current holdings, and then trade accordingly to align with the effective date of the rebalance.

Proportion of data that are estimated

Krane does not estimate any holdings in KARS LN. KARS LN fully replicates the KARS LN Index as best as possible, with the exception of any sell-only restrictions on A-shares, trading halts or sanctions.

Limitations to Methodologies and Data

The KARS LN Index provides for three core exclusionary criteria (Sector and Revenue Screens, ESG Controversy Exclusions and Controversial Business Activities Exclusions) which are not defined features of the (Bloomberg World Aggregate Universe (the “Parent Universe”).

I) Due Diligence

In the course of its investment process, the Investment Manager conducts an initial due diligence on the designated index provider for the Sub-Fund and periodically thereafter. This due diligence process assesses the quality of the index provider and the services rendered to the Sub-Fund.

J) Engagement Policies

The Investment Manager does not systematically engage with investee companies as part of its investment process. The Sub-Fund has a passive investment objective and seeks to track an underlying Index in the manner described above. The Investment Manager may occasionally engage management teams of investee companies via in-person meetings and conference calls for research purposes. The Investment Manager views this direct engagement with investee companies as an essential part of its research process to cover event-driven and company-specific issues.

K) Designated Reference Benchmark

Has an index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Sub-Fund?

The KARS LN Index has been designated as reference benchmark to meet the environmental or social characteristics promoted by the Sub-Fund.

How is this index aligned with the environmental and / or social characteristics promoted by the Sub-Fund?

The KARS LN Index is rebalanced quarterly in March, June, September, and December. The administrator of the KARS LN Index periodically reviews the KARS LN Index (both the rules of construction and data inputs) on a periodic basis, not less frequently than annually, to determine whether it continues to reasonably measure the intended market interest, the economic reality, or otherwise align with its stated objective.

The Investment Manager reviews the KARS LN Index periodically to ensure that it remains aligned with KARS LN's strategy.

Where can information with regards to input data, methodologies used to select those data, the rebalancing methodologies and index calculations be found?

The methodologies used for the calculation of the KARS LN Index can be found via the link included above in Section G.

SECTION 2: Entity Level Disclosure headings (All Funds)

The following Fund has been classified as an Article 8 product for the purposes of SFDR:

KARS LN

The remaining Sub-Funds issued under the KraneShares ICAV are classified as Article 6 for the purpose of SFDR i.e. they do not promote Environmental or Social Characteristics or have sustainable investment objectives.

1. Sustainability Risk Policy Statement:

We do not deem sustainability risks to be relevant and the reasons for this determination as outlined in the prospectus are accurate. However, we perform this sustainability risk assessment and prospectus review on an annual basis and will inform Waystone promptly if the results of this assessment changes.

2. No Consideration of Principal Adverse Impact Statement:

Unless otherwise stated in the Relevant Supplement, the principal adverse impacts ("PAIs") of investment decisions on sustainability factors are not currently considered for the Sub-Funds as the Manager, in consultation with the Investment Manager, is of the view that, given the nature and activities of the Sub-Funds as Index Tracking Sub-Funds, PAIs are not relevant to the management of the Sub-Funds.

3. Remuneration Policy Summary:

We do not currently consider sustainability factors in our remuneration process and the reasons for this determination as outlined in the prospectus are accurate. However, we perform this sustainability risk assessment and prospectus review on an annual basis and will inform the Waystone promptly if the results of this assessment changes.