

Template 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:

**Allianz ActiveInvest Balanced**

Legal entity identifier: 529900NM5P2JVX9TOX69

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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz ActiveInvest Balanced (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

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

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth and income by investing in a broad range of asset classes, in particular in the global [Bond](#)-, [Equity](#)-, [Alternative](#)- and [Money Markets](#) in [order to achieve over the medium- to long-term a performance comparable to a balanced portfolio consisting of global Equity Markets and Euro Bond Markets](#) in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

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- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup><https://www.un.org/esg/climatechange/paris-agreement>

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investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

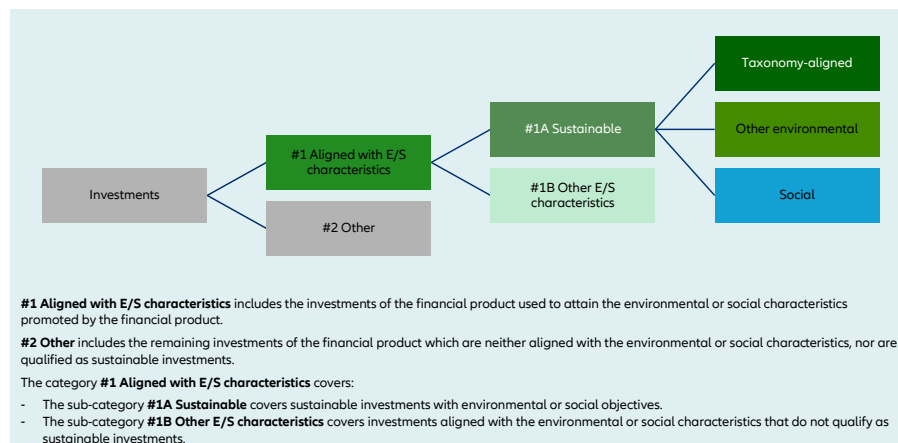
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas    ☐ In nuclear energy

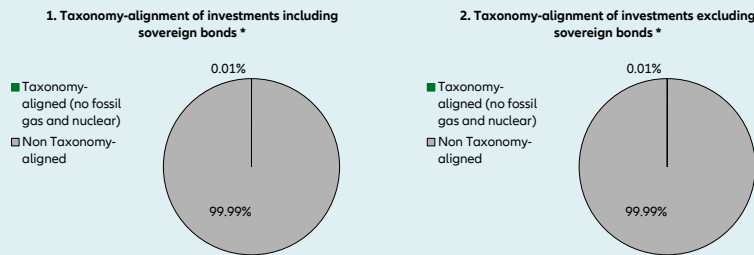
☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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Product name:

## Allianz ActiveInvest Defensive

Legal entity identifier: 52990094VFHIL03QZ388

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz ActiveInvest Defensive (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

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

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth and income by investing in a broad range of asset classes, in particular in the global **B**ond-, **E**quity-, **A**lternative- and **M**oney **M**arkets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

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The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>



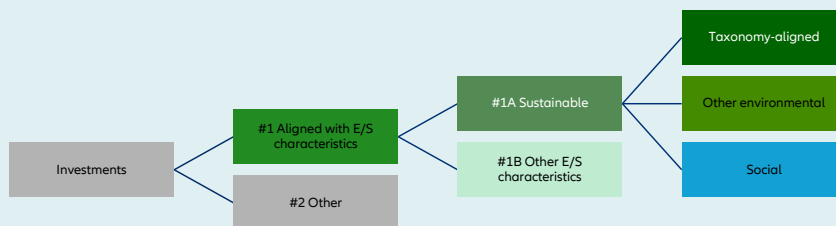
Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



**#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 aligned 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?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas    ☐ In nuclear energy

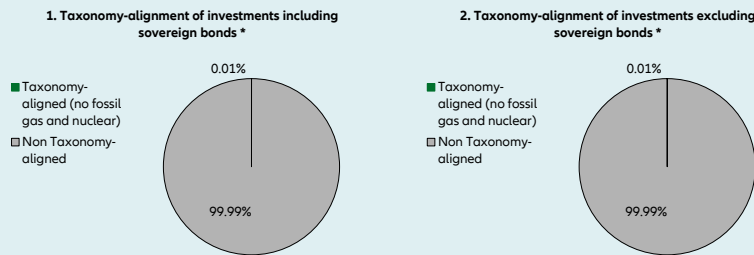
☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manger may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz ActiveInvest Dynamic**

Legal entity identifier: 529900HO90TX5SRRYZ37

#### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz ActiveInvest Dynamic (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

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

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth and income by investing in a broad range of asset classes, in particular in the global **B**ond-, **E**quity-, **A**lternative- and **M**oney **M**arkets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

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The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those

**Deleted:** on a monthly basis.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

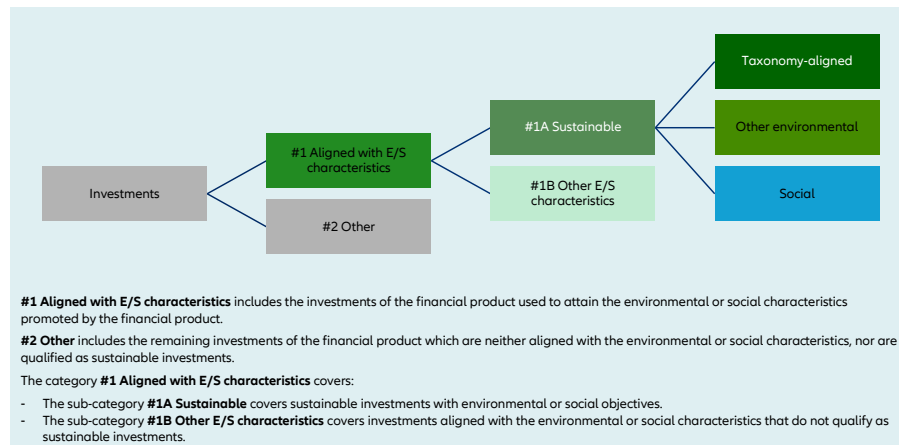
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

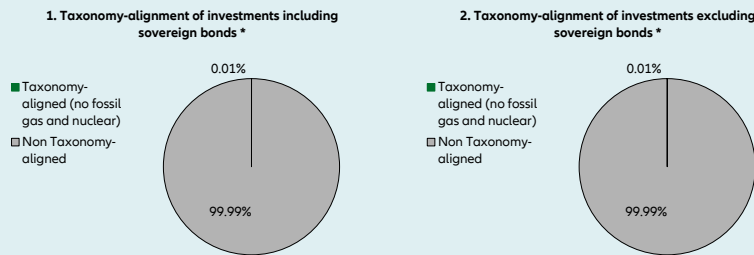
☐ In fossil gas    ☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Advanced Fixed Income Euro

Legal entity identifier: 529900W7WKKWPZ6I8386

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **2.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Advanced Fixed Income Euro (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 2.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global Compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth above the long-term return of the government bond markets issued within the Eurozone in Euro (EUR) terms by investing in global Bond Markets with Euro exposure in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 2.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

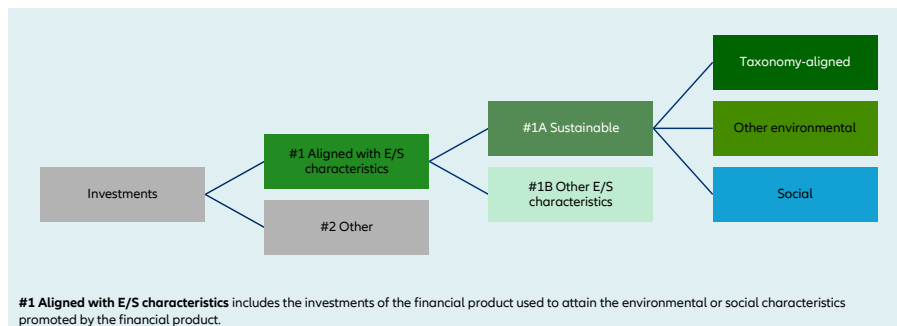
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 2.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

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



**#2 Other** includes the remaining investments of the financial product which are neither aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

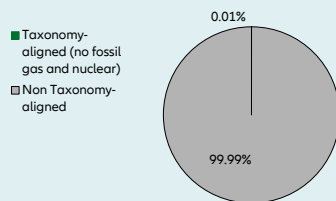
☐ In nuclear energy

☒ No

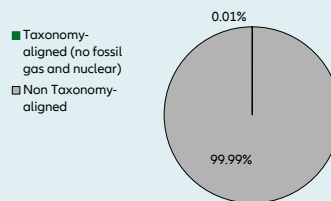
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> 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.

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.

#### Enabling activities directly

**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **Where can the methodology used for the calculation of the designated index be found?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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Template 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:

## Allianz Advanced Fixed Income Global

Legal entity identifier: 549300GEEY2YMMHYW726

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>2.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Advanced Fixed Income Global (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 2.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth above the return of the global sovereign bond markets by investing in global Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 2.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

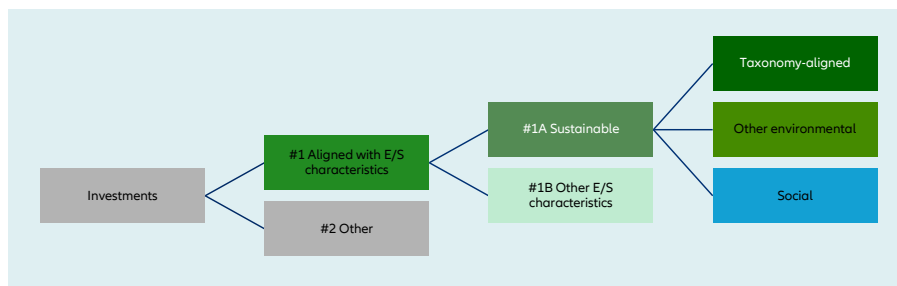
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 2.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

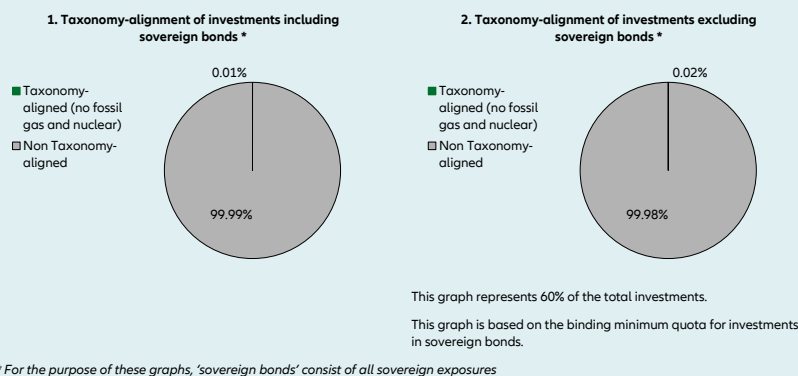
Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup>, 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.



- **What is the minimum share of investments in transitional and enabling activities?**

<sup>1</sup> 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.

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.

**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.

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Advanced Fixed Income Global Aggregate

Legal entity identifier: 549300XB0VU2T4JU6365

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **2.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Advanced Fixed Income Global Aggregate (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 2.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global corporate and government Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 2.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

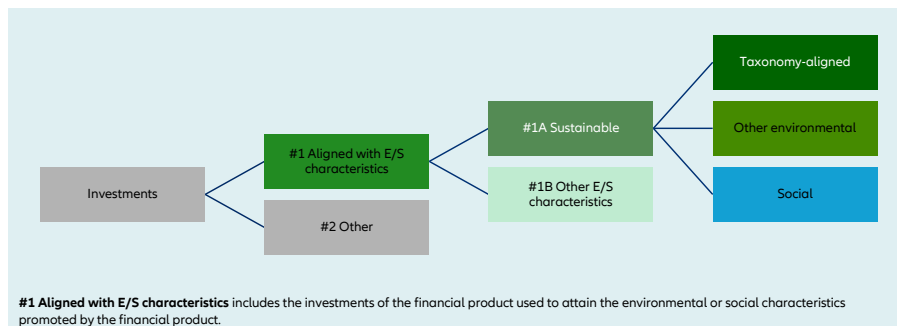
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 2.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

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



**#2 Other** includes the remaining investments of the financial product which are neither aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

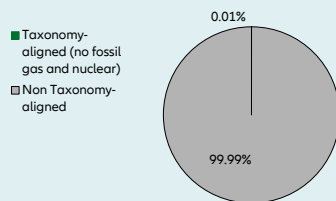
☐ In nuclear energy

☒ No

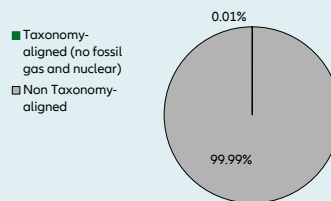
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> 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.

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.

#### Enabling activities directly

**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Advanced Fixed Income Short Duration

Legal entity identifier: 529900QKKROQJ7LYYV65

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Advanced Fixed Income Short Duration (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth above the average long-term return of the short duration European Bond Markets by investing in global Bond Markets with Euro exposure in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

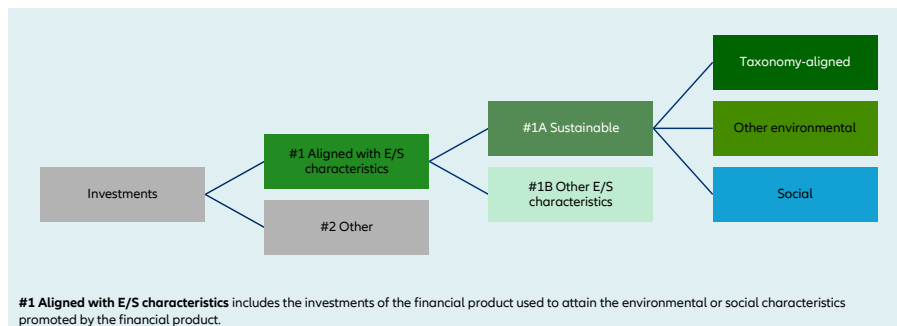
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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



**#2 Other** includes the remaining investments of the financial product which are neither aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

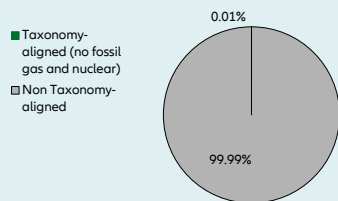
☐ In nuclear energy

☒ No

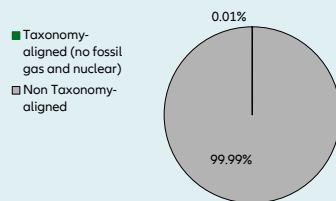
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> 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.

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.

#### Enabling activities directly

**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**
- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz All China Equity

Legal entity identifier: 529900RSE3ISUY56ZL79

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>5.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz All China Equity (the "Sub-Fund") promotes a broad range of environmental, social and governance characteristics ("ESG characteristics"). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics using ESG Ratings. ESG Ratings are provided from an external data provider. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the Sub-Fund's benchmark. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio ESG Ratings must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a rating for issuers on ESG characteristics ("ESG Rating"). The ESG Rating is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are non-rated by nature, e.g. cash,

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

deposits and derivatives. The size of the unrated part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- The average ESG Rating of the portfolio and the average ESG Rating of the benchmark. The process to determine the average ESG Rating is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in onshore and offshore Equity Markets of the PRC, Hong Kong and Macau in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark.

In detail, the following applies:

- The Investment Manager receives ESG Ratings from an external data provider.
- For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which ESG Ratings are not available such as cash, deposits and derivatives. The size of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives ESG Ratings are used to calculate the performance of ESG characteristics of the Sub-Fund. The performance of ESG characteristics of each issuer is considered relative to the weight of the issuer in the Sub-Fund in order to calculate an average ESG Rating of the Sub-Fund. The portfolio weights of those issuers that have ESG Ratings are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The ESG Rating of the benchmark is calculated accordingly, i.e. only issuers/instruments where the Investment Manager receives ESG Ratings are considered and the ESG Rating of each issuer is weighted.
- The Investment Manager selects and weights issuers from the remaining investment universe so that the Sub-Fund’s average ESG Rating is better than the average ESG Rating of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



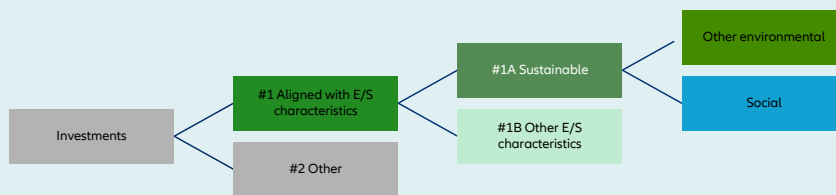
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's portfolio in issuers with an ESG Rating. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments that are not rated by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

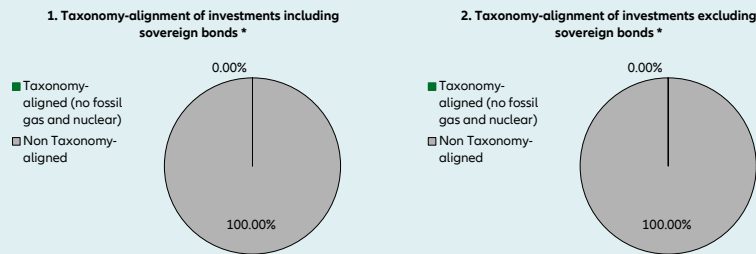
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be

<sup>1</sup> 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.

included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI China All Shares Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Investment Manager manages the Sub-Fund so that the Sub-Fund’s performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the ESG Ratings of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/d84b06d0-b81c-48ce-89b8-c57f808065e4> or at [www.msci.com](http://www.msci.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Asia Ex China Equity

Legal entity identifier: 529900OK2J7VW1LL7W91

### Environmental and/or social characteristics

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 **10.00%** 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?

Allianz Asia Ex China Equity (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?"

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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 Taxonomy 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.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- 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?  

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

  - Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
  - For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
  - For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
  - The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- 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?  

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

    - Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
    - Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

    - Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

<sup>1</sup> <https://sdgs.un.org/goals>



determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global Compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Equities of Asian Markets (excluding the PRC) in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

<sup>1</sup> <https://www.netzerassetmanagers.org/>

- [deriving more than 10% of their revenues from \(i\) weapons, or \(ii\) military equipment, and military services,](#)
- [deriving more than 10% of their revenue from thermal coal extraction,](#)
- [active within the utility sector and generating more than 20% of their revenues from coal,](#)
- [involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.](#)

[Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.](#)

[The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.](#)

[In addition, the Investment Manager assesses investments \(excluding cash and derivatives\) according to the greenhouse gas \(“GHG”\) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions \(scope 1 and 2\) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:](#)

- [The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.](#)
- [Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.](#)
- [The Investment Manager selects and weights from the remaining \(i.e. after application of the exclusion criteria\) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.](#)

[Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund’s net asset value in Sustainable Investments.](#)

- [What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?](#)

[The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.](#)

- [What is the policy to assess good governance practices of the investee companies?](#)

[Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

[Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings \(regularly for direct investments in shares\). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager’s approach to the exercise of voting rights and company engagement is set out in the Management Company’s Stewardship Statement.](#)

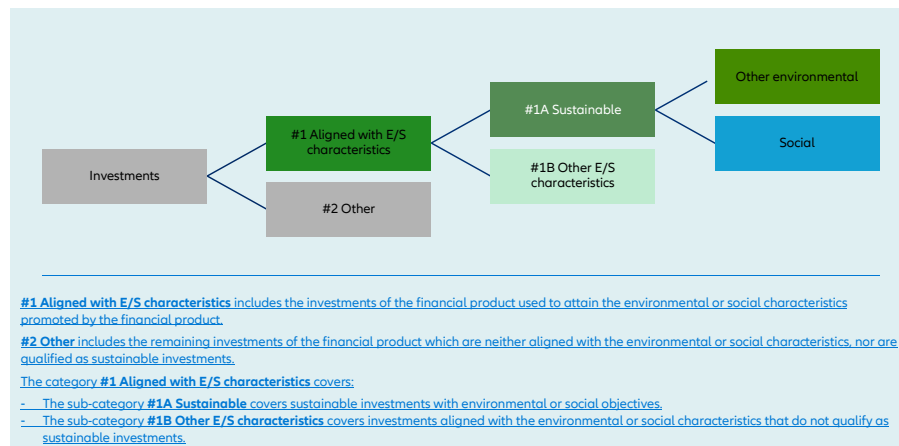
<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments with an environmental objective aligned with the EU Taxonomy. The overall Sustainable Investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

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.

- [Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?](#)

☐ Yes

☐ In fossil gas

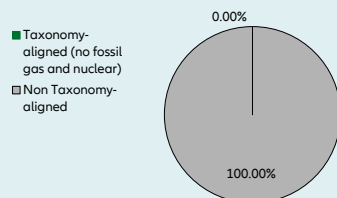
☐ In nuclear energy

☒ No

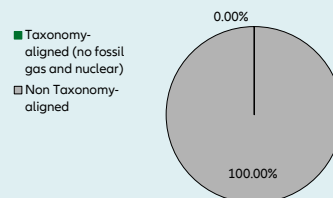
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?](#)

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.


#### [What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?](#)

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

#### [What is the minimum share of socially sustainable investments?](#)

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI Emerging Markets Asia ex China 10/40” as the Sub-Fund's benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- How does the designated index differ from a relevant broad market index?

The Sub-Fund's benchmark is a market index.

- Where can the methodology used for the calculation of the designated index be found?

Details of the Benchmark's methodology may be found at <https://www.msci.com/documents/10199/aecf93bd-deef-02c9-9b1d-f52a3332a4fd> or at [www.msci.com](http://www.msci.com)

Field Code Changed



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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

Template 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:

## Allianz Best Styles Europe Equity SRI

Legal entity identifier: 529900CFHS19HK7S6O04

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>30.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Best Styles Europe Equity SRI (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at class 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a second step, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- Further, the Investment Manager will adhere to a minimum percentage of 30.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investee issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

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- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Application of exclusion criteria relating to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

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The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1 or more.

As a second step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 5% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO2 e/kWh,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,
- deriving more than 5% of their revenues from the sum of (i) the production of and (ii) providing services in relation to hydraulic fracturing,

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**Deleted:** extraction

- deriving more than 10% of their revenues from the production of alcohol (limited to spirits),
- deriving more than 5% of their revenues from the production of agricultural genetically modified organisms ("GMOs"),
- deriving more than 10% of their revenues from the sum of (i) the production of and (ii) providing services in relation to nuclear power,
- involved in the production of arctic drilling,
- deriving more than 5% of their revenues from gambling,
- deriving more than 5% of their revenues from the (i) production or (ii) exploration of oil sands,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 5% of their revenues from the (i) production or (ii) distribution/sales of pornography.

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Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 30.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

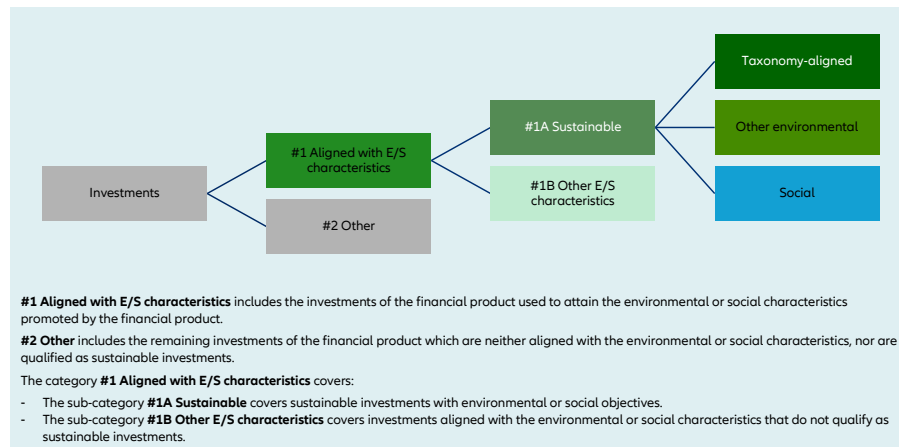
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

instruments that are not scored by nature as described in the section “What investment strategy does this financial product follow?”.

- Min. 30.00% (#1A Sustainable) of Sub-Fund’s net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund’s net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

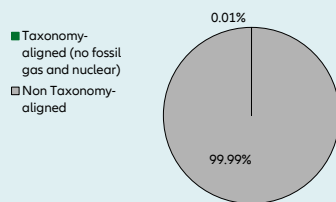
☐ In nuclear energy

☒ No

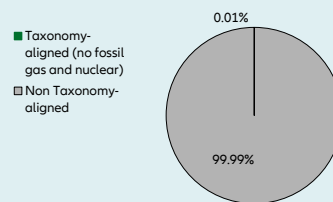
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 30.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product
- How does the designated index differ from a relevant broad market index?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product
- Where can the methodology used for the calculation of the designated index be found?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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**Deleted:** the index “MSCI Europe Ext. SRI 5% Issuer Capped Total Return Net” as the Sub-Fund’s benchmark

**Deleted:** The Sub-Fund uses an SRI benchmark which is however not completely aligned with the environmental or social characteristics promoted by the sub-fund. The benchmark captures large and mid cap stocks across 15 Developed Markets (DM) countries in Europe. The Index is a capitalization weighted index that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts. The benchmark serves to compare the percentage of the portfolio with a proprietary sustainability score of 1 or more of the Sub-Fund with the percentage of the benchmark.

**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund’s investment strategy

**Deleted:** The benchmark uses ESG criteria as well as exclusion criteria for index construction

**Deleted:** Details of the Benchmarks’ methodology may be found at <https://www.msci.com/index/methodology/latest/SRI> or at [www.msci.com](https://www.msci.com)

Template 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:

## Allianz Best Styles Global Equity SRI

Legal entity identifier: 5299009P57HYFZWC1553

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>30.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Best Styles Global Equity SRI (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at class 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a second step, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- Further, the Investment Manager will adhere to a minimum percentage of 30.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investee issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

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- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global Compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Application of exclusion criteria relating to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

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At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

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The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1 or more.

As a second step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 5% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO2 e/kWh,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,
- deriving more than 5% of their revenues from the sum of (i) the production of and (ii) providing services in relation to hydraulic fracturing,

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- deriving more than 10% of their revenues from the production of alcohol (limited to spirits),
- deriving more than 5% of their revenues from the production of agricultural genetically modified organisms ("GMOs"),
- deriving more than 10% of their revenues from the sum of (i) the production of and (ii) providing services in relation to nuclear power,
- involved in the production of arctic drilling,
- deriving more than 5% of their revenues from gambling,
- deriving more than 5% of their revenues from the (i) production or (ii) exploration of oil sands,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 5% of their revenues from the (i) production or (ii) distribution/sales of pornography.

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Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 30.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except

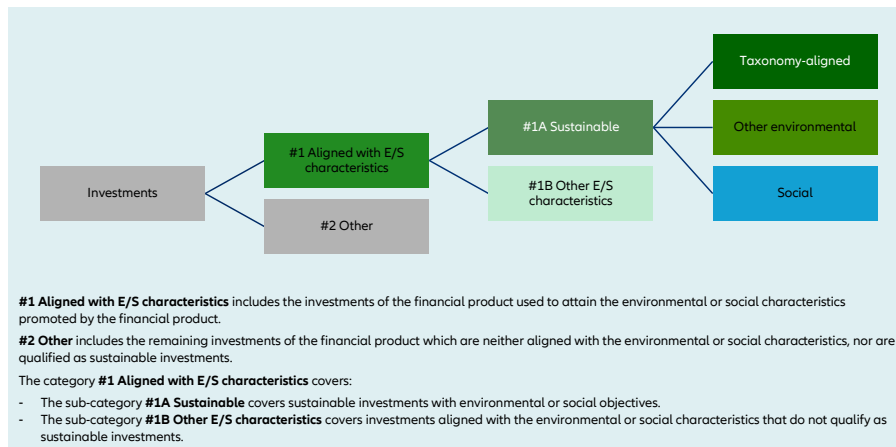
<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

instruments that are not scored by nature as described in the section “What investment strategy does this financial product follow?”.

- Min. 30.00% (#1A Sustainable) of Sub-Fund’s net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund’s net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

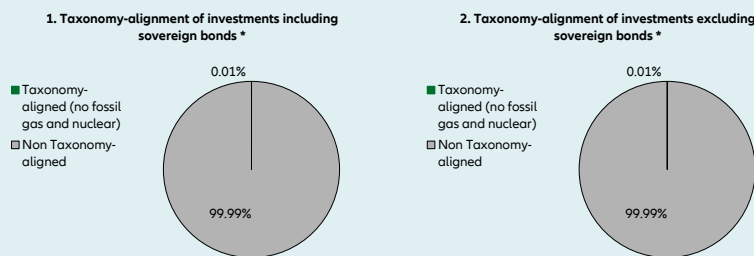
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>\*</sup>, 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

<sup>\*</sup> For the purpose of these graphs, 'sovereign bonds' consist 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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 30.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How does the designated index differ from a relevant broad market index?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- Where can the methodology used for the calculation of the designated index be found?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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**Deleted:** the index “MSCI World Ext. SRI 5% Issuer Capped Total Return Net” as the Sub-Fund’s benchmark

**Deleted:** The Sub-Fund uses an SRI benchmark which is however not completely aligned with the environmental or social characteristics promoted by the sub-fund. The MSCI World Ext. SRI 5% Issuer Capped Index captures large and mid cap stocks across 23 Developed Markets (DM) countries. The Index is a capitalization weighted index that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts.

**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund’s investment strategy

**Deleted:** The benchmark uses ESG criteria as well as exclusion criteria for index construction

**Deleted:** Details of the Benchmarks’ methodology may be found at <https://www.msci.com/index/methodology/latest/SRI> or at [www.msci.com](https://www.msci.com)



Template 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:

**Allianz Best Styles US Equity**

Legal entity identifier: 549300CRWWNBVKIWU63

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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **15.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Allianz Best Styles US Equity (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at class 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a second step, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- Further, the Investment Manager will adhere to a minimum percentage of 15.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in US equity markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1 or more.

As a second step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The Investment Manager must apply the first and second step so that the Sub-Fund’s investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund’s general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 15.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund’s investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund’s general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager’s approach to the exercise of voting rights and company engagement is set out in the Management Company’s Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

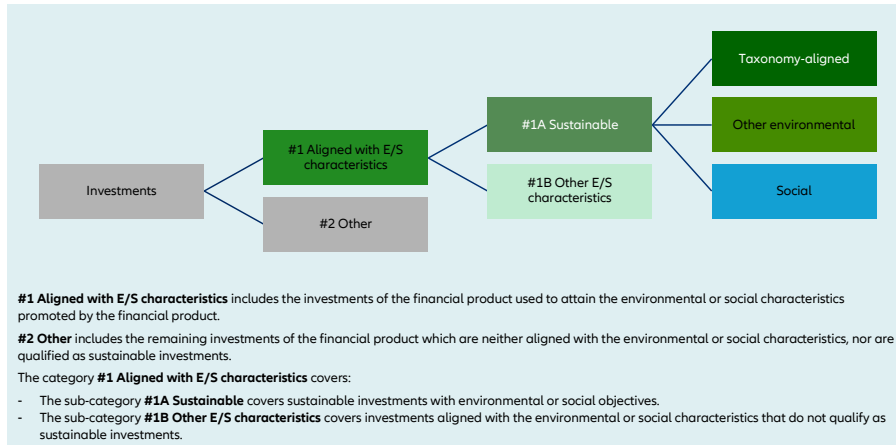
The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?” for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund’s portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature as described in the section “What investment strategy does this financial product follow?”.
- Min. 15.00% (#1A Sustainable) of Sub-Fund’s net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund’s net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.

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

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

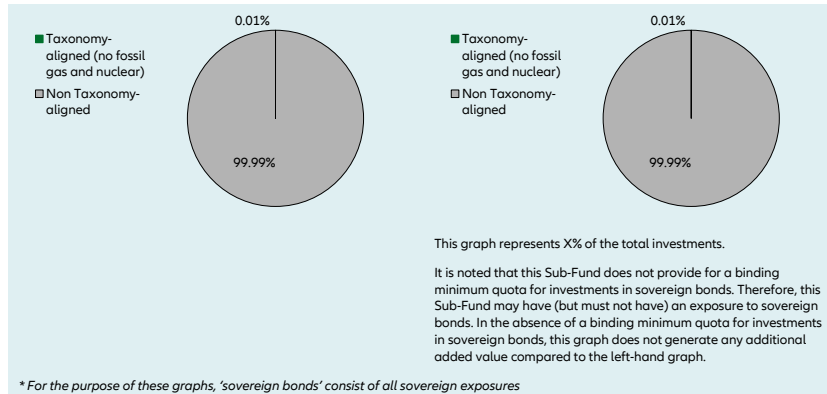
**1. Taxonomy-alignment of investments including sovereign bonds \***

**2. Taxonomy-alignment of investments excluding sovereign bonds \***

<sup>1</sup> 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.

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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 15.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- Where can the methodology used for the calculation of the designated index be found?

- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

**Allianz Better World Defensive**

Legal entity identifier: 529900ASTWITJ82W129

#### Sustainable investment objective

**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 Taxonomy** 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: 30.00%**

☐ 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 \_\_\_% 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 7.00%**

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The Sub-Fund will invest more than 80% of its assets in Sustainable Investments and this commitment is achieved through environmentally or socially sustainable investments.



#### What is the sustainable investment objective of this financial product?

Allianz Better World Defensive's (the "Sub-Fund") invests in securities of companies providing products or services which contribute to environmental or social objectives, as defined by the UN Sustainable Development goals (SDGs) or the EU Taxonomy objectives, which are also related to the SDGs. The Sub-Fund does so by:

- As a first step, the Investment Manager excludes direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 80.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark for the purpose of attaining the sustainable investment objective of the Fund has been designated.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

To measure the attainment of the Sub-Fund's sustainable investment objective the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- [How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?](#)

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- [How have the indicators for adverse impacts on sustainability factors been taken into account?](#)

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

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 anti-bribery matters.



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> <li>- Share of non-renewable energy consumption and production</li> <li>- Energy consumption intensity per high impact climate sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Unadjusted gender pay gap</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- GHG intensity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity and Bond Markets with a focus on companies with an engagement in one or more United Nations' SDGs and/or on companies supporting climate-related or social projects, and hence create positive outcomes for environment and society. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to the sustainable investment objective of the Investment Strategy, the following applies:

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

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As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution.

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 80% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. For the remaining 20% (or less) of the Sub-Fund portfolio, each respective issuer shall have a minimum share of 5% Sustainable Investment. Cash and derivatives are excluded from these thresholds. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

Further, the Investment Manager commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

The Investment Manager measures how the Sustainable Investments contribute to the Sub-Fund's sustainable investment objective based on a proprietary methodology as follows:

- The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.
- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

The Investment Manager's approach to assess significant harm is explained in the section "How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?".

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues.

<sup>1</sup> <https://sdgs.un.org/goals>

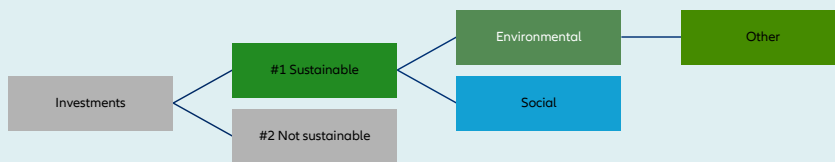
Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

### What is the asset allocation and the minimum share of sustainable investments?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to achieve the sustainable investment objective:

- Min. 80.00% (#1 Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 30.00% of Sub-Fund's net asset value will be invested in environmentally Sustainable Investments.
- Min. 7.00% of Sub-Fund's net asset value will be invested in socially Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

Asset allocation describes the share of investments in specific assets.



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments

- [How does the use of derivatives attain the sustainable investment objective?](#)

Derivatives are not used to attain the Sub-Fund's Sustainable Investment objective.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- [Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?](#)

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

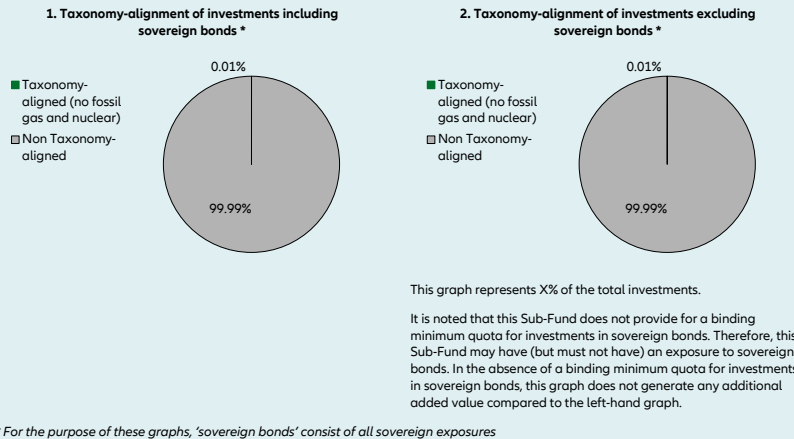
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 80.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

are environmentally sustainable investments 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 a social objective?**

The Investment Manager commits to a minimum share of 7% of socially Sustainable Investments. The overall Sustainable Investment share may also include investments with an environmental or social objective and the Sub-Fund will invest min. 80% of its assets in Sustainable Investments.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Under “#2 Not sustainable” parts of investments are included related to business activities which are not counted as Sustainable Investments. In addition, investments into cash, Target Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.





Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No, the Investment Manager has not assigned a reference benchmark to meet the sustainable investment objective of the financial product.

- [How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?](#)

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- [How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?](#)

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- [How does the designated index differ from a relevant broad market index?](#)

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- [Where can the methodology used for the calculation of the designated index be found?](#)

A reference benchmark is not used to meet the sustainable investment objective of the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

## Allianz Better World Dynamic

Legal entity identifier: 529900APHN2CJCOLZ557

### Sustainable investment objective

**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 Taxonomy** 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: 14.00%**

☐ 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 \_\_\_% 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 8.00%**

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The Sub-Fund will invest more than 80% of its assets in Sustainable Investments and this commitment is achieved through environmentally or socially sustainable investments.



### What is the sustainable investment objective of this financial product?

Allianz Better World Dynamic (the "Sub-Fund") invests in securities of companies providing products or services which contribute to environmental or social objectives, as defined by the UN Sustainable Development goals (SDGs) or the EU Taxonomy objectives, which are also related to the SDGs. The Sub-Fund does so by:

- As a first step, the Investment Manager excludes direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 80.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark for the purpose of attaining the sustainable investment objective of the Fund has been designated.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

To measure the attainment of the Sub-Fund's sustainable investment objective the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- [How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?](#)

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- [How have the indicators for adverse impacts on sustainability factors been taken into account?](#)

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

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 anti-bribery matters.



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> <li>- Share of non-renewable energy consumption and production</li> <li>- Energy consumption intensity per high impact climate sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Unadjusted gender pay gap</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- GHG intensity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity and Bond Markets with a focus on companies with an engagement in one or more United Nations' SDGs and/or on companies supporting climate-related or social projects, and hence create positive outcomes for environment and society. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to the sustainable investment objective of the Investment Strategy, the following applies:

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

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The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution.

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 80% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. For the remaining 20% (or less) of the Sub-Fund portfolio, each respective issuer shall have a minimum share of 5% Sustainable Investment. Cash and derivatives are excluded from these thresholds. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

Further, the Investment Manager commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

The Investment Manager measures how the Sustainable Investments contribute to the Sub-Fund's sustainable investment objective based on a proprietary methodology as follows:

- The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.
- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

The Investment Manager's approach to assess significant harm is explained in the section "How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?".

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues.

<sup>1</sup> <https://sdgs.un.org/goals>

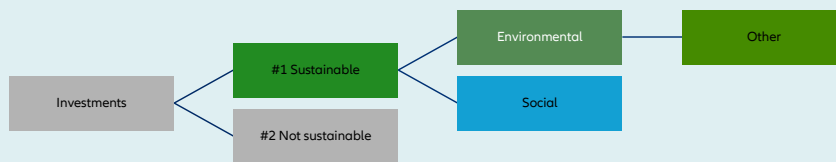
Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

### What is the asset allocation and the minimum share of sustainable investments?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to achieve the sustainable investment objective:

- Min. 80.00% (#1 Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 14.00% of Sub-Fund's net asset value will be invested in environmentally Sustainable Investments.
- Min. 8.00% of Sub-Fund's net asset value will be invested in socially Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

Asset allocation describes the share of investments in specific assets.



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments

- How does the use of derivatives attain the sustainable investment objective?

Derivatives are not used to attain the Sub-Fund's Sustainable Investment objective.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

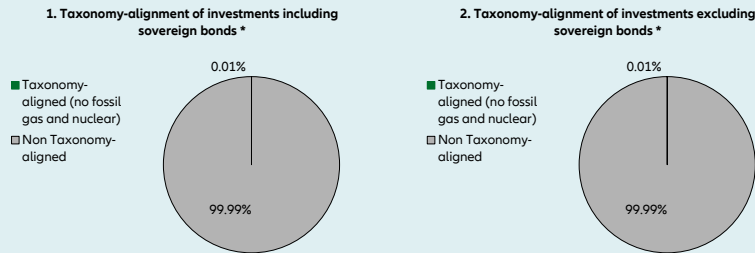
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 80.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

are environmentally sustainable investments 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 a social objective?**

The Investment Manager commits to a minimum share of 8% of socially Sustainable Investments. The overall Sustainable Investment share may also include investments with an environmental or social objective and the Sub-Fund will invest min. 80% of its assets in Sustainable Investments.

**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Under “#2 Not sustainable” parts of investments are included related to business activities which are not counted as Sustainable Investments. In addition, investments into cash, Target Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.

**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

No, the Investment Manager has not assigned a reference benchmark to meet the sustainable investment objective of the financial product.



**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

**Allianz Better World Moderate**

Legal entity identifier: 529900R8CZVBS2IW1189

#### Sustainable investment objective

**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 Taxonomy** 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: 22.00%**

☐ 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 \_\_\_% 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 8.00%**

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The Sub-Fund will invest more than 80% of its assets in Sustainable Investments and this commitment is achieved through environmentally or socially sustainable investments.



#### What is the sustainable investment objective of this financial product?

Allianz Better World Moderate (the "Sub-Fund") invests in securities of companies providing products or services which contribute to environmental or social objectives, as defined by the UN Sustainable Development goals (SDGs) or the EU Taxonomy objectives, which are also related to the SDGs. The Sub-Fund does so by:

- As a first step, the Investment Manager excludes direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 80.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark for the purpose of attaining the sustainable investment objective of the Fund has been designated.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

To measure the attainment of the Sub-Fund's sustainable investment objective the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- [How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?](#)

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- [How have the indicators for adverse impacts on sustainability factors been taken into account?](#)

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

**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 anti-bribery matters.



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> <li>- Share of non-renewable energy consumption and production</li> <li>- Energy consumption intensity per high impact climate sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Unadjusted gender pay gap</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- GHG intensity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity and Bond Markets with a focus on companies with an engagement in one or more United Nations' SDGs and/or on companies supporting climate-related or social projects, and hence create positive outcomes for environment and society. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to the sustainable investment objective of the Investment Strategy, the following applies:

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

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As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution.

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 80% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. For the remaining 20% (or less) of the Sub-Fund portfolio, each respective issuer shall have a minimum share of 5% Sustainable Investment. Cash and derivatives are excluded from these thresholds. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

Further, the Investment Manager commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

The Investment Manager measures how the Sustainable Investments contribute to the Sub-Fund's sustainable investment objective based on a proprietary methodology as follows:

- The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.
- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

The Investment Manager's approach to assess significant harm is explained in the section "How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?".

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues.

<sup>1</sup> <https://sdgs.un.org/goals>

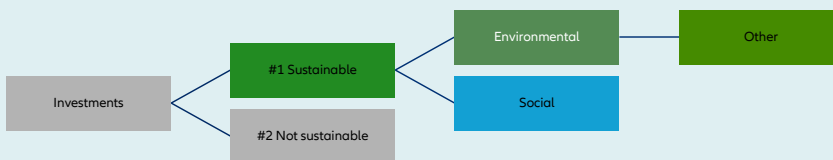
Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

### What is the asset allocation and the minimum share of sustainable investments?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to achieve the sustainable investment objective:

- Min. 80.00% (#1 Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 22.00% of Sub-Fund's net asset value will be invested in environmentally Sustainable Investments.
- Min. 8.00% of Sub-Fund's net asset value will be invested in socially Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

Asset allocation describes the share of investments in specific assets.



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments

- How does the use of derivatives attain the sustainable investment objective?

Derivatives are not used to attain the Sub-Fund's Sustainable Investment objective.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

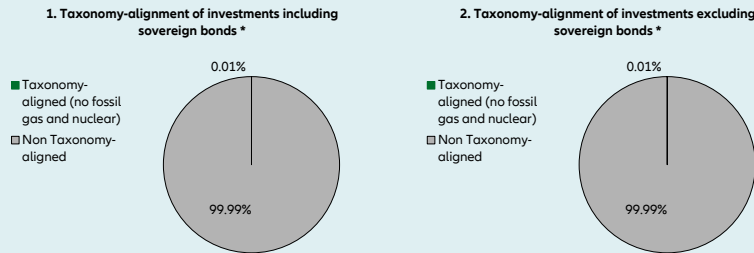
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 80.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

are environmentally sustainable investments 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 a social objective?**

The Investment Manager commits to a minimum share of 8% of socially Sustainable Investments. The overall Sustainable Investment share may also include investments with an environmental or social objective and the Sub-Fund will invest min. 80% of its assets in Sustainable Investments.

**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Under “#2 Not sustainable” parts of investments are included related to business activities which are not counted as Sustainable Investments. In addition, investments into cash, Target Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.





Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No, the Investment Manager has not assigned a reference benchmark to meet the sustainable investment objective of the financial product.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- Where can the methodology used for the calculation of the designated index be found?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Capital Plus**

Legal entity identifier: 549300XT1DYY4H170178

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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **1.50%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Allianz Capital Plus (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 90% of the Sub-assets. Target Funds are counted into the 90.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 90.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 1.50% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

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

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European equity and bond markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 90% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to

**Deleted:** on a monthly basis.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 1.50% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

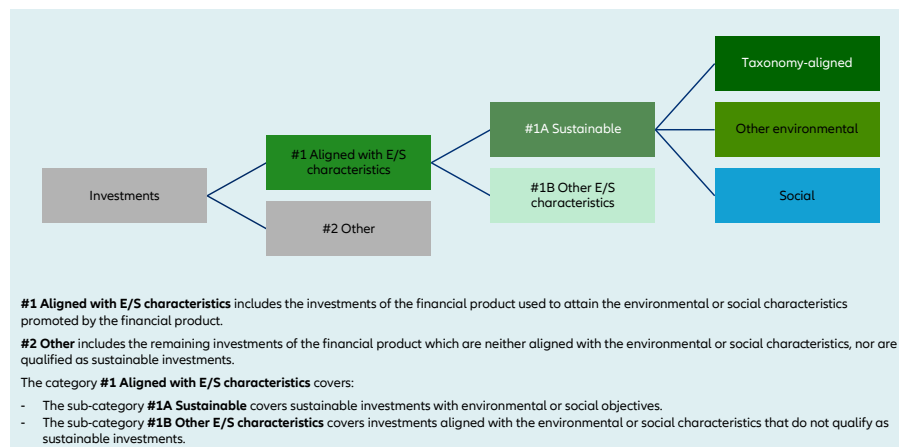
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 90% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 1.50% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.50%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.



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.

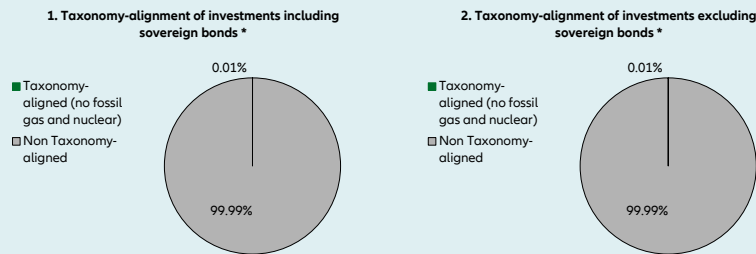
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 1.50%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be

<sup>1</sup> 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.

included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.50%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Capital Plus Global**

Legal entity identifier: 529900V4Z0XTX71VJR91

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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>1.50%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Capital Plus Global (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 90% of the Sub-assets. Target Funds are counted into the 90.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 90.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 1.50% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

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

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Global Equity and Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 90% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those

Deleted: on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 1.50% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>



Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

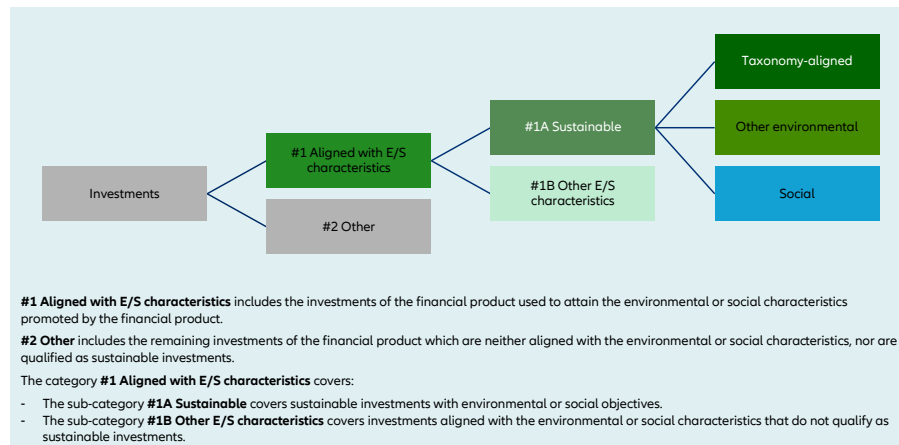
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 90% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 1.50% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.50%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The

Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

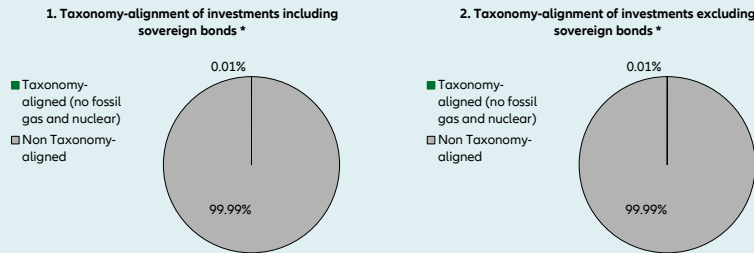
☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 1.50%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.50%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz China A Opportunities

Legal entity identifier: 529900SR5WUFEB6J7646

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz China A Opportunities (the "Sub-Fund") promotes a broad range of environmental, social and governance characteristics ("ESG characteristics"). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics using ESG Ratings. ESG Ratings are provided from an external data provider. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the Sub-Fund's benchmark. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio ESG Ratings must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a rating for issuers on ESG characteristics ("ESG Rating"). The ESG Rating is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are non-rated by nature, e.g. cash,

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

deposits and derivatives. The size of the unrated part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- The average ESG Rating of the portfolio and the average ESG Rating of the benchmark. The process to determine the average ESG Rating is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in China A-Shares Equity Markets of the PRC with a focus on large capitalization companies in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark.

In detail, the following applies:

- The Investment Manager receives ESG Ratings from an external data provider.
- For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which ESG Ratings are not available such as cash, deposits and derivatives. The size of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives ESG Ratings are used to calculate the performance of ESG characteristics of the Sub-Fund. The performance of ESG characteristics of each issuer is considered relative to the weight of the issuer in the Sub-Fund in order to calculate an average ESG Rating of the Sub-Fund. The portfolio weights of those issuers that have ESG Ratings are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The ESG Rating of the benchmark is calculated accordingly, i.e. only issuers/instruments where the Investment Manager receives ESG Ratings are considered and the ESG Rating of each issuer is weighted.
- The Investment Manager selects and weights issuers from the remaining investment universe so that the Sub-Fund’s average ESG Rating is better than the average ESG Rating of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

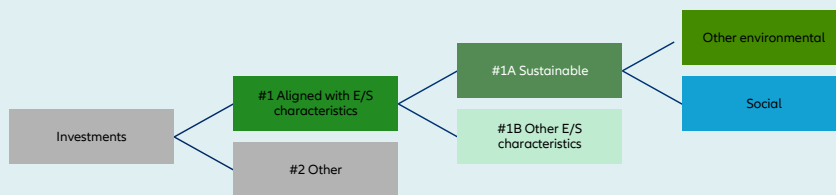
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's portfolio in issuers with an ESG Rating. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments that are not rated by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

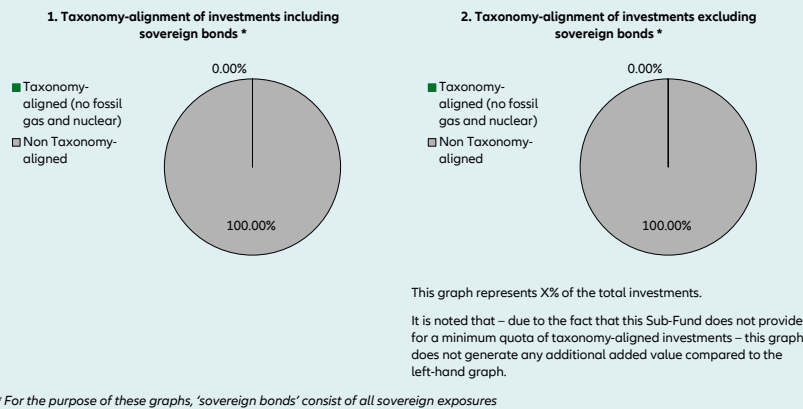
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.



**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be

<sup>1</sup> 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.

included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI China A Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Investment Manager manages the Sub-Fund so that so that the Sub-Fund’s performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark as described in the section “What investment strategy does this financial product follow?”.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the ESG Ratings of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/b39c7f2f-21c7-4fb6-9fa3-d0a19babcf17> or at [www.msci.com](http://www.msci.com).

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



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz China A-Shares**

Legal entity identifier: 529900CTGGXS3O08YO05

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz China A-Shares (the "Sub-Fund") promotes a broad range of environmental, social and governance characteristics ("ESG characteristics"). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics using ESG Ratings. ESG Ratings are provided from an external data provider. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the Sub-Fund's benchmark. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio ESG Ratings must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a rating for issuers on ESG characteristics ("ESG Rating"). The ESG Rating is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are non-rated by nature, e.g. cash,

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

deposits and derivatives. The size of the unrated part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- The average ESG Rating of the portfolio and the average ESG Rating of the benchmark. The process to determine the average ESG Rating is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in China A-Shares equity markets of the PRC in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark.

In detail, the following applies:

- The Investment Manager receives ESG Ratings from an external data provider.
- For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which ESG Ratings are not available such as cash, deposits and derivatives. The size of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives ESG Ratings are used to calculate the performance of ESG characteristics of the Sub-Fund. The performance of ESG characteristics of each issuer is considered relative to the weight of the issuer in the Sub-Fund in order to calculate an average ESG Rating of the Sub-Fund. The portfolio weights of those issuers that have ESG Ratings are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The ESG Rating of the benchmark is calculated accordingly, i.e. only issuers/instruments where the Investment Manager receives ESG Ratings are considered and the ESG Rating of each issuer is weighted.
- The Investment Manager selects and weights issuers from the remaining investment universe so that the Sub-Fund’s average ESG Rating is better than the average ESG Rating of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

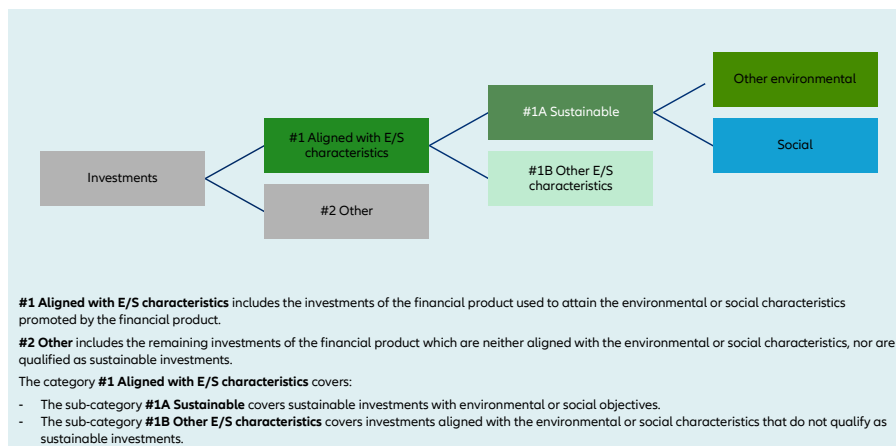
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's portfolio in issuers with an ESG Rating. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments that are not rated by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

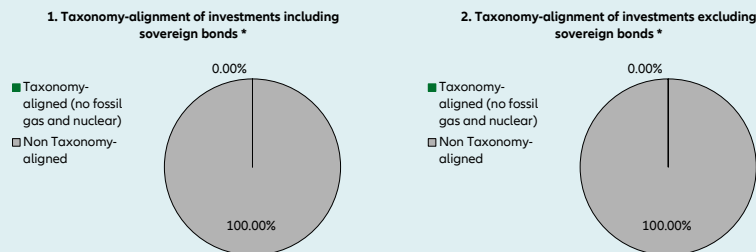
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be

<sup>1</sup> 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.

included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI China A Onshore Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Investment Manager manages the Sub-Fund so that the Sub-Fund’s performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the ESG Ratings of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/85d8ca04-533e-d8b6-dfa7-b97589ffb12a> or at [www.msci.com](http://www.msci.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz China Equity**

Legal entity identifier: 549300HFT1TW3OAGQ113

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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>2.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz China Equity (the "Sub-Fund") promotes a broad range of environmental, social and governance characteristics ("ESG characteristics"). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics using ESG Ratings. ESG Ratings are provided from an external data provider. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the Sub-Fund's benchmark. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio ESG Ratings must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 2.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a rating for issuers on ESG characteristics ("ESG Rating"). The ESG Rating is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are non-rated by nature, e.g. cash,

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

deposits and derivatives. The size of the unrated part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- The average ESG Rating of the portfolio and the average ESG Rating of the benchmark. The process to determine the average ESG Rating is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global Compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in the Equity Markets of the PRC, Hong Kong and Macau in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark.

In detail, the following applies:

- The Investment Manager receives ESG Ratings from an external data provider.
- For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which ESG Ratings are not available such as cash, deposits and derivatives. The size of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives ESG Ratings are used to calculate the performance of ESG characteristics of the Sub-Fund. The performance of ESG characteristics of each issuer is considered relative to the weight of the issuer in the Sub-Fund in order to calculate an average ESG Rating of the Sub-Fund. The portfolio weights of those issuers that have ESG Ratings are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The ESG Rating of the benchmark is calculated accordingly, i.e. only issuers/instruments where the Investment Manager receives ESG Ratings are considered and the ESG Rating of each issuer is weighted.
- The Investment Manager selects and weights issuers from the remaining investment universe so that the Sub-Fund’s average ESG Rating is better than the average ESG Rating of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 2.00% of Sub-Fund’s net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



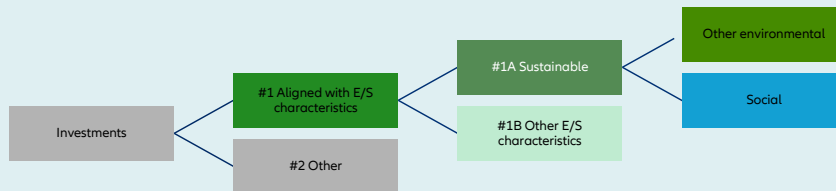
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's portfolio in issuers with an ESG Rating. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments that are not rated by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 2.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

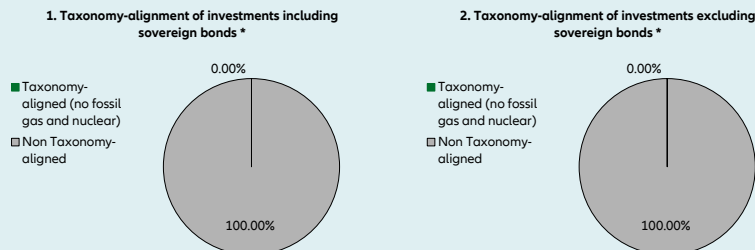
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI China 10/40 Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Investment Manager manages the Sub-Fund so that the Sub-Fund’s performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the ESG Ratings of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/99fc47ae-0b1f-fcf5-47b6-91b3abfa8679> or at [www.msci.com](http://www.msci.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz China Thematica**

Legal entity identifier: 529900V83BCU6OSSPK65

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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Allianz China Thematica (the "Sub-Fund") promotes a broad range of environmental, social and governance characteristics ("ESG characteristics"). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics using ESG Ratings. ESG Ratings are provided from an external data provider. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the Sub-Fund's benchmark. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio ESG Ratings must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a rating for issuers on ESG characteristics ("ESG Rating"). The ESG Rating is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are non-rated by nature, e.g. cash,

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

deposits and derivatives. The size of the unrated part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- The average ESG Rating of the portfolio and the average ESG Rating of the benchmark. The process to determine the average ESG Rating is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:



PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Equity Markets of the PRC (onshore and offshore), Hong Kong and Macau with a focus on companies whose business benefits or will benefit from growth opportunities of the PRC in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the Sub-Fund so that the performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund's benchmark.

In detail, the following applies:

- The Investment Manager receives ESG Ratings from an external data provider.
- For at least 80% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which ESG Ratings are not available such as cash, deposits and derivatives. The size of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives ESG Ratings are used to calculate the performance of ESG characteristics of the Sub-Fund. The performance of ESG characteristics of each issuer is considered relative to the weight of the issuer in the Sub-Fund in order to calculate an average ESG Rating of the Sub-Fund. The portfolio weights of those issuers that have ESG Ratings are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no ESG Rating is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- The ESG Rating of the benchmark is calculated accordingly, i.e. only issuers/instruments where the Investment Manager receives ESG Ratings are considered and the ESG Rating of each issuer is weighted.
- The Investment Manager selects and weights issuers from the remaining investment universe so that the Sub-Fund's average ESG Rating is better than the average ESG Rating of the Sub-Fund's benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund's net asset value in Sustainable Investments.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

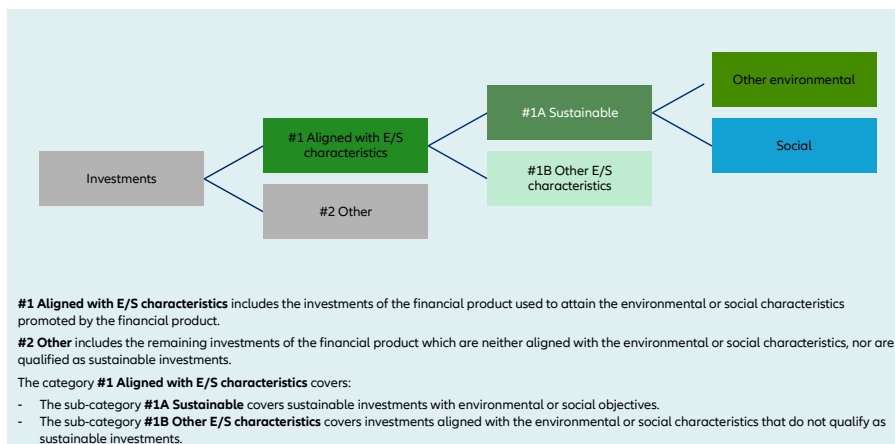
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's portfolio in issuers with an ESG Rating. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments that are not rated by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

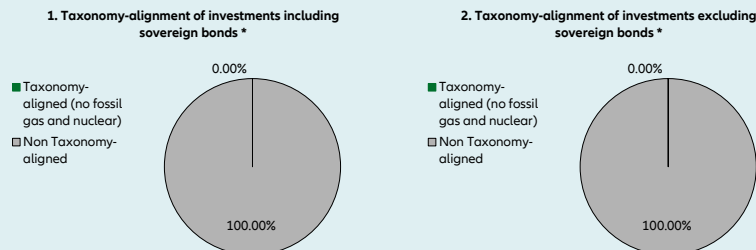
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI China All Shares Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Investment Manager manages the Sub-Fund so that the Sub-Fund’s performance with respect to ESG Ratings of the portfolio is better than the performance of the Sub-Fund’s benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the ESG Ratings of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/d84b06d0-b81c-48ce-89b8-c57f808065e4> or at [www.msci.com](http://www.msci.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Clean Planet**

Legal entity identifier: 5299003YJB0A9U4O4D87

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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>50.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Clean Planet (the "Sub-Fund") promotes environmental and social characteristics and one or more of the United Nations Sustainable Development Goals ("SDGs") or other Sustainable Investment objectives. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 50.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

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- Confirmation that at least 70% of the Sub-Fund's net asset value has been invested throughout the Sub-Fund's financial year in issuers that pursue business activities that contribute to one or more of the following SDGs: Zero Hunger; Good Health and Well-being; Clean Water and Sanitation; Affordable and Clean Energy; Industry, Innovation and Infrastructure; [Sustainable Cities and Communities](#); Responsible Consumption and Production; Climate Action; Life below Water; Life on Land.
- Percentage of Sustainable Investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- [For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are \(1\) achieving Net Zero, \(2\) aligned to Net Zero or \(3\) aligning to Net Zero. Issuer \(4\) committed to Net Zero or \(5\) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.](#)
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:



PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Share of non-renewable energy consumption and production	
- Energy consumption intensity per high impact climate sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Unadjusted gender pay gap	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- GHG intensity	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.

- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets with a focus on companies with an engagement in a cleaner environment in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. The proprietary methodology to assess the environmental and social contribution is described 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?".

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 50% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. The size of the part of the portfolio

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

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for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- At least 70% of the Sub-Fund's net asset value shall be invested in issuer that pursue business activities that contribute to one or more of the following SDGs:
  - Zero Hunger
  - Good Health and Well-being
  - Clean Water and Sanitation
  - Affordable and Clean Energy
  - [Industry, Innovation and Infrastructure](#)
  - [Sustainable Cities and Communities](#)
  - Responsible Consumption and Production
  - Climate Action
  - Life below Water
  - Life on Land

Further, the Investment Manager commits to a minimum proportion of 50.00% of Sub-Fund's net asset value in Sustainable Investments.

- [What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?](#)

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- [What is the policy to assess good governance practices of the investee companies?](#)

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

#### [What is the asset allocation planned for this financial product?](#)

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

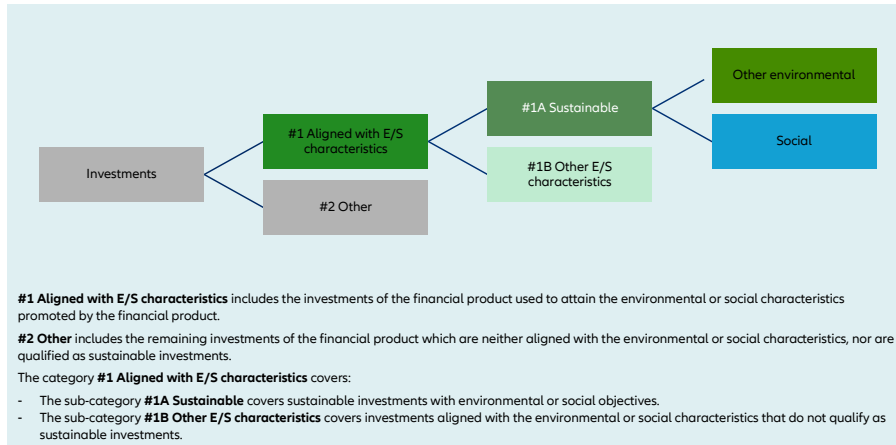
- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's net asset value in issuers pursuing business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated as described in the section "What investment strategy does this financial product follow?".
- Min. 50.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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





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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

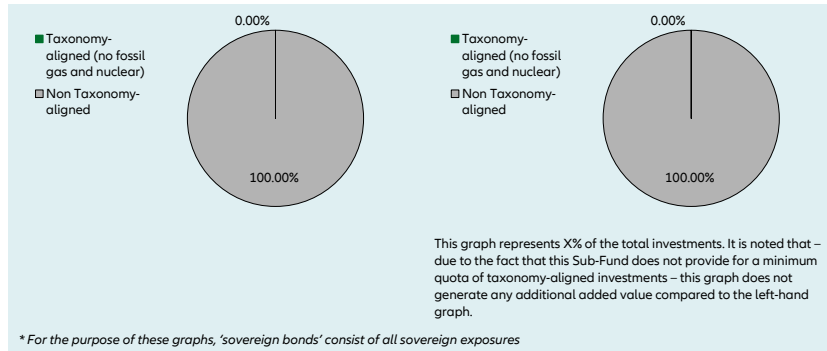
**1. Taxonomy-alignment of investments including sovereign bonds \***

**2. Taxonomy-alignment of investments excluding sovereign bonds \***

<sup>1</sup> 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.

Taxonomy-aligned activities are expressed as a share of:

- **revenue** 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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 50.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

• **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

• **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

Allianz Climate Transition Europe

Legal entity identifier: 52990080FLOXFRNVGP49

Environmental and/or social characteristics

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 30.00% 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**

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What environmental and/or social characteristics are promoted by this financial product?

Allianz Climate Transition Europe (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity) and invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach net zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a third step, the Investment Manager assesses issuers on multiple criteria such as 2050 ambition, emission reduction target, emissions performance relative to targets, emissions disclosure, transition plan, or capital allocation alignment. Issuers from high impact sectors have stricter fulfilment requirements than low impact sectors of the same bucket. Each issuer is then classified in one of the transition categories: (1) achieving Net Zero, (2) aligned to Net Zero, (3) aligning to Net Zero, (4) committed to Net Zero and (5) not aligned to Net Zero. Investments (excluding cash and derivatives) from issuers classified in (1) achieving Net Zero, (2) aligned to Net Zero, and (3) aligning to Net Zero are considered in the Net Zero Alignment Share before October 1, 2030. Based on this, the Investment Manager manages the Sub-Fund so that min. 30% of the portfolio is invested in

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<sup>1</sup><https://www.un.org/en/climatechange/paris-agreement>

[investments contributing to the Net Zero Alignment Share. From October 1, 2030 on, Investments \(excluding cash and derivatives\) from issuers classified in \(1\) achieving Net Zero and \(2\) aligned to Net Zero are considered in the Net Zero Alignment Share and the Net Zero alignment share of the Sub-Fund's portfolio needs to be at 50% or above.](#)

- Further, the Investment Manager will adhere to a minimum percentage of 30.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- [What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?](#)

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.
- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- [Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives \(other than credit default swaps\), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.](#)
- [The Net Zero Alignment Share of the portfolio: Percentage of the Sub-Fund's portfolio invested in issuers allocated to categories \(1\) to \(3\) before October 1, 2030 and percentage of the Sub-Fund's portfolio invested in issuers allocated to categories \(1\) and \(2\) from October 1, 2030 on. The calculation is described below in the section "What investment strategy does this financial product follow?".](#)
- [Percentage of the portfolio in issuers which have been assessed and been allocated into categories \(1\) to \(5\). The calculation is described below in the section "What investment strategy does this financial product follow?".](#)
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- [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?](#)

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- [For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are \(1\)](#)

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<sup>1</sup> <https://sdgs.un.org/goals>



[achieving Net Zero, \(2\) aligned to Net Zero or \(3\) aligning to Net Zero. Issuer \(4\) committed to Net Zero or \(5\) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.](#)

- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

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 anti-bribery matters.

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> <li>- <a href="#">Target to invest at least 30% of the Sub-Fund's portfolio into issuers contributing to the Net Zero alignment share, categories (1) to (3). From October 01, 2030, the Net Zero alignment share, categories (1) and (2), of the Sub-Fund's portfolio needs to be at 50% or above</a></li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European Equity markets with a focus on companies with an engagement in a transition into a low-carbon economy in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 90% of the issuers with an internal score of 2 or more and max. 10% of the issuers with an internal score between 1.5 and 2.

As a third step, the Investment Manager has developed a methodology, which leverages external data providers and internal research, to assess issuers' commitments, targets and ability to transition to meet Net Zero objective. The Investment Manager assesses issuers on multiple criteria, based on data at issuer level from external data providers, such as 2050 ambition, emission reduction target, emissions performance relative to targets, emissions disclosure, transition plan, or capital allocation alignment. Issuers from high impact sectors have stricter fulfillment requirements than low impact sectors of the same bucket. Each issuer is then classified in one of the transition categories: (1) achieving Net Zero, (2) aligned to Net Zero, (3) aligning to Net Zero, (4) committed to Net Zero and (5) not aligned to Net Zero. The Investment Manager will periodically review the methodology including framework and criteria as issuers' datasets are developing.

For at least 80% of the Sub-Fund's portfolio, issuers need to be classified into one of the five categories. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which the required data is not available such as cash and derivatives. Derivatives are generally not classified. Derivatives (other than credit default swaps), whose underlying is a single corporate issuer are, however, generally classified. The Investment Manager will strive to increase data coverage through engagement with data providers and/or issuers. The size of the portfolio for which no category is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- Investments (excluding cash and derivatives) from issuers classified in categories: (1) achieving Net Zero, (2) aligned to Net Zero, and (3) aligning to Net Zero are considered in the Net Zero Alignment Share before 1 October 2030. The Net Zero Alignment Share of the Sub-Funds is computed by aggregating the portfolio weights of the investments from issuers in the categories (1) to (3) before 1 October 2030.
- Investments (excluding cash and derivatives) from issuers classified in categories: (1) achieving Net Zero and (2) aligned to Net Zero are considered in the Net Zero Alignment Share from 1 October 2030 on. The Net Zero Alignment Share of the Sub-Funds is computed by aggregating the portfolio weights of the investments from issuers in the categories (1) to (2) after 1 October 2030.
- Until 30 September 2030, the Net Zero Alignment Share of the Sub-Fund's portfolio needs to be at 30% or above. From 1 October 2030, the Net Zero Alignment Share of the Sub-Fund's portfolio needs to be at 50% or above. In particular, thresholds applicable after 2030 will be set before 1 October 2030.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's portfolio Net Zero Alignment Share is in line with or higher than requirement.

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The Investment Manager must apply the [above steps](#) so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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Further, the Investment Manager commits to a minimum proportion of [30,00%](#) of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

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- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits [to select issuers which have been assessed and been classified into Net Zero categories \(1\) to \(5\) for at least 80% \(#1 Aligned with E/S characteristics\) of the Sub-Fund's portfolio.](#) The basis for the calculation of the [80%](#) threshold is the Sub-Fund's net asset value except instruments [for which such data does not exist](#) as described in the section "What investment strategy does this financial product follow?".
- Min. [30,00%](#) (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

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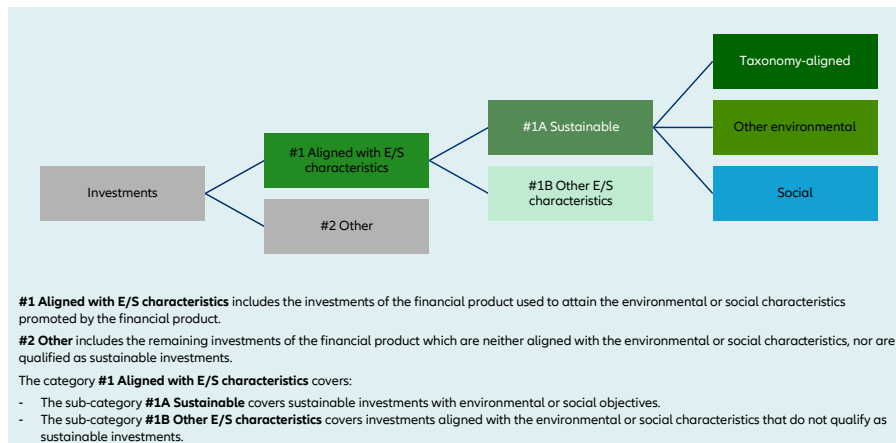
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The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. [30,00%](#)) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

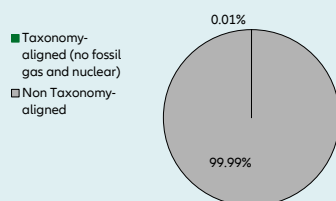
☐ In fossil gas ☐ In nuclear energy

☒ No

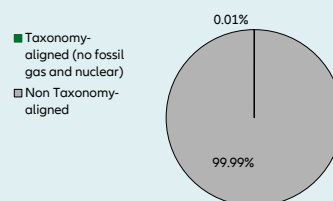
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

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.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

<sup>1</sup> 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.

**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.

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 30,00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30,00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Convertible Bond

Legal entity identifier: 5299001GCNUJ1XFXOL76

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Convertible Bond (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".



- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- 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?

The Investment Manager does not commit to a minimum share of 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?

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in convertible debt securities of European Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously lower than the GHG intensity of the Sub-Fund's benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 70% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund's GHG intensity is lower than the GHG intensity of the Sub-Fund's benchmark.
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

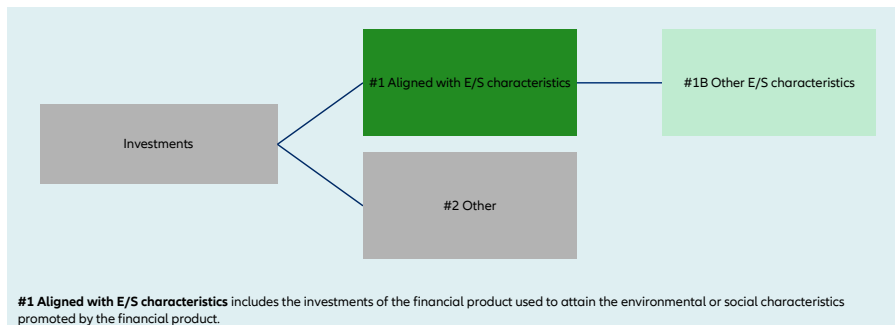
**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 70% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is lower than the GHG intensity of the Sub-Fund's benchmark.

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



**#2 Other** includes the remaining investments of the financial product which are neither aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

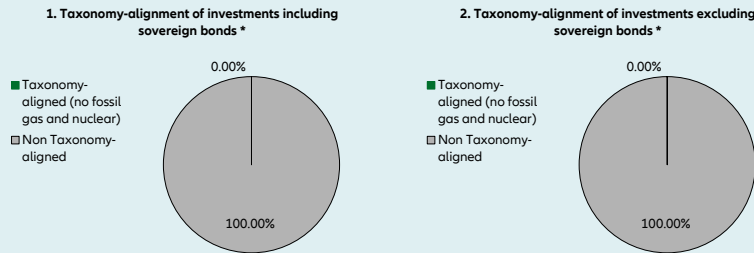
☒ No

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.

<sup>1</sup> 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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially sustainable investments.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### 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?

Yes, the Investment Manager has assigned the index “Refinitiv Europe Focus CB (EUR)” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund's benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark's methodology may be found at <https://www.lseg.com/en>.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Credit Opportunities

Legal entity identifier: 549300LLGF2AIIHIS736

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> Yes	<input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____ %	<input checked="" type="checkbox"/> 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 <b>20.00%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective ____ %	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments	

### What environmental and/or social characteristics are promoted by this financial product?

Allianz Credit Opportunities (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager commits to invest minimum 70% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. The Investment Manager will adhere to a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**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 Taxonomy** 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.



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

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?  
To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:
  - Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
  - Percentage of Sustainable Investments at the end of the financial year.
  - Percentage of assets invested in issuers which have been assessed according to the Sustainable Investments methodology. The calculation of the Sustainable Investments methodology is described below in the sections "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?" and "What investment strategy does this financial product follow?".
  - Percentage of investments that pass the assessment to not significantly harm environmental or social objectives.
  - Percentage of taxonomy-aligned investments at the end of the financial year.
- 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?  
The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.  
The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:
  - Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
  - For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
  - For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
  - The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- 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?  
To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

<sup>1</sup> <https://sdgs.un.org/goals>



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 anti-bribery matters

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?"
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

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  
☐ No



The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global Compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

What investment strategy does this financial product follow?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the Sustainable Investments methodology as far as such data is available. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective. For at least 80% of assets held in the Sub-Fund's portfolio such an assessment needs to be performed. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which Sustainable Investments data is not available such as cash and derivatives.

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

Lastly, the Investment Manager commits to invest minimum 70% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details and methods of determining significant harm of any environmental or social objective are described within 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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- [What is the policy to assess good governance practices of the investee companies?](#)

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

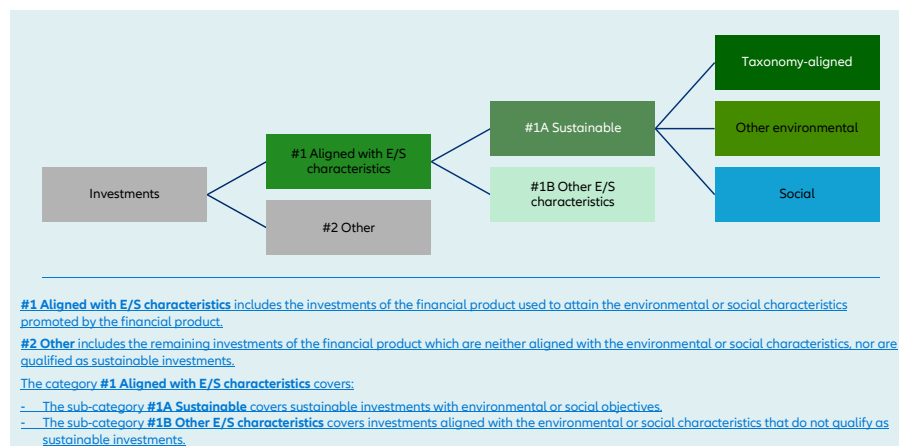
- [What is the asset allocation planned for this financial product?](#)

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 70% (#1 Aligned with E/S characteristics) in issuers which as assessed by the Investment Manager are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details of the assessment on whether issuers significantly harm any environmental or social objectives are described 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?".
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.



Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

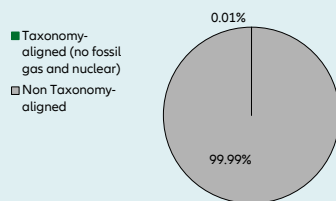
☐ In nuclear energy

☒ No

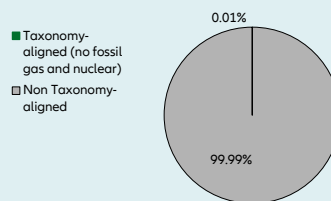
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

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.

**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.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How does the designated index differ from a relevant broad market index?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- Where can the methodology used for the calculation of the designated index be found?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Cyber Security**

Legal entity identifier: 529900I11GBTWP04NS84

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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>2.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Cyber Security (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 2.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The [Management Company](#) actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the [Management Company](#) also considers broader sustainability issues. Further details on the [Management Company's](#) approach to the exercise of voting rights and company engagement is set out in the [Management Company's](#) Stewardship Statement.
- The [Management Company](#) has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

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The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in the global Equity Markets with a focus on companies whose business will benefit from or is currently related to cyber security in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the [Management Company](#) may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

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In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 2.00% of Sub-Fund’s net asset value in Sustainable Investments.

- [What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?](#)

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- [What is the policy to assess good governance practices of the investee companies?](#)

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Further, the Management Company actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares).

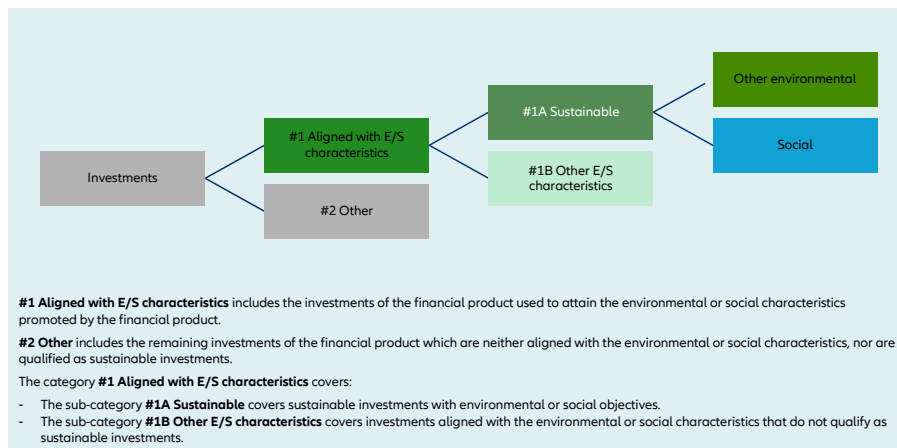
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 2.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

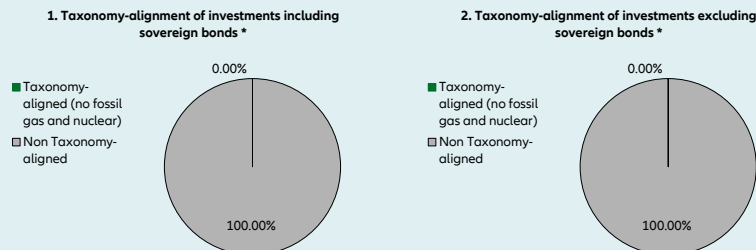
☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI AC World (ACWI) Information Technology Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/69aaf9fd-d91d-4505-a877-4b1ad70ee855> or at [www.msci.com](http://www.msci.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Dynamic Allocation Plus Equity

Legal entity identifier: 529900R0F5AODZYTEH16

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **20.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Dynamic Allocation Plus Equity (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

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

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
<b>PAI indicator applicable to sovereign and supranational issuers</b>	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in a broad range of asset classes, taking advantage of the risk and return opportunities of both, the global Equity Markets and a Multi Asset Long / Short approach in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

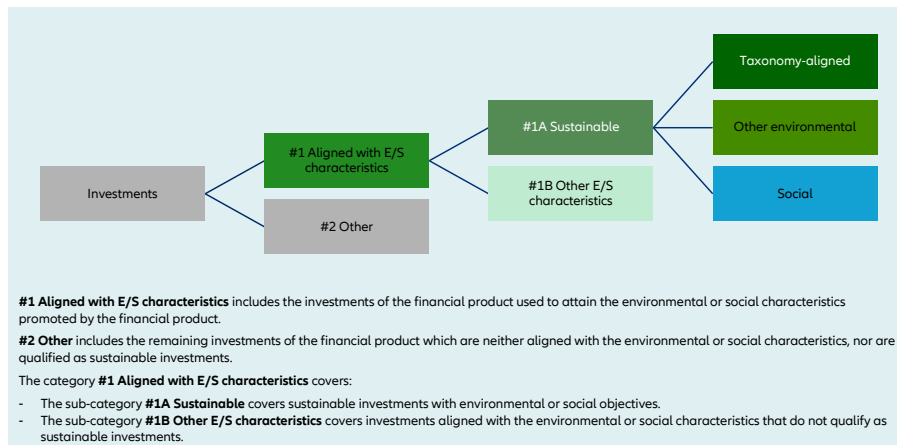
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

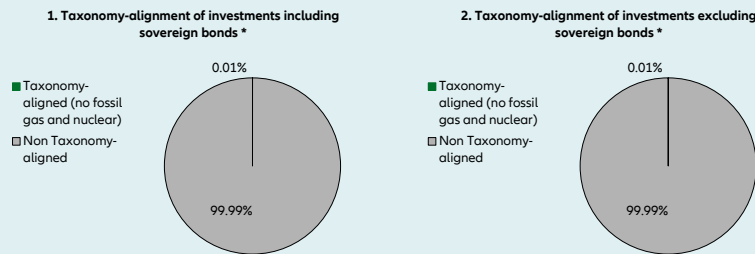
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



<sup>1</sup> 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.

included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Dynamic Multi Asset Strategy SRI 15

Legal entity identifier: 549300PQDMLKLFQGT068

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Dynamic Multi Asset Strategy SRI 15 (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.



- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the [Sub-Fund's assets](#) with a proprietary sustainability score of 1 or more [and assets in SFDR Article 8 & 9 Target Funds \("SFDR Target Funds"\)](#). The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- [For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are \(1\) achieving Net Zero, \(2\) aligned to Net Zero or \(3\) aligning to Net Zero. Issuer \(4\) committed to Net Zero or \(5\) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.](#)
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**
- To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.
- [How have the indicators for adverse impacts on sustainability factors been taken into account?](#)

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in a broad range of asset classes, with a focus on global Equity and Bond Markets in order to achieve over the medium to long-term a performance within a volatility range of 3% to 7% per annum in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from [exploration, mining, extraction, distribution or refining of thermal coal](#),
- active within the utility sector and generating more than 20% of their revenues from coal,
- [deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels](#),
- [deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels](#),
- [deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh](#),
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

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At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will only invest in debt issuers with an internal score of 1 or more and invest min. 80% of the equity issuers with an internal score of 1 or more.

Overall, the Investment Manager is required to invest min. 80% of the Sub-Fund assets in direct securities with an internal score or SFDR Target Funds.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score and invest in SFDR Target Funds described in 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?" for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's asset.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

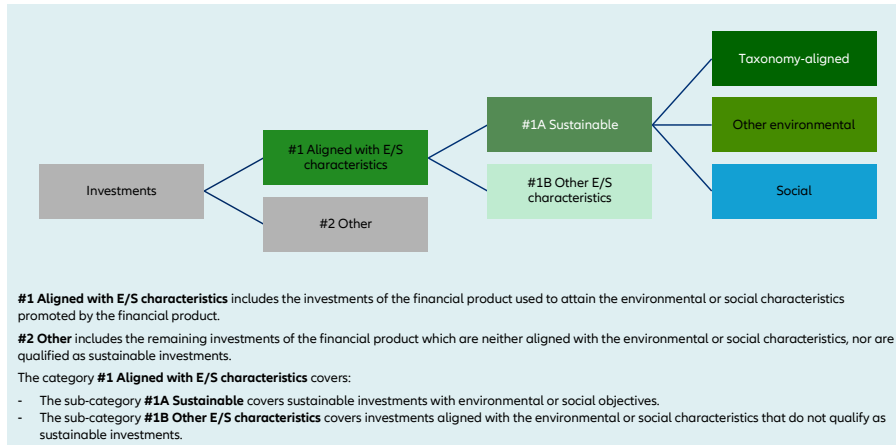
The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

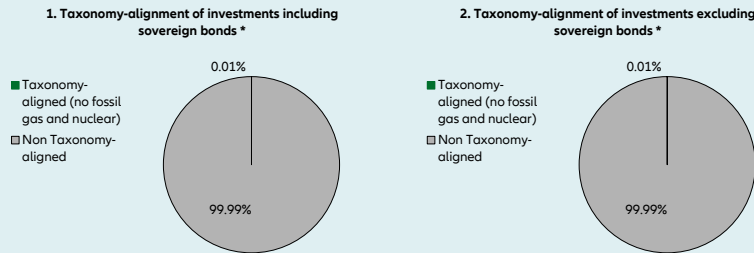
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Dynamic Multi Asset Strategy SRI 30

Legal entity identifier: 529900ISA0PI6X32ID83

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Dynamic Multi Asset Strategy SRI 30 (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the [Sub-Fund's assets](#) with a proprietary sustainability score of 1 or more [and assets in SFDR Article 8 & 9 Target Funds \("SFDR Target Funds"\)](#). The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- [For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are \(1\) achieving Net Zero, \(2\) aligned to Net Zero or \(3\) aligning to Net Zero. Issuer \(4\) committed to Net Zero or \(5\) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.](#)
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in a broad range of asset classes, with a focus on global Equity and Bond Markets in order to achieve over the medium to long-term a performance within a volatility range of 4% to 10% per annum in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from [exploration, mining, extraction, distribution or refining of thermal coal](#),
- active within the utility sector and generating more than 20% of their revenues from coal,
- [deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels](#),
- [deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels](#),
- [deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh](#),
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

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At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will only invest in debt issuers with an internal score of 1 or more and invest min. 80% of the equity issuers with an internal score of 1 or more.

Overall, the Investment Manager is required to invest min. 80% of the Sub-Fund assets in direct securities with an internal score or SFDR Target Funds.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score and invest in SFDR Target Funds described in 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?" for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's asset.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

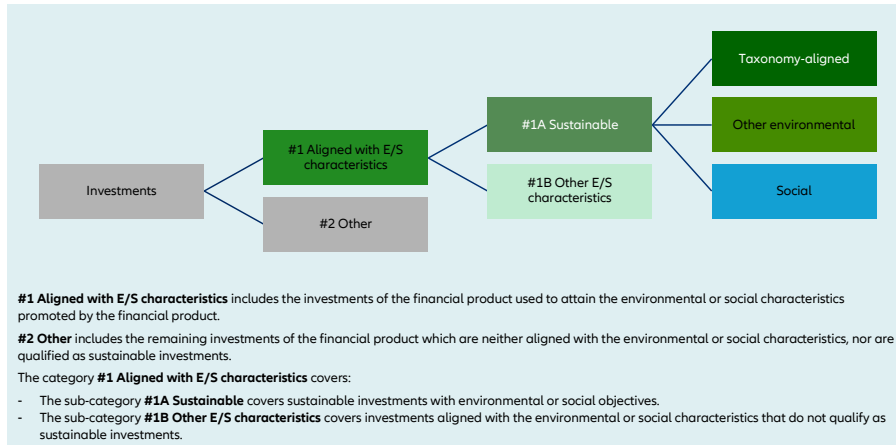
Asset allocation describes the share of investments in specific assets.

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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

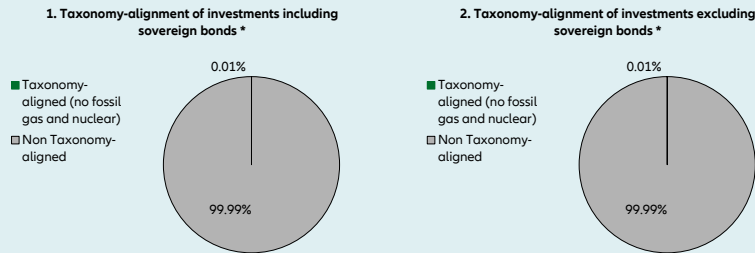
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Dynamic Multi Asset Strategy SRI 50

Legal entity identifier: 529900NLULWWNUAUMG29

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **15.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Dynamic Multi Asset Strategy SRI 50 (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 15.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the [Sub-Fund's assets](#) with a proprietary sustainability score of 1 or more [and assets in SFDR Article 8 & 9 Target Funds \("SFDR Target Funds"\)](#). The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- [For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are \(1\) achieving Net Zero, \(2\) aligned to Net Zero or \(3\) aligning to Net Zero. Issuer \(4\) committed to Net Zero or \(5\) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.](#)
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global Compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in a broad range of asset classes, with a focus on global Equity and Bond Markets in order to achieve over the medium to long-term a performance within a volatility range of 6% to 12% per annum in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

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At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will only invest in debt issuers with an internal score of 1 or more and invest min. 80% of the equity issuers with an internal score of 1 or more.

Overall, the Investment Manager is required to invest min. 80% of the Sub-Fund assets in direct securities with an internal score or SFDR Target Funds.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 15.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score and invest in SFDR Target Funds described in 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?" for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's asset.
- Min. 15.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.

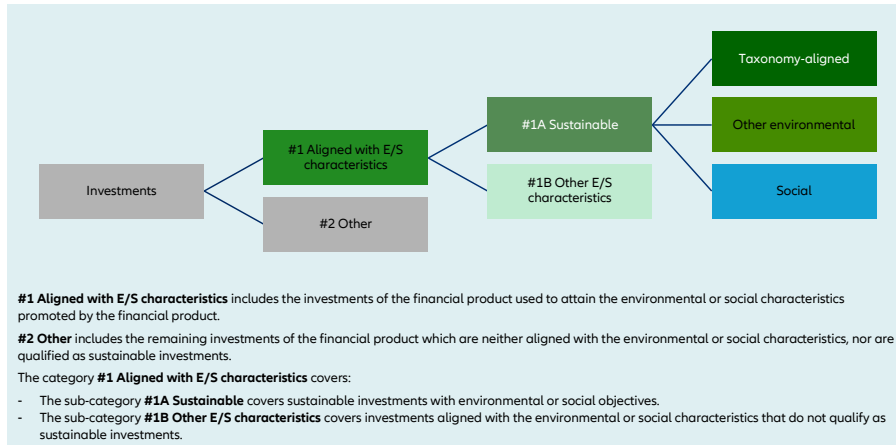
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

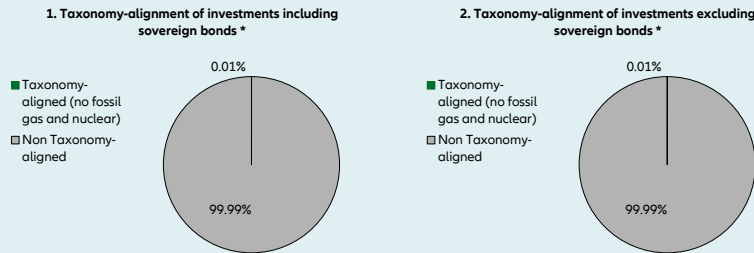
Taxonomy-aligned activities are expressed as a share of:

- **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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 15.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Dynamic Multi Asset Strategy SRI 75

Legal entity identifier: 549300MVG26JNLKWO33

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **20.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Dynamic Multi Asset Strategy SRI 75 (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the [Sub-Fund's assets](#) with a proprietary sustainability score of 1 or more [and assets in SFDR Article 8 & 9 Target Funds \("SFDR Target Funds"\)](#). The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- [For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are \(1\) achieving Net Zero, \(2\) aligned to Net Zero or \(3\) aligning to Net Zero. Issuer \(4\) committed to Net Zero or \(5\) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.](#)
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in a broad range of asset classes, with a focus on global Equity and Bond Markets in order to achieve over the medium to long-term a performance within a volatility range of 10% to 16% per annum in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from [exploration, mining, extraction, distribution or refining of thermal coal](#),
- active within the utility sector and generating more than 20% of their revenues from coal,
- [deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels](#),
- [deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels](#),
- [deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh](#),
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

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At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will only invest in debt issuers with an internal score of 1 or more and invest min. 80% of the equity issuers with an internal score of 1 or more.

Overall, the Investment Manager is required to invest min. 80% of the Sub-Fund assets in direct securities with an internal score or SFDR Target Funds.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score and invest in SFDR Target Funds described in 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?" for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's asset.
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

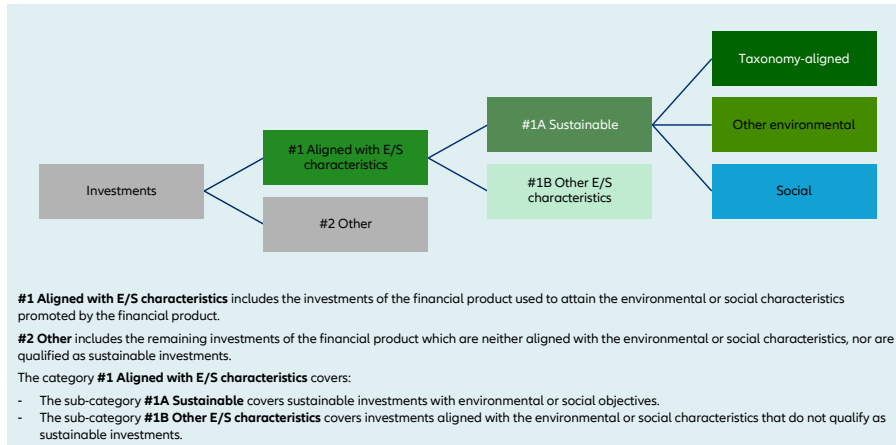
The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.

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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

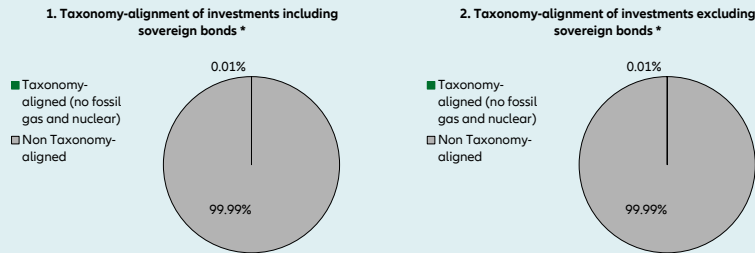
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Emerging Markets Equity SRI

Legal entity identifier: 5299008XMKNR6M71KE54

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Emerging Markets Equity SRI (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at class 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a second step, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investee issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

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- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Equities of global Emerging Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1 or more.

As a second step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 5% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco

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- deriving more than 5% of their revenues from the sum of (i) the production of and (ii) providing services in relation to hydraulic fracturing,
- deriving more than 10% of their revenues from the production of alcohol (limited to spirits),
- deriving more than 5% of their revenues from the production of agricultural genetically modified organisms ("GMOs"),
- deriving more than 10% of their revenues from the sum of (i) the production of and (ii) providing services in relation to nuclear power,
- involved in the production of arctic drilling,
- deriving more than 5% of their revenues from gambling,
- deriving more than 5% of their revenues from the (i) production or (ii) exploration of oil sands,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 5% of their revenues from the (i) production or (ii) distribution/sales of pornography.

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Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

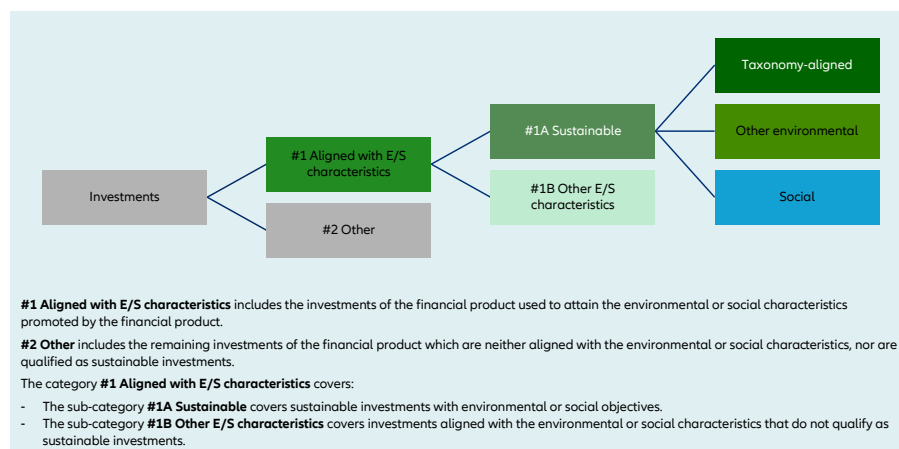
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".

- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

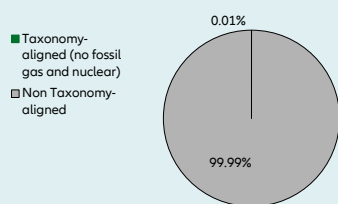
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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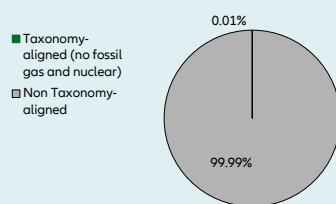
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The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds<sup>2</sup>, the first graph shows the Taxonomy-alignment 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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be

<sup>1</sup> 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.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

**No**, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How does the designated index differ from a relevant broad market index?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- Where can the methodology used for the calculation of the designated index be found?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

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



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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**Deleted:** the index “MSCI Emerging Markets Ext. SRI 5% Issuer Capped Total Return Net” as the Sub-Fund’s benchmark

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**Deleted:** The Sub-Fund uses an SRI benchmark which is however not completely aligned with the environmental or social characteristics promoted by the sub-fund. The MSCI Emerging Markets SRI 5% Issuer Capped Index captures large and mid cap stocks across 24 Emerging Markets (EM) countries. The Index is a capitalization weighted index that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts.

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**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund’s investment strategy

**Deleted:** The benchmark uses ESG criteria as well as exclusion criteria for index construction

**Deleted:** Details of the Benchmarks’ methodology may be found at <https://www.msci.com/documents/10199/f999c363-a604-415a-baa9-8cf9fe05f1e0> or at [www.msci.com](https://www.msci.com)...

Template 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:

## Allianz Emerging Markets SRI Bond

Legal entity identifier: 529900V4JP0EVDIGZD94

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>5.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Emerging Markets SRI Bond (the "Sub-Fund") mainly invests in sovereign and quasi sovereign issuers and promotes a broad range of environmental, social, and governance characteristics. The Sub-Fund does so by:

- Identifying sovereign issuers that generally perform better with respect to sustainability aspects and then assign them an internal score. The score is based on environmental, social, and governance factors and represents an internal assessment assigned to a sovereign issuer by the Investment Manager. Within the investment process the score is also considered when selecting specific sovereigns.
- For corporate issuers the Investment Manager applies exclusion criteria for direct investments. This comprises of certain corporate issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights. In addition, corporate issuers are assigned an internal score and such score is considered within the investment process.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.
- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

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- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights, or sovereign issuers with an insufficient Freedom House Index score do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

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**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

**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 anti-bribery matters

<sup>1</sup> <https://sdgs.un.org/goals>

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in sovereign and quasi-sovereign Debt Securities of global Emerging Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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 Investment Manager identifies sovereign issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and currently ends at 10 (highest). The scores represent an internal assessment assigned to an issuer by the Investment Manager. Scores for sovereigns are reviewed at least twice a year.

The Scoring process comprises the following:

- The Investment Manager uses relevant indicators from various sources, including public sources (e.g. NGO publications).
- The Investment Manager calculates a score for all investible Emerging Market countries. This ranks the Sub-Fund's universe of investible emerging countries. For instance, the governance pillar includes indicators measuring the extent of corruption, the strength of the state, respect for obligations or fiscal transparency. These are key factors which often lead to changes in sovereign creditworthiness. The internal scoring model

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



also includes environmental and social factors, such as measures of inequality or health and education, which signal a country's ability to achieve sustainable growth over time.

- The Investment Manager calculates an average score for each of the three pillars. Then, the Investment Manager excludes countries falling in the bottom 10% scores on any of the three (i) environmental, (ii) social, and (iii) governance pillars. The aim of the scoring model is to insulate portfolios from the worst offenders on each ESG dimension. Even if a country performs better in one or two pillars, if a particularly bad performance in a single pillar is identified the issuer is consequently excluded.
- The Investment Manager calculates an average score for the environmental, social and governance pillars. Given emerging markets' specificity, different weights are assigned to each one of the pillars. The Investment Manager selects from the remaining investment universe issuers by taking into account within the investment process the average score.

As far as corporate issuers are concerned, the Investment Manager applies as a first step the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons or (ii) military equipment and military services,
- deriving more than 1% of their revenues from [exploration, mining, extraction, distribution or refining of thermal coal](#),
- active within the utility sector and generating more than 20% of their revenues from coal,
- [deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels](#),
- [deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels](#),
- [deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh](#),
- [involved in the production of tobacco](#), or [deriving more than 5% of their revenues from the distribution of tobacco](#).

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**Deleted:** securities issued by companies involved in the distribution of tobacco with

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

**Deleted:** on a monthly basis

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. Setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors

human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure).

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

At least 90% of the Sub-Fund's portfolio is internally scored based on the processes described above. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The Investment Manager must apply the above steps (as far as sovereign and/or corporate issuers are concerned) so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

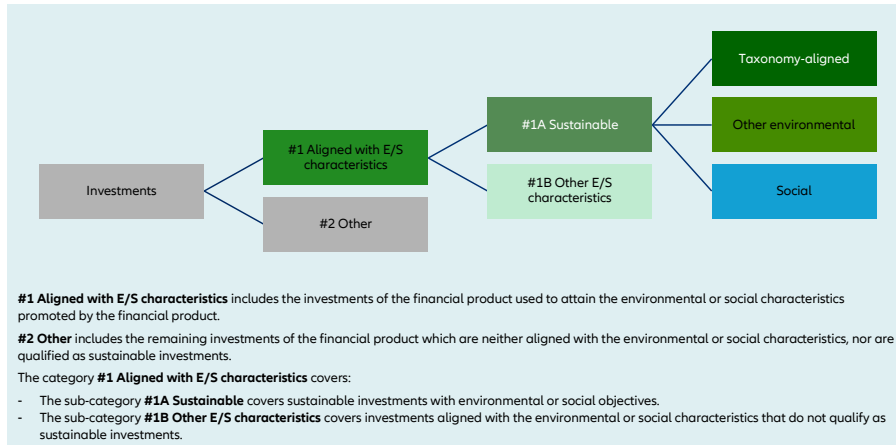
## What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

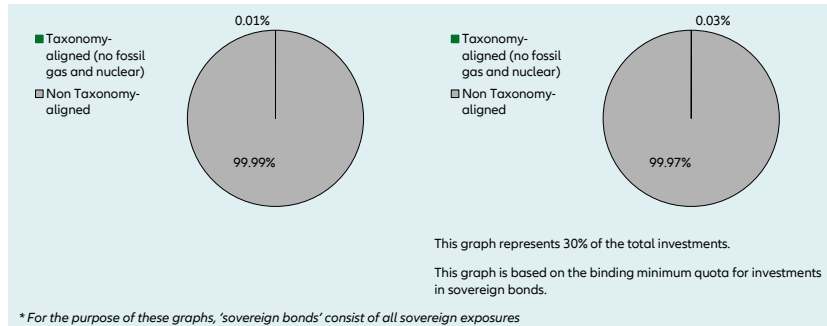
**1. Taxonomy-alignment of investments including sovereign bonds \***

**2. Taxonomy-alignment of investments excluding sovereign bonds \***

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.

<sup>1</sup> 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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under "#2 Other" are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category "#2 Other" for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

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**Deleted:** the index "J.P. MORGAN ESG Emerging Market Bond (EMBI) Global Diversified Total Return" as the Sub-Fund's benchmark

**Deleted:** The Sub-Fund uses an ESG benchmark which is however not completely aligned with the environmental or social characteristics promoted by the sub-fund. The Benchmark applies an ESG scoring and screening methodology to tilt toward issuers ranked higher on ESG criteria and green bond, and to underweight and remove issuers that rank lower

**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund's investment strategy

- How does the designated index differ from a relevant broad market index?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- Where can the methodology used for the calculation of the designated index be found?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

**Deleted:** The benchmark uses ESG criteria as well as exclusion criteria for index construction

**Deleted:** Details of the Benchmarks' methodology may be found at <https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/composition-docs/pdf-30.pdf> or at [www.jpmorgan.com](http://www.jpmorgan.com)

[Where can I find more product specific information online?](#)

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

**Allianz Emerging Markets Corporate Bond**

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Legal entity identifier: 529900G3RBZLNLUYXA43

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **5.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Emerging Markets Corporate Bond (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

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Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:





PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global Compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in corporate Debt Securities of global Emerging Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers, an internal scoring model weighting various environmental, social and governance factors is applied for which the Freedom House Index<sup>1</sup> is considered as one criterion amongst further criteria. Debt Securities of issuers other than sovereign issuers may not be acquired if the respective issuer's country does not meet the requirements of the aforesaid internal scoring model.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

Deleted: on a monthly basis

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored corporate issuers, the Investment Manager will invest in those issuers with an internal score of 1.5 or more.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



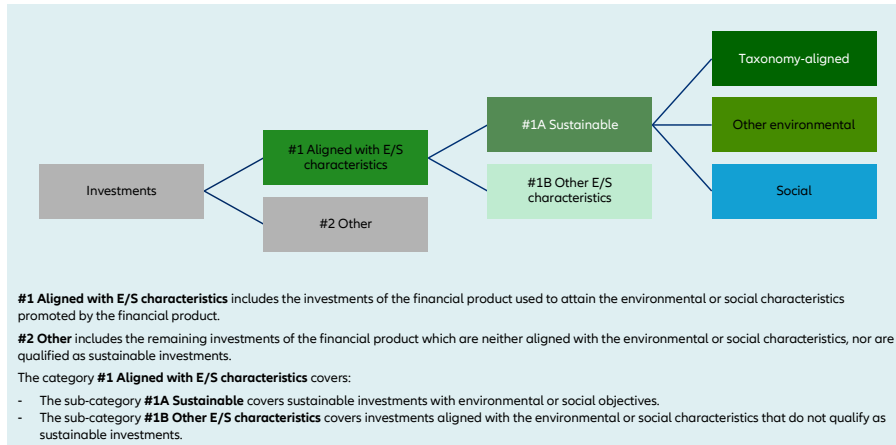
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?"
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

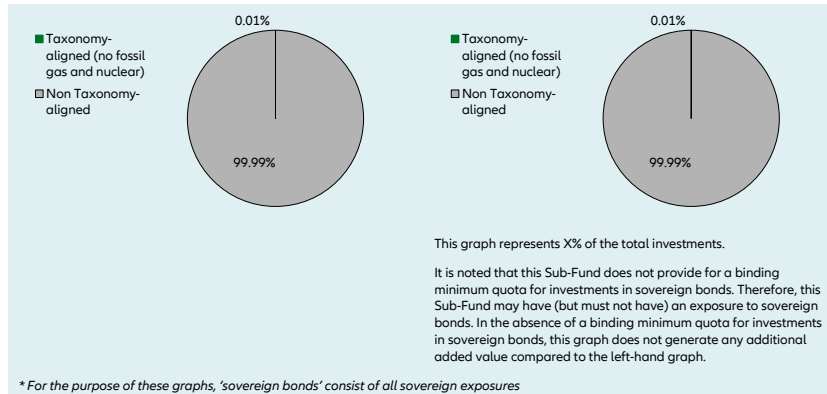
1. Taxonomy-alignment of investments including sovereign bonds \*

2. Taxonomy-alignment of investments excluding sovereign bonds \*

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.

<sup>1</sup> 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.



**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

**Deleted:** Yes

**Deleted:** the index “J.P. MORGAN ESG Corporate Emerging Markets Bond (CEMBI) Broad Diversified Total Return” as the Sub-Fund’s benchmark

**Deleted:** The Sub-Fund uses an ESG benchmark which is however not completely aligned with the environmental or social characteristics promoted by the sub-fund. The Benchmark applies an ESG scoring and screening methodology to tilt toward issuers ranked higher on ESG criteria and green bond, and to underweight and remove issuers that rank lower.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- How does the designated index differ from a relevant broad market index?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- Where can the methodology used for the calculation of the designated index be found?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund's investment strategy

**Deleted:** The benchmark uses ESG criteria as well as exclusion criteria for index construction

**Deleted:** Details of the Benchmarks' methodology may be found at  
<https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/composition-docs/jp-morgan-esg-cembi-broad-diversified-index.pdf> or .com

Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Enhanced Short Term Euro

Legal entity identifier: 549300S8WEDESAOX7W77

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **2.50%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Enhanced Short Term Euro (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 2.50% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 1 or more. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth above the average return of the Euro money markets by investing in global Bond Markets with Euro exposure in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948’s Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

**Deleted:** on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Further, the Investment Manager commits to a minimum proportion of 2.50% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

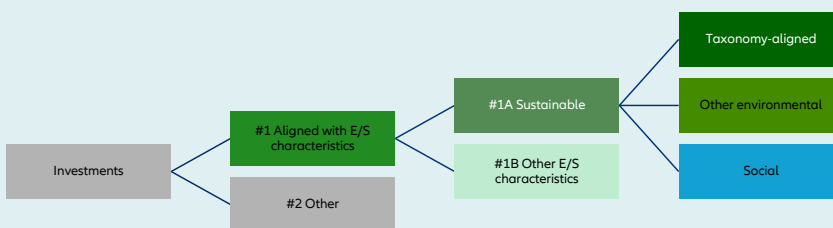
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 70% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 2.50% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.50%) irrespective of their contribution to environmental and/or social objectives.



**#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 aligned 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?**

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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

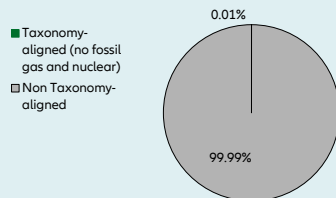
☐ In nuclear energy

☒ No

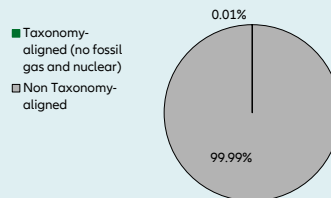
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup>, 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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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.

<sup>1</sup> 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.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.50%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.50%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Euro Balanced**

Legal entity identifier: 529900R48QOZDVDDMW24

#### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>7.50%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro Balanced (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 7.50% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

Deleted:

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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Eurozone Equity Markets and Eurozone Government Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will only invest in debt issuers with an internal score of 1 or more and invest min. 80% of the equity issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 7.50% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

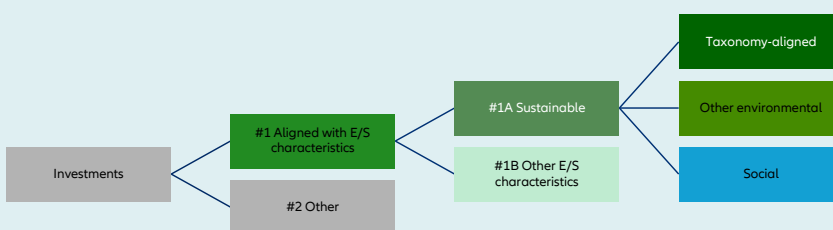
Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 7.50% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 7.50%) irrespective of their contribution to environmental and/or social objectives.



**#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.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

**#2 Other** includes the remaining investments of the financial product which are neither aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

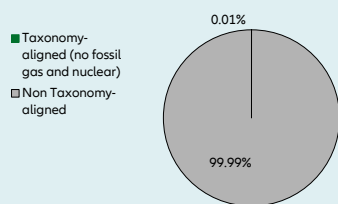
☐ In nuclear energy

☒ No

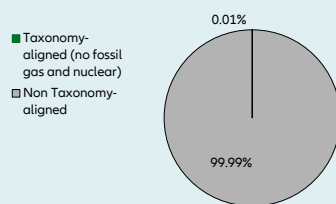
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents 70% of the total investments.

This graph is based on the binding minimum quota for investments in sovereign bonds.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

<sup>1</sup> 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.

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.

**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.

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 7.50%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 7.50%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Euro Bond

Legal entity identifier: 4JPESYE6XYML1UXRJ264

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **3.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro Bond (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 3.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital above the long-term average return in Euro terms by investing in Debt Securities with Euro exposure of global Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

This Sub-Fund is invested in assets that cannot be sold at present due to political, economic or other restrictions and/or requirements imposed by third parties over which Allianz Global Investors has no influence. This circumstance leads to the Sub-Fund being invested in assets which do not or not fully comply with the investment policy of the Sub-Fund, or the sustainable investment approach pursued by the Sub-Fund. However, such investments represent an absolutely marginal position in the Sub-Fund’s assets. As soon as the aforementioned restrictions and/or requirements regarding such assets have been lifted or relaxed and a complete and/or partial sale of the aforementioned assets becomes possible, Allianz Global Investors will immediately make use of this possibility.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 3.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

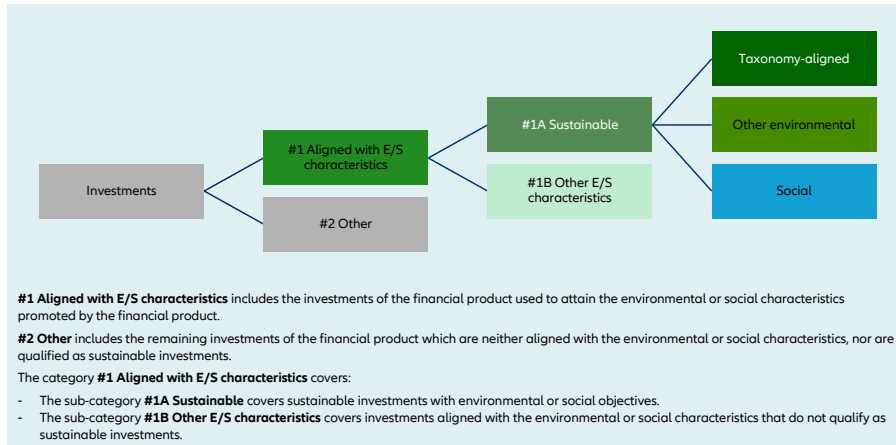
#### **What is the asset allocation planned for this financial product?**

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 3.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

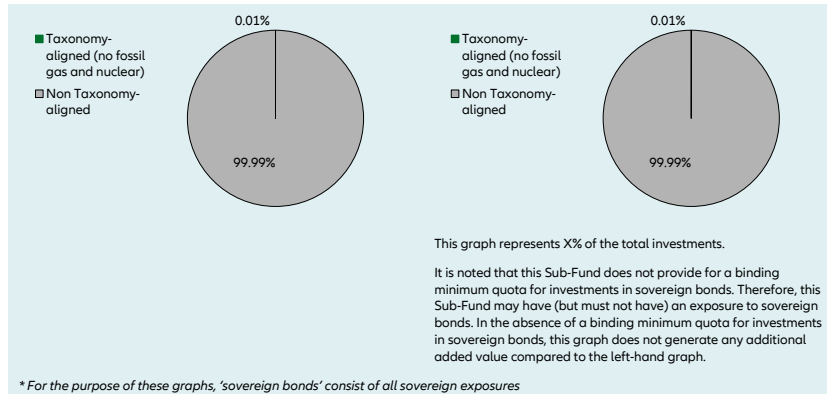
1. Taxonomy-alignment of investments including sovereign bonds \*

2. Taxonomy-alignment of investments excluding sovereign bonds \*

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.

<sup>1</sup> 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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 3.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- Where can the methodology used for the calculation of the designated index be found?

- A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Euro Bond Short Term 1-3 Plus

Legal entity identifier: 5493007JLYJUN37K611

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **1.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro Bond Short Term 1-3 Plus (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 1.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.



- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth above the medium-term average return in Euro terms by investing in Debt Securities with Euro exposure of global Bonds Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 1.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

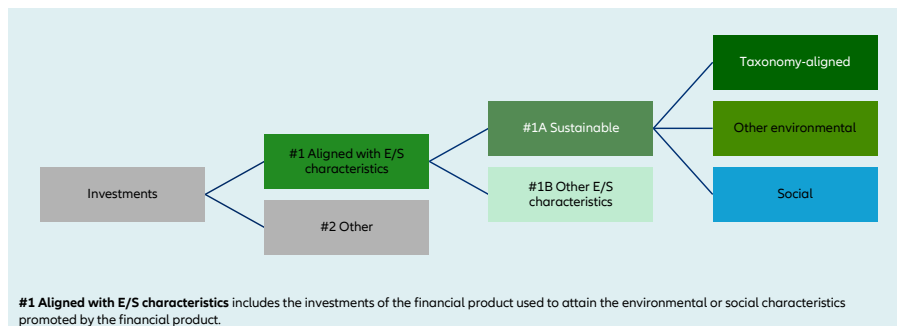
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 1.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.00%) irrespective of their contribution to environmental and/or social objectives.

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



**#2 Other** includes the remaining investments of the financial product which are neither aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

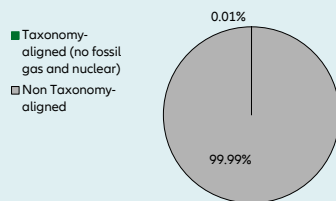
☐ In nuclear energy

☒ No

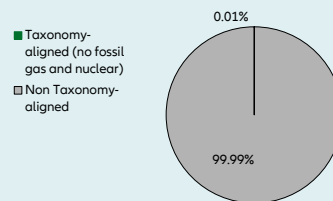
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> 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.

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.

**Enabling activities directly**

**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 1.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **Where can the methodology used for the calculation of the designated index be found?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Euro Credit SRI

Legal entity identifier: 529900VVLGKMM7VV9P20

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>15.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro Credit SRI (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 15.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.



- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Investment Grade rated Debt Securities of OECD or EU Bond Markets denominated in EUR in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from [exploration, mining, extraction, distribution or refining of thermal coal](#),
- active within the utility sector and generating more than 20% of their revenues from coal,
- [deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels](#),
- [deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels](#),
- [deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh](#),
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

Deleted: on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 90% of the issuers with an internal score of 2 or more and max. 10% of the issuers with an internal score between 1.5 and 2.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 15.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



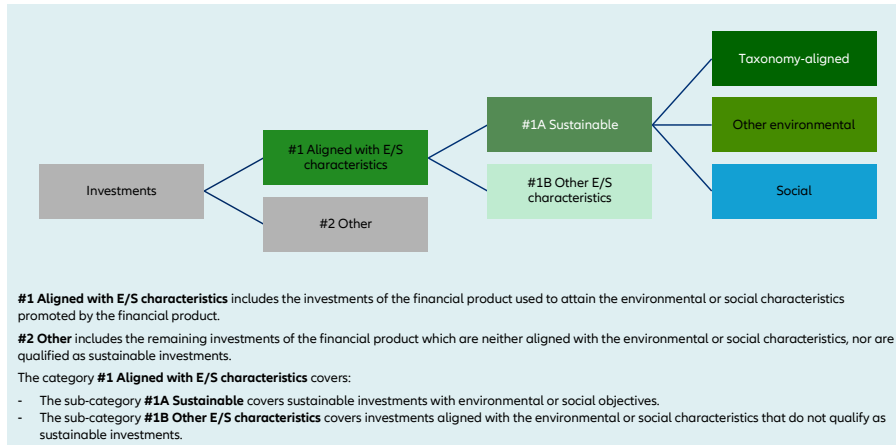
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 15.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

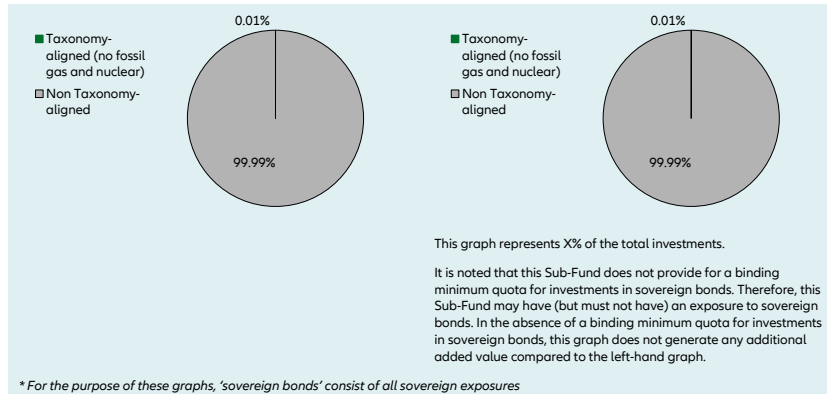
1. Taxonomy-alignment of investments including sovereign bonds \*

2. Taxonomy-alignment of investments excluding sovereign bonds \*

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.

<sup>1</sup> 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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 15.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- Where can the methodology used for the calculation of the designated index be found?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Euro Government Bond

Legal entity identifier: 529900Z9QTQFM4SHJL76

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **1.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro Government Bond (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 1.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy

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

does this financial product follow?”. The basis for the calculation is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm (“DNSH”) assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects (“Project Bonds”) contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts (“PAI”) on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?”.
- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in government Debt Securities of the Eurozone Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948’s Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 2 or more.

Deleted: on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Further, the Investment Manager commits to a minimum proportion of 1.00% of Sub-Fund's net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

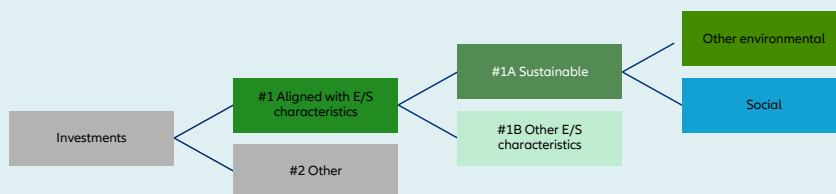
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 1.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of Sustainable Investments with an environmental objective aligned with the EU Taxonomy. The overall Sustainable Investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

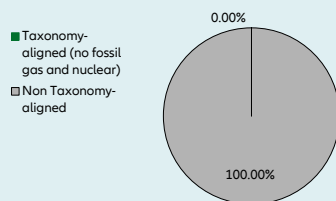
☐ In nuclear energy

☒ No

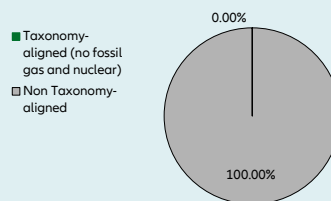
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 1.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>1</sup> 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.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Euro High Yield Bond

Legal entity identifier: IS7IKH6HMU9CTMM3VM48

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>5.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro High Yield Bond (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in high yield rated Debt Securities denominated in EUR in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 70% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



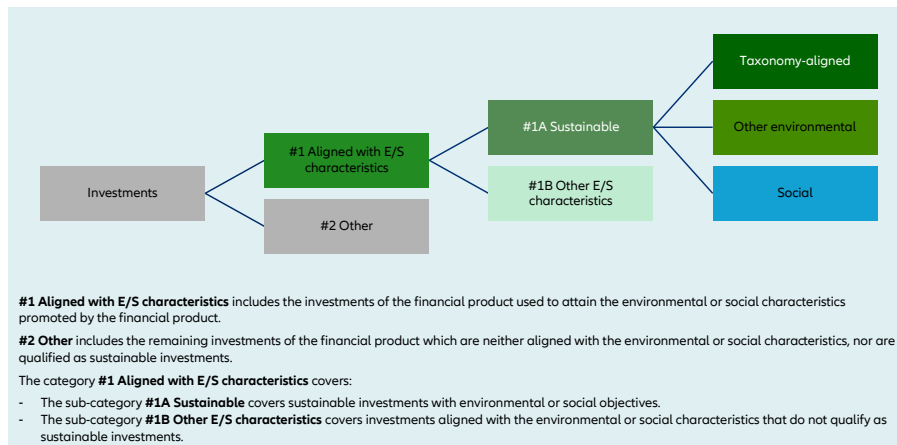
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 70% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.

The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

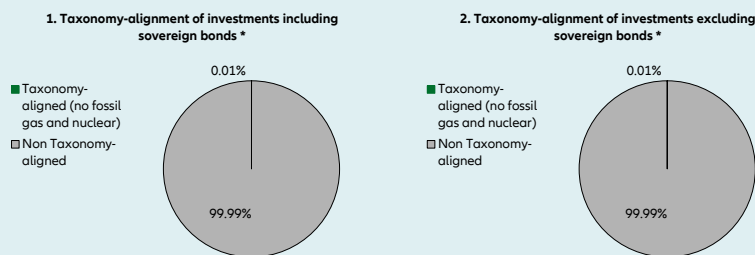
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

Yes, the Investment Manager has assigned the index “ICE BOFAML Euro High Yield BB-B Constrained” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://indices.ice.com/>.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Euro High Yield Defensive

Legal entity identifier: 529900SMJDSY6Z0GRB53

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **20.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro High Yield Defensive (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager commits to invest minimum 60% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. The Investment Manager will adhere to a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of assets invested in issuers which have been assessed according to the Sustainable Investments methodology. The calculation of the Sustainable Investments methodology is described below in the sections "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?" and "What investment strategy does this financial product follow?".
- Percentage of investments that pass the assessment to not significantly harm environmental or social objectives.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

Deleted:

<sup>1</sup> <https://sdgs.un.org/goals>

**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 anti-bribery matters.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?"
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Debt Securities of European bond markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the Sustainable Investments methodology as far as such data is available. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective. For at least 70% of assets held in the Sub-Fund's portfolio such an assessment needs to be performed. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments for which Sustainable Investments data is not available such as cash and derivatives.

Further, the Investment Manager commits to a minimum proportion of 20% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

Lastly, the Investment Manager commits to invest minimum 60% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details and methods of determining significant harm of any environmental or social objective are described within 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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



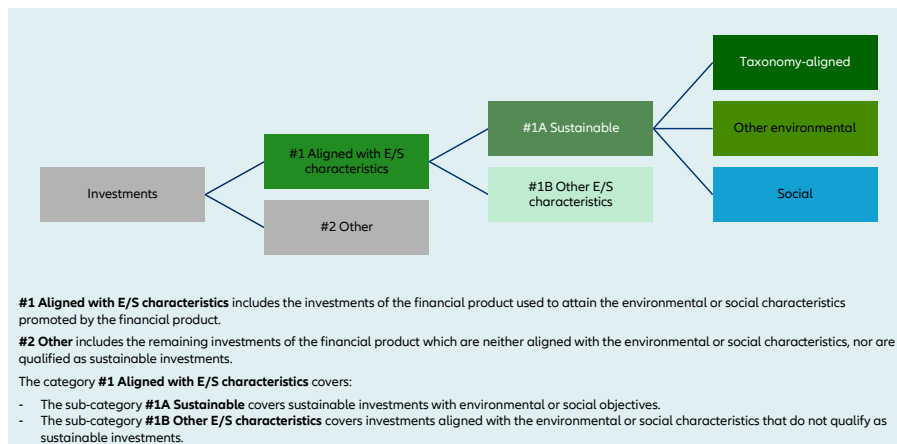
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 60% (#1 Aligned with E/S characteristics) in issuers which as assessed by the Investment Manager are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details of the assessment on whether issuers significantly harm any environmental or social objectives are described 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?".
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

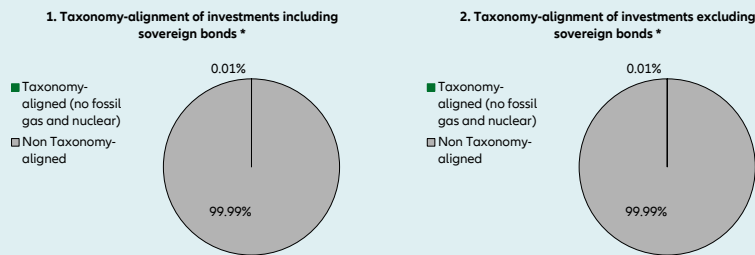
☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

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.

**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.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Euro Inflation-linked Bond

Legal entity identifier: 52990048RHL MIXREUF14

### 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 Taxonomy** 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** of \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of \_\_%

☐ 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euro Inflation-linked Bond (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored.

Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- **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?**

The Investment Manager does not commit to a minimum share of 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?**

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

☒ Yes

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Debt Securities of OECD or EU Bond Markets with a focus on inflation-linked bonds in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

Deleted: on a monthly basis

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 90% of the issuers with an internal score of 2 or more and max. 10% of the issuers with an internal score between 1.5 and 2.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

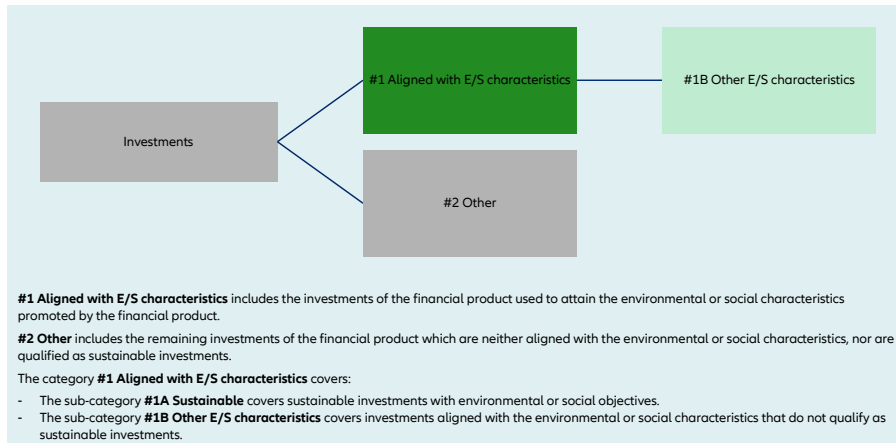
- The Investment Manager commits to employ the internal score described in the section "What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

characteristics promoted by this financial product?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- [Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?](#)

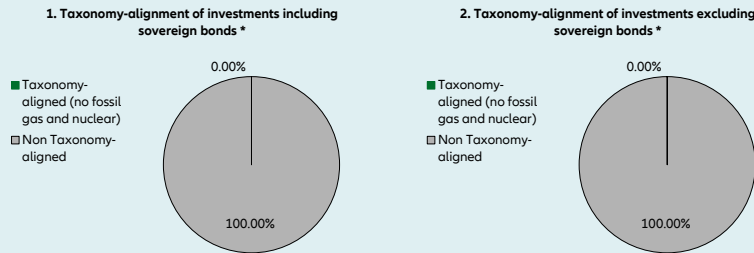
- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

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.

<sup>1</sup> 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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially sustainable investments.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

- **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Euroland Equity Growth

Legal entity identifier: 549300P15C6H38NBO527

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Euroland Equity Growth (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".



- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- 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?

The Investment Manager does not commit to a minimum share of 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?

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in the Equity Markets of the Eurozone with a focus on growth stocks in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund's benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund's GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund's benchmark.
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

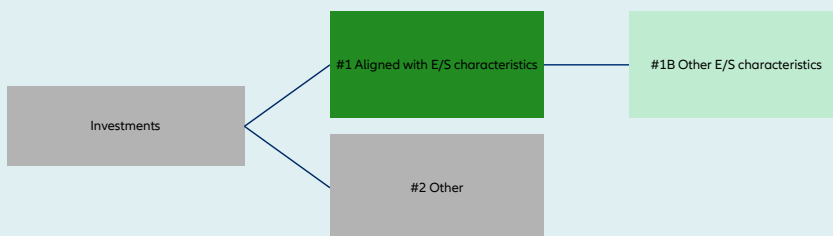
**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.

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



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

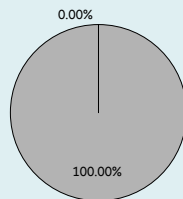
Taxonomy-aligned activities are expressed as a share of:

- **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.

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<sup>2</sup>, 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.

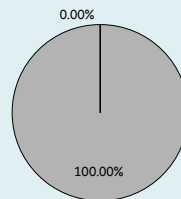
**1. Taxonomy-alignment of investments including sovereign bonds \***

■ Taxonomy-aligned (no fossil gas and nuclear)  
□ Non Taxonomy-aligned



**2. Taxonomy-alignment of investments excluding sovereign bonds \***

■ Taxonomy-aligned (no fossil gas and nuclear)  
□ Non Taxonomy-aligned



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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 Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

 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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially sustainable investments.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “S&P Eurozone Large Mid Cap Growth Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.spglobal.com/spdji/en/indices/equity/sp-eurozone-largemidcap/#overview> or at [www.spglobal.com](https://www.spglobal.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Europe Equity Growth

Legal entity identifier: 549300N3S28ICP3HG051

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Europe Equity Growth (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".

- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- 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?

The Investment Manager does not commit to a minimum share of 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?

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



#### Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European Equity Markets with a focus on growth stocks in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.



metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund's benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund's GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund's benchmark.
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

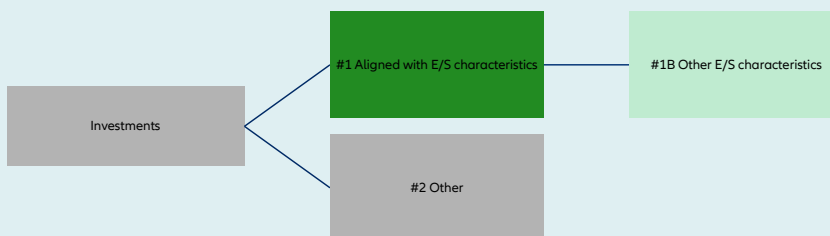
**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.

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



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

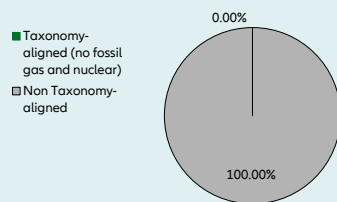
☒ No

Taxonomy-aligned activities are expressed as a share of:

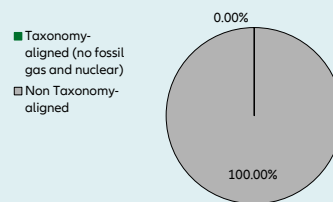
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy,
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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<sup>2</sup>, 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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

<sup>1</sup> 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 Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

 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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially sustainable investments.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “S&P Europe Large Cap Growth Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.spglobal.com/spdji/en/indices/equity/sp-europe-largemidcap/#overview> or at [www.spglobal.com](http://www.spglobal.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Europe Equity Growth Select

Legal entity identifier: 549300UEVM0IKP1RGZ24

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Europe Equity Growth Select (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".

- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- 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?

The Investment Manager does not commit to a minimum share of 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?

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European Equity Markets with a focus on growth stocks of large market capitalization companies in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund's benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund's GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund's benchmark.
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

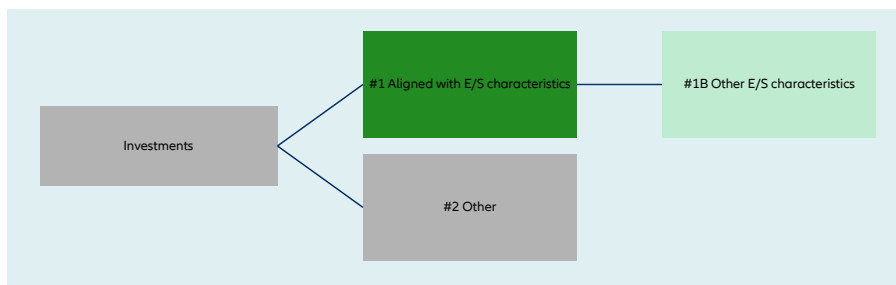
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.

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



**#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 aligned 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?

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

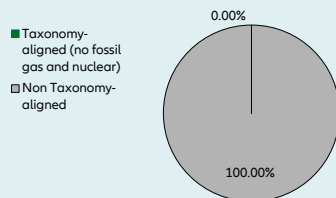
☒ No

Taxonomy-aligned activities are expressed as a share of:

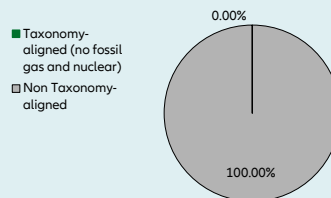
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

<sup>1</sup> 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 Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

 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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially sustainable investments.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “S&P Europe Large Cap Growth Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.spglobal.com/spdji/en/indices/equity/sp-Europe-largecap-eur/> or at [www.spglobal.com](http://www.spglobal.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

Allianz Europe Equity SRI

Legal entity identifier: 529900YVCW4Q1OX95C76

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 Taxonomy** 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: \_\_%

☐

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

☐

It will make a minimum of sustainable investments with a social 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 30.00% of sustainable investments

☒

with an environmental objective in economic activities that 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 promotes E/S characteristics, but will not make any sustainable investments

Deleted: 15

What environmental and/or social characteristics are promoted by this financial product?

Allianz Europe Equity SRI (the “Sub-Fund”) promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers the Investment Manager selects those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.

Further, the Investment Manager will adhere to a minimum percentage of 30.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section “What investment strategy does this financial product follow?”.

Deleted: • In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is lower than the GHG intensity of the Sub-Fund’s benchmark.¶

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.
- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

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- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

Deleted: - The GHG intensity of the Sub-Fund compared to the GHG intensity of the benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?"¶

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section "What are the binding

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?”.

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:



PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

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- Target to manage the GHG intensity of the Sub-Fund below its benchmark

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.



## What investment strategy does this financial product follow?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- [developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons \(anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons\).](#)
- [deriving more than 10% of their revenues from \(i\) weapons or \(ii\) military equipment and military services,](#)
- [deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,](#)
- [active within the utility sector and generating more than 20% of their revenues from coal,](#)
- [deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,](#)
- [deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,](#)
- [deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh,](#)
- [involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.](#)

[Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.](#)

[The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.](#)

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year.](#)

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

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- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, submunitions, chemical weapons, biological weapons, depleted or any other industrial uranium weapons, white phosphorus weapons, and nuclear weapons), and securities issued by companies that derive more than 5% of their revenues from the production of (other) weapons, military equipment, and military service,<sup>¶</sup>
- that generate more than 5% of their revenue from thermal coal or conventional oil and gas or non-conventional oil and gas-related activities such as exploration, mining, extraction, transportation, distribution, or refinement, or providing dedicated equipment or services. This includes, but is not limited to, the extraction of tar/oil sands, coalbed methane, extra heavy oil, shale oil, shale gas and arctic or ultra deep drilling. The aforesaid exclusion criteria are not applicable for those issuers which have a Science Based Targets initiative (SBTi) target set at well below 2°C' or 1.5°C', or have a SBTi 'Business Ambition for 1.5°C' commitment,<sup>¶</sup>
- within the utility sector that generate more than 20% of their revenues from coal,<sup>¶</sup>
- that are involved in exploration and be involved in exploitation or development of new unconventional oil or gas fields or the exploitation or development of new coal mines building new coal-fired power stations or absolute production of or capacity for coal-based power exceeds 5 GW. The non-expansion criteria can temporary be ignored in case of national legal obligations in the context of energy provision security, securities issued by companies that derive more than 5% of their revenues from coal-based energy generation. The aforesaid exclusion criterion is not applicable for those issuers which have a Science Based Targets initiative (SBTi) target set at well below 2°C' or 1.5°C', or have a SBTi 'Business Ambition for 1.5°C' commitment, or<sup>¶</sup>
- which are involved in nuclear-, gas- or coal-based energy generation related products or services unless they derive more than 50% of their revenues from contributing activities (economic activities included in the EU taxonomy). The aforesaid exclusion criterion is not applicable for those issuers which have a Science Based Targets initiative (SBTi) target set at well below 2°C' or 1.5°C' or have a SBTi 'Business Ambition for 1.5°C' commitment.<sup>¶</sup>
- with more than 25% of their revenues derived from products/services dedicated to the execution of harmful activities (companies which are involved in activities covered by the a.m. Sub-Fund's specific exclusion criteria are executing "Harmful Activities"). Products/services aimed at mitigating or reducing negative effects of harmful activities should not be included in this consideration.<sup>¶</sup>

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Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.

- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 2 or more.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 30.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 30.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially

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**Deleted:** In addition, the Investment Manager selects and weights issuers from the remaining investment universe so that the Sub-Fund's GHG intensity is lower than the GHG intensity of the Sub-Fund's benchmark. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1, 2 and 3) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy and scope 3 comprises emissions related to the supply chain of the issuer or emissions caused by usage of its products from its customers. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers.¶ To determine the GHG intensity of the Sub-Fund and the benchmark the following steps are applied:¶ The Investment Manager receives GHG intensity data on issuer level from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds.¶ Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted in such a way that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.¶ The GHG intensity of the benchmark is calculated accordingly, i.e., only issuers/instruments where the Investment Manager receives GHG intensity data are considered and the GHG intensity of each issuer is weighted.¶

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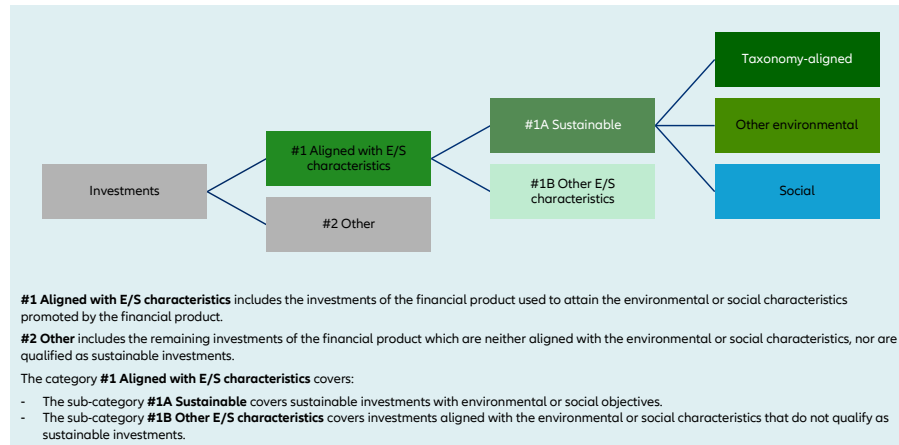
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Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.

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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

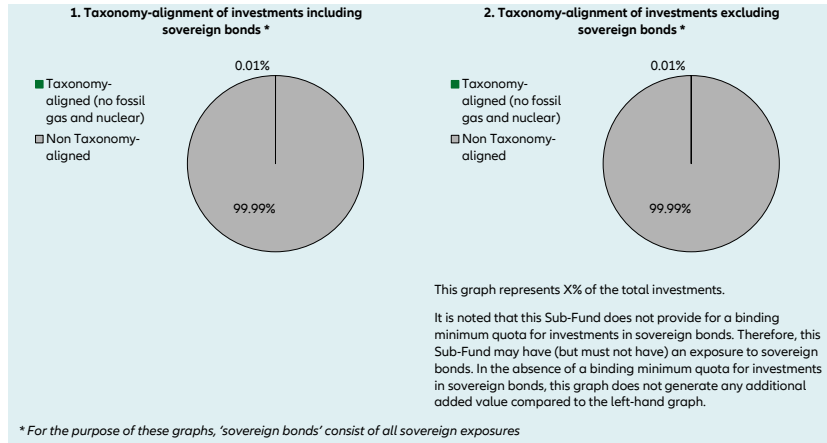
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial 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.

<sup>1</sup> 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.

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.





**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 30.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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**Deleted:** This benchmark is a market index. The Investment Manager manages the Sub-Fund so that the Sub-Fund’s GHG intensity is lower than the GHG intensity of the Sub-Fund’s benchmark as described in the section “What investment strategy does this financial product follow?”.

**Deleted:** The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the percentage of the portfolio with a proprietary sustainability score of 2 or more GHG intensity of the Sub-Fund with the percentage of market as reflected by the benchmark

**Deleted:** The benchmark is a market index and does not incorporate environmental or social characteristics for index construction

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**Deleted:** Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/f6179af3-b1d1-4df0-8ac9-215451f3ac0a> or at [www.msci.com](https://www.msci.com)...

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

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)
- How does the designated index differ from a relevant broad market index?
- [A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)
- Where can the methodology used for the calculation of the designated index be found?
- [A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Europe Equity Value

Legal entity identifier: 222100SUFLTZGSP5T321

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Europe Equity Value (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European Equity Markets with a focus on value stocks in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



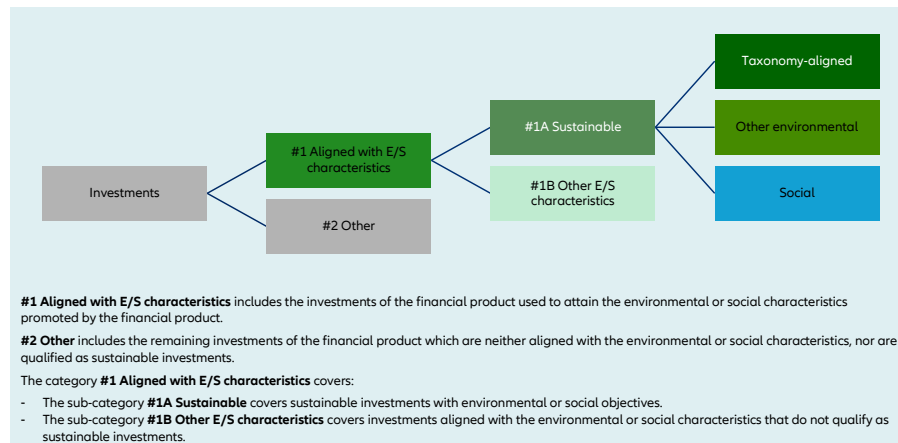
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.



The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

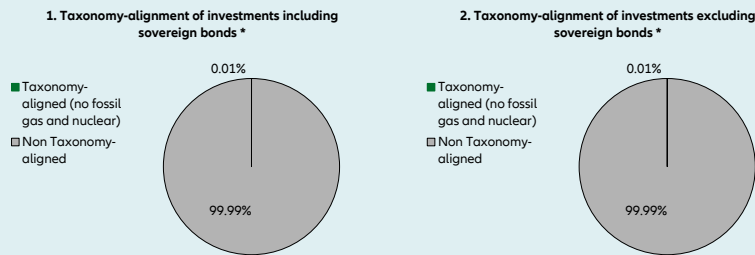
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments

<sup>1</sup> 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.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

 are sustainable investment with an environmental objective that **do not take into account the criteria** environmentally sustainable economic activities under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “S&P Europe Large Mid Cap Value Total Return” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.spglobal.com/spdji/en/indices/equity/sp-europe-largemidcap/> or at [www.spglobal.com.com](http://www.spglobal.com.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Europe Mid Cap Equity

Legal entity identifier: 5493003SBYUCYZ0WXS18

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **30.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Europe Mid Cap Equity (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager will adhere to a minimum percentage of 30.00% of Sustainable Investments. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager commits to invest minimum 65% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. The Investment Manager will adhere to a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of assets invested in issuers which have been assessed according to the Sustainable Investments methodology. The calculation of the Sustainable Investments methodology is described below in the sections "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?" and "What investment strategy does this financial product follow?".
- Percentage of investments that pass the assessment to not significantly harm environmental or social objectives.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

Deleted:

<sup>1</sup> <https://sdgs.un.org/goals>

**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 anti-bribery matters.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in developed European equity markets, excluding Turkey and Russia, with a focus on mid-sized companies in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the Sustainable Investments methodology as far as such data is available. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective. For at least 80% of assets held in the Sub-Fund's portfolio such an assessment needs to be performed. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which Sustainable Investments data is not available such as cash and derivatives.

Further, the Investment Manager commits to a minimum proportion of 30% of Sub-Fund's net asset value in Sustainable Investments. [It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.](#)

Lastly, the Investment Manager commits to invest minimum 65% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details and methods of determining significant harm of any environmental or social objective are described within 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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



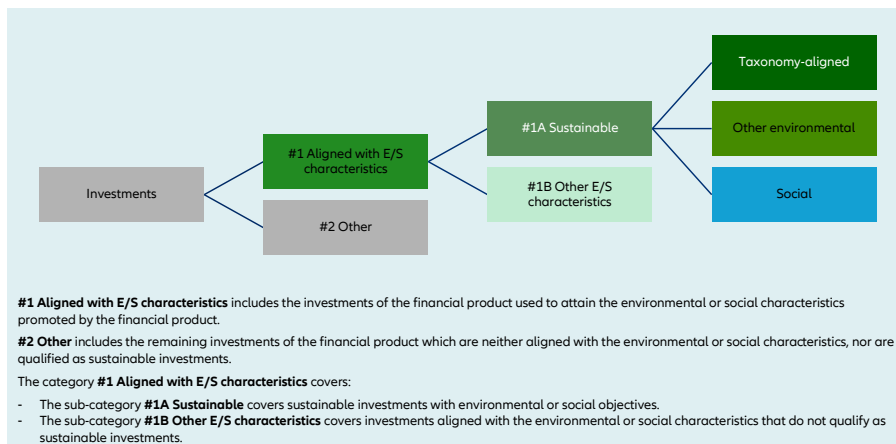
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 65% (#1 Aligned with E/S characteristics) in issuers which as assessed by the Investment Manager are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details of the assessment on whether issuers significantly harm any environmental or social objectives are described 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?".
- Min. 30.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.



Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

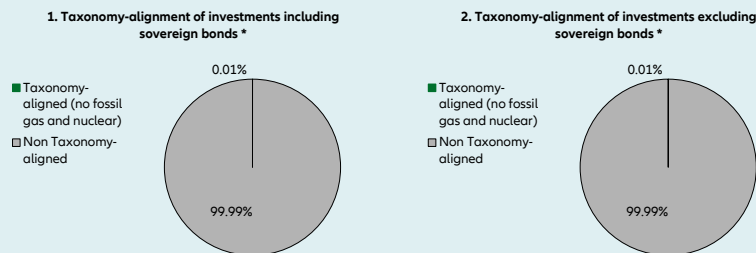
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 30.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Europe Small and Micro Cap Equity

Legal entity identifier: 52990079B3RQSR4XZV91

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **20.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Europe Small and Micro Cap Equity (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager commits to invest minimum 60% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. The Investment Manager will adhere to a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of assets invested in issuers which have been assessed according to the Sustainable Investments methodology. The calculation of the Sustainable Investments methodology is described below in the sections "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?" and "What investment strategy does this financial product follow?".
- Percentage of investments that pass the assessment to not significantly harm environmental or social objectives.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

Deleted:

<sup>1</sup> <https://sdgs.un.org/goals>

**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 anti-bribery matters.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in European equity markets with a focus on micro to small cap companies in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the Sustainable Investments methodology as far as such data is available. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective. For at least 70 % of assets held in the Sub-Fund's portfolio such an assessment needs to be performed. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments for which Sustainable Investments data is not available such as cash and derivatives.

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

Lastly, the Investment Manager commits to invest minimum 60% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details and methods of determining significant harm of any environmental or social objective are described within 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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



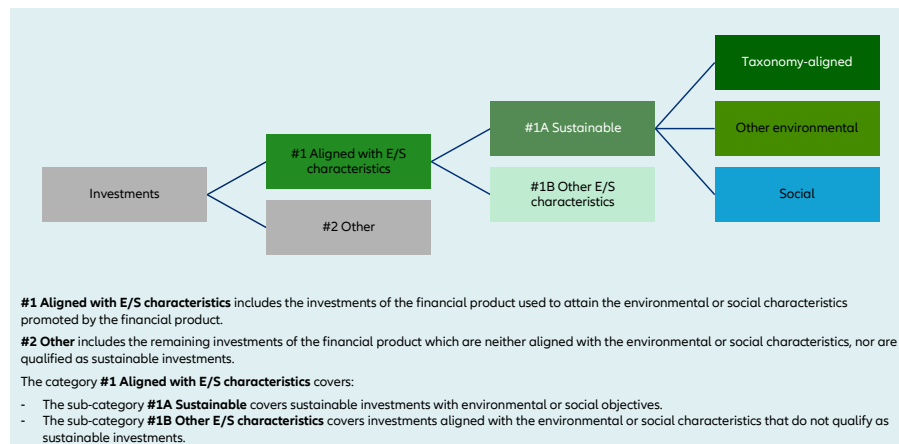
**Asset allocation** describes the share of investments in specific assets.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 60% (#1 Aligned with E/S characteristics) in issuers which as assessed by the Investment Manager are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details of the assessment on whether issuers significantly harm any environmental or social objectives are described 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?".
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.



Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

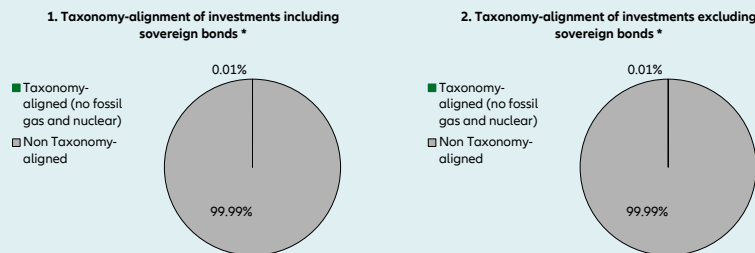
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Europe Small Cap Equity

Legal entity identifier: 5299004KPSJLVX3ZMU87

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **20.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Europe Small Cap Equity (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager commits to invest minimum 60% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. The Investment Manager will adhere to a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of assets invested in issuers which have been assessed according to the Sustainable Investments methodology. The calculation of the Sustainable Investments methodology is described below in the sections "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?" and "What investment strategy does this financial product follow?".
- Percentage of investments that pass the assessment to not significantly harm environmental or social objectives.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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<sup>1</sup> <https://sdgs.un.org/goals>

**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 anti-bribery matters.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?”.
- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

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  
☐ No



The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

**What investment strategy does this financial product follow?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



The Sub-Fund's investment objective is to generate long-term capital growth by investing in European Equity Markets with a focus on small-sized companies in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the Sustainable Investments methodology as far as such data is available. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective. For at least 70 % of assets held in the Sub-Fund's portfolio such an assessment needs to be performed. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments for which Sustainable Investments data is not available such as cash and derivatives.

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments. [It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.](#)

Lastly, the Investment Manager commits to invest minimum 60% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details and methods of determining significant harm of any environmental or social objective are described within 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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



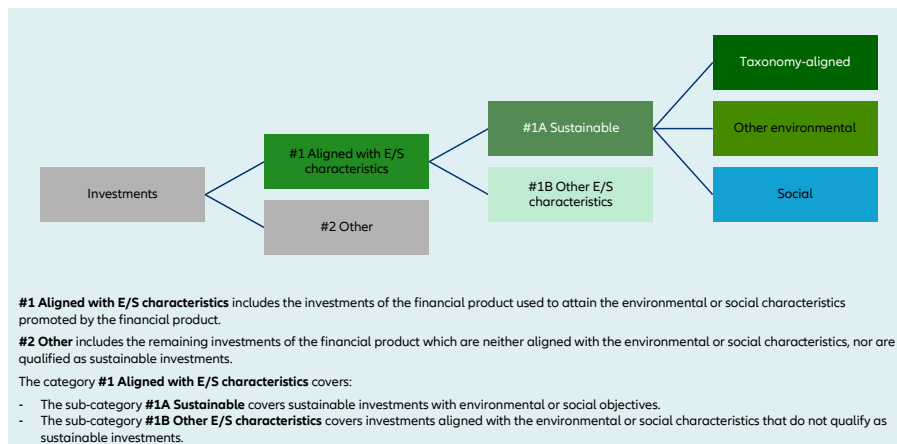
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 60% (#1 Aligned with E/S characteristics) in issuers which as assessed by the Investment Manager are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details of the assessment on whether issuers significantly harm any environmental or social objectives are described 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?".
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.



Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

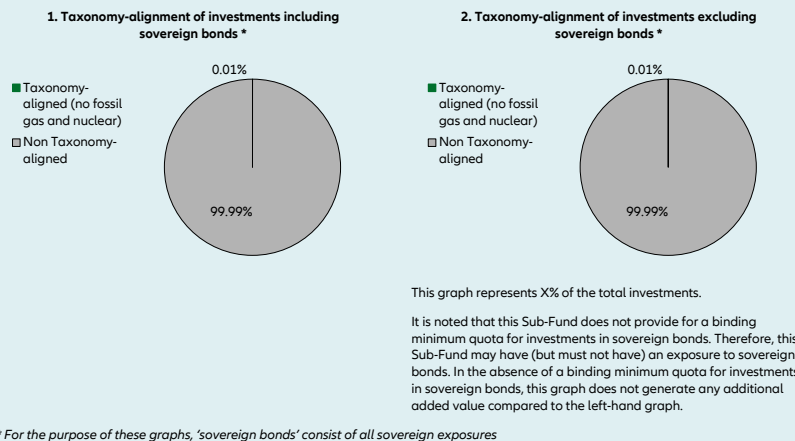
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.



- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz European Equity Dividend

Legal entity identifier: 549300XUMQIJEX2O502

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz European Equity Dividend (the "Sub-Fund") promotes environmental and social characteristics as well as the reduction of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time. The basis for assessing the decline is a GHG intensity target set for the respective end of the Sub-Fund's financial year. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG target set under the GHG intensity pathway for the end of the relevant financial year. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target to decrease the GHG intensity of the Sub-Fund over time</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
<b>PAI indicator applicable to sovereign and supranational issuers</b>	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in companies of European Equity Markets that are expected to achieve sustainable dividend returns in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager determines an improvement pathway for the Sub-Fund’s GHG intensity. For this Sub-Fund, the pathway started at the first financial year end after the conversion date. The conversion date was on December 29, 2022. The pathway provides that the target value of the GHG intensity declines by 5% by the end of each financial year compared to the target value for the end of the preceding year. For the period between December 29, 2022 and the first financial year end a pro rata temporis rate of the annual rate has been applied.
- The pathway is determined as follows for the financial year ends until September 30, 2033:

Pathway Table Illustration

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.



Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
0	100.00
1	95.00
2	90.25
3	85.74
4	81.45
5	77.38
6	73.51
7	69.83
8	66.34
9	63.02
10	59.87

- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's GHG intensity is in line or lower than the pathway at the respective financial year end.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

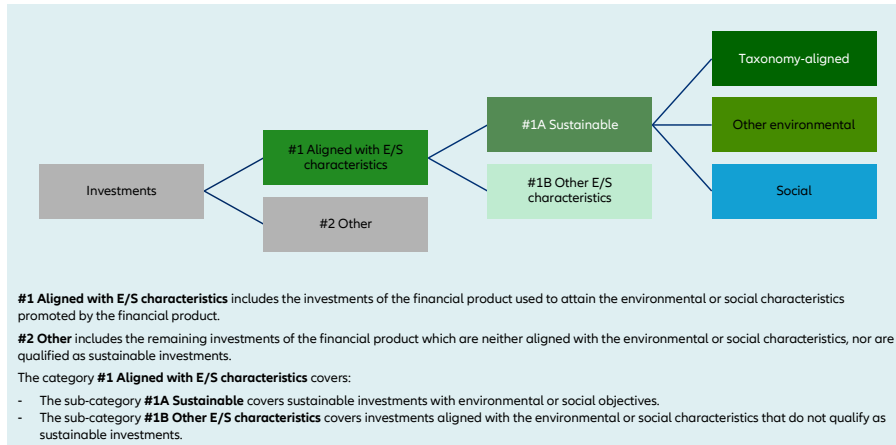
The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.





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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

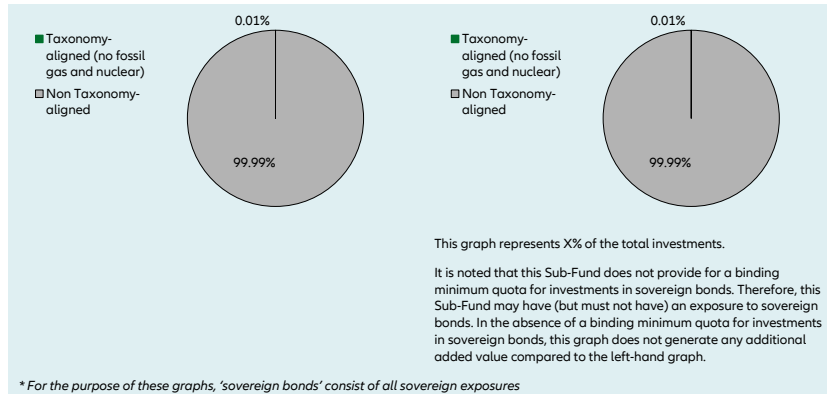
1. Taxonomy-alignment of investments including sovereign bonds \*

2. Taxonomy-alignment of investments excluding sovereign bonds \*

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.

<sup>1</sup> 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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- Where can the methodology used for the calculation of the designated index be found?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Flexi Asia Bond

Legal entity identifier: 549300C83822MBOOH659

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>2.50%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Flexi Asia Bond (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 2.50% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth and income by investing in Debt Securities of Asian bond markets denominated in EUR, USD, GBP, JPY, AUD, NZD or any Asian currency in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

  
**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 2.50% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

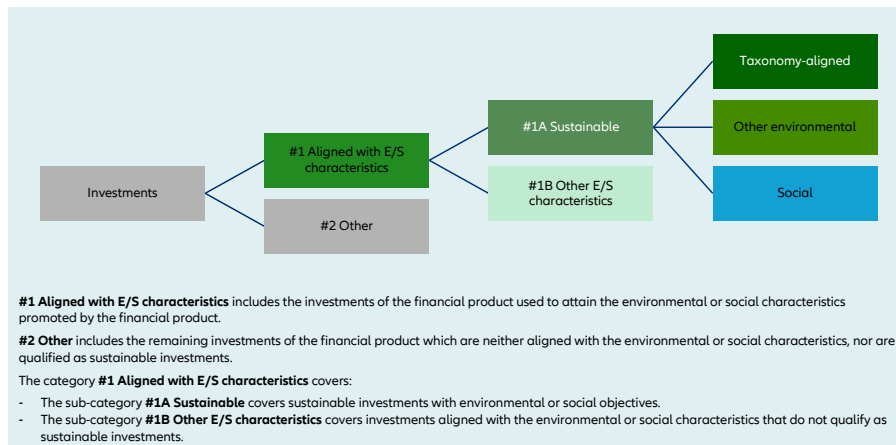
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 2.50% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.50%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.

The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

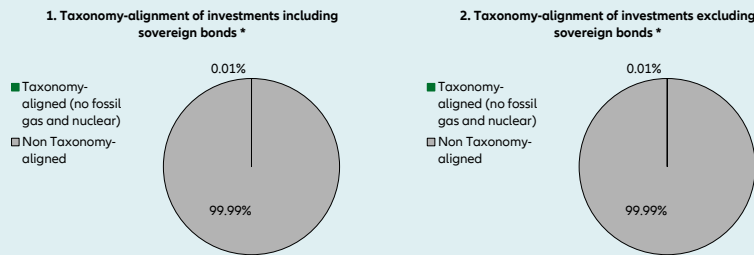
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.50%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.50%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

Yes, the Investment Manager has assigned the index “J.P. MORGAN JACI Composite Total Return” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at [www.jpmmorgan.com](http://www.jpmmorgan.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Floating Rate Notes Plus

Legal entity identifier: 549300MEQ2M0QYJV6F90

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **3.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Floating Rate Notes Plus (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 3.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 2 or more. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth above the average return of European money markets in Euro terms by investing in global bond markets with a focus on floating-rate notes with Euro exposure in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948’s Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Further, the Investment Manager commits to a minimum proportion of 3.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

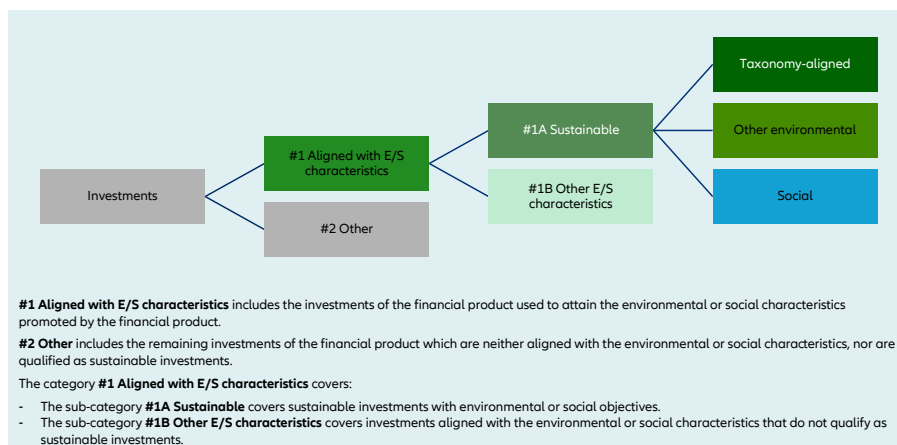
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 3.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

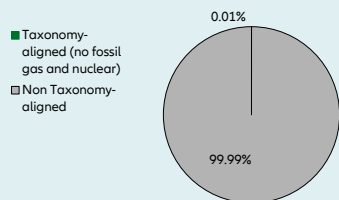
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

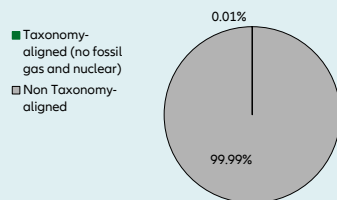
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup>, 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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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.

<sup>1</sup> 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.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 3.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Food Security

Legal entity identifier: 5299001E4VA6IBICG293

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **50.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Food Security's (the "Sub-Fund") promotes environmental and social characteristics and one or more of the United Nations Sustainable Development Goals ("SDGs") or other Sustainable Investment objectives. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 50.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Confirmation that at least 70% of the Sub-Fund's net asset value has been invested throughout the Sub-Fund's financial year in issuers that pursue business activities that contribute to one or more of the following SDGs: Zero Hunger; Good Health and Well-being; Clean Water and Sanitation; Climate Action; Life Below Water; Life on Land.
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Share of non-renewable energy consumption and production	
- Energy consumption intensity per high impact climate sector	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Activities negatively affecting biodiversity-sensitive areas	
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Unadjusted gender pay gap	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- GHG intensity	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.



- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets with a focus on companies with an engagement in the area of food security in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. The proprietary methodology to assess the environmental and social contribution is described 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?".

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 50% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- At least 70% of the Sub-Fund's net asset value shall be invested in issuer that pursue business activities that contribute to one or more of the following SDGs:
  - Zero Hunger
  - Good Health and Well-being
  - Clean water and Sanitation

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

- Climate Action
- Life below Water
- Life on Land

Further, the Investment Manager commits to a minimum proportion of 50.00% of Sub-Fund's net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

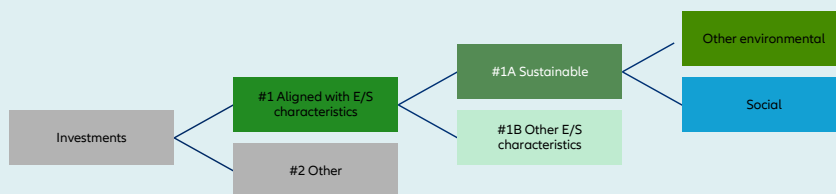
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's net asset value in issuers pursuing business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated as described in the section "What investment strategy does this financial product follow?".
- Min. 50.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

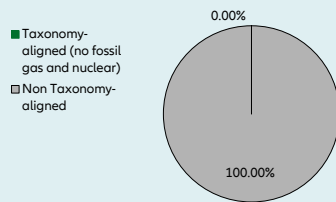
☐ In nuclear energy

☒ No

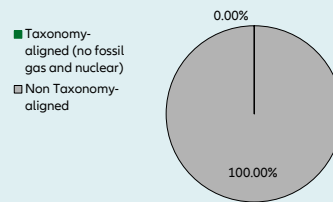
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>\*</sup>, 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 in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 50.00%) may also include investments

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.

**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.



<sup>1</sup> 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.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

 are sustainable investment with an environmental objective that **do not take into account the criteria** environmentally sustainable economic activities under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz German Equity

Legal entity identifier: 529900TEU4JD3HNC2746

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **15.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz German Equity (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct and indirect investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 30.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 15.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in German Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly and indirectly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,
- deriving more than 10% of their revenues from the production of energy from fossil fuels or other use of fossil fuels, excluding natural gas,
- deriving more than 10% of their revenues from the extraction of petroleum,
- deriving more than 10% of their revenues from oil sands, oil shale mining, exploration, and services.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 30% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 30% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 15.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

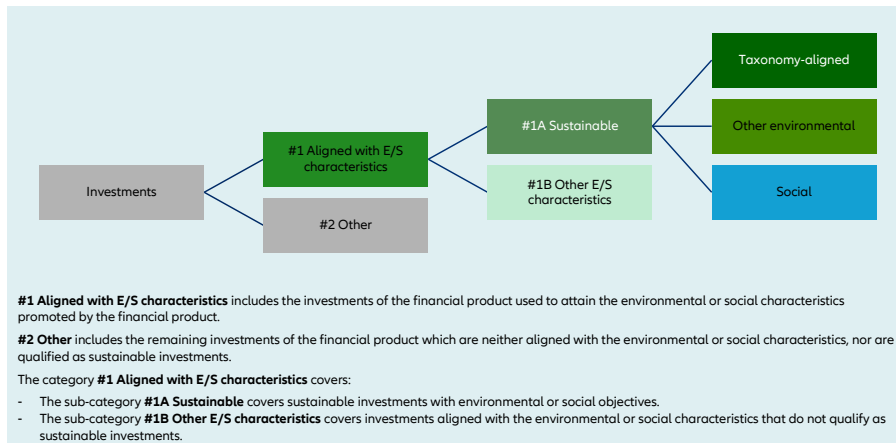
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 30.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 15.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

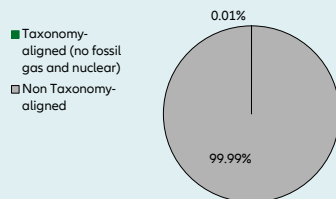
☐ In nuclear energy

☒ No

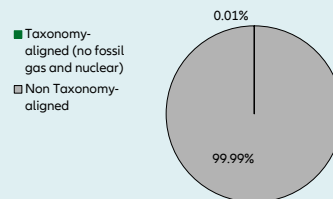
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 15.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 15.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “DAX UCITS Capped” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 30% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at [https://www.stoxx.com/document/Indices/Common/Indexguide/DAX\\_Equity\\_Index\\_Methodology\\_Guide.pdf](https://www.stoxx.com/document/Indices/Common/Indexguide/DAX_Equity_Index_Methodology_Guide.pdf).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global Allocation Opportunities

Legal entity identifier: 529900RXE0R0Y4CT3A63

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective  <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Allocation Opportunities (the Sub-Fund) promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long term capital growth by investing in a broad range of asset classes, with a focus on global Equity Markets, Debt Securities, Target Funds, and/or Money Market Instruments in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those

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Deleted: on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

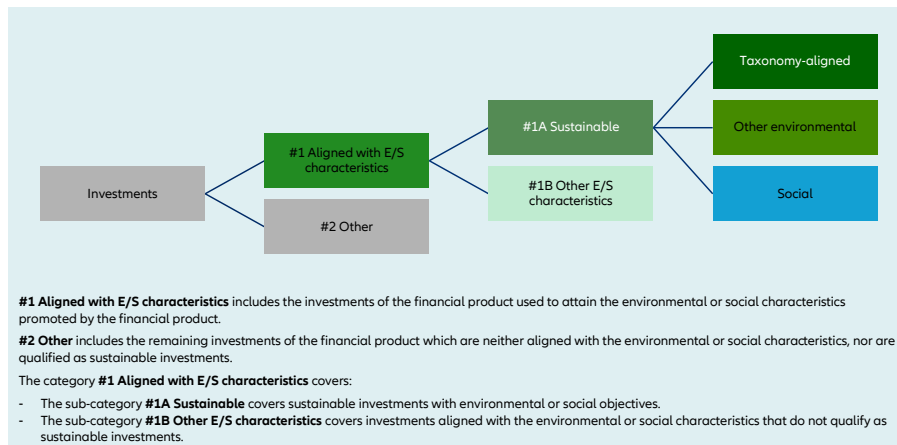
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

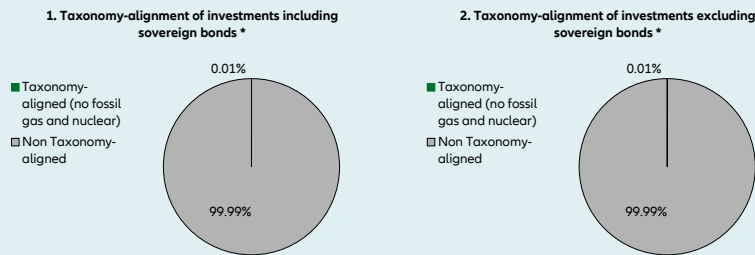
Taxonomy-aligned activities are expressed as a share of:

- **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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?
  - ☐ Yes
    - ☐ In fossil gas    ☐ In nuclear energy
  - ☒ No

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global Artificial Intelligence

Legal entity identifier: 5299007Y9R7L3FEF1M54

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Artificial Intelligence (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The [Management Company](#) actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the [Management Company](#) also considers broader sustainability issues. Further details on the [Management Company's](#) approach to the exercise of voting rights and company engagement is set out in the [Management Company's](#) Stewardship Statement.
- The [Management Company](#) has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in the global equity markets with a focus on the evolution of artificial intelligence in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

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**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the [Management Company](#) may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

**Deleted:** Investment Manager

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- [What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?](#)

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Management Company actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares).

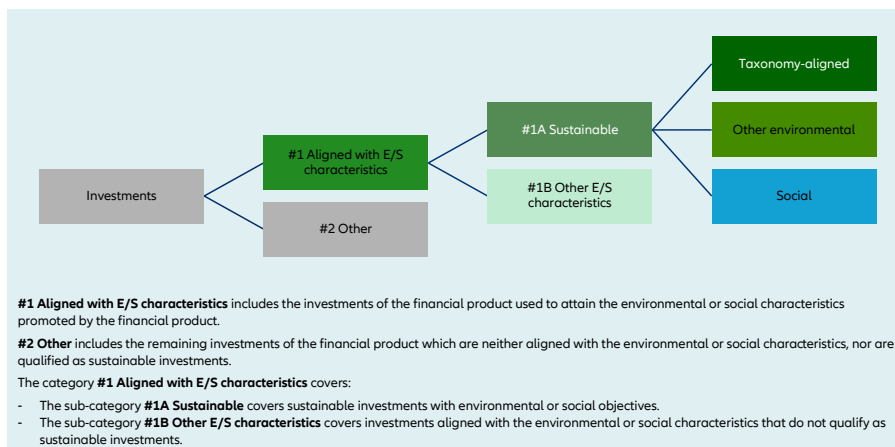
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today,

there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

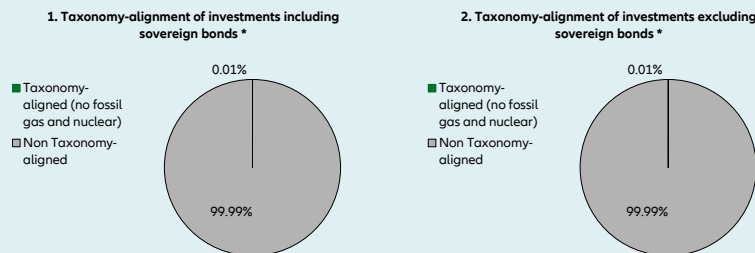
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy,
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup>, 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned “50% MSCI AC World (ACWI) Total Return Net + 50% MSCI World Information Technology Total Return Net” as the Sub-Fund’s composite benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The composite benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The composite benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s composite benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/a71b65b5-d0ea-4b5c-a709-24b1213bc3c5> and at <https://www.msci.com/documents/10199/69aaf9fd-d91d-4505-a877-4b1ad70ee855> or at [www.msci.com](https://www.msci.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Global Capital Plus**

Legal entity identifier: 529900DH9JBAV7A2IO06

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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>1.50%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Capital Plus (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 90% of the Sub-assets. Target Funds are counted into the 90.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 90.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 1.50% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Global Equity and Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 90% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those

Deleted: on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 1.50% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

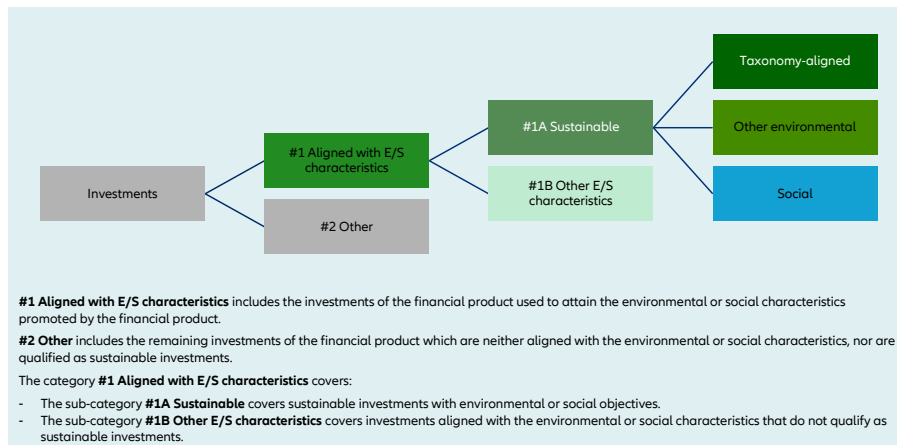
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 90% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 1.50% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.50%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

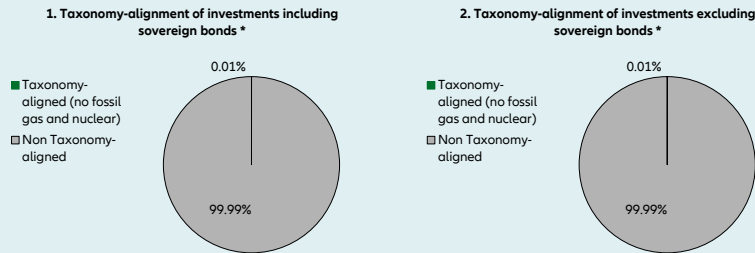
☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 1.50%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 1.50%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

**Allianz Global Credit**

Deleted: SRI

Legal entity identifier: 549300YBUQOG42TJR84

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Credit (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

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- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from distribution of tobacco, or deriving more than 10% of their revenues from providing services in relation to tobacco,
- involved in the production of gambling or pornography, or deriving more than 10% of their revenues from the sum of (i) distribution/sales of and (ii) providing services in relation to gambling or pornography,
- involved in the production of non-conventional oil and gas, or deriving more than 10% of their revenues from providing services in relation to non-conventional oil and gas,
- involved in the production of alcohol, or deriving more than 10% of their revenues from distribution/sales of alcohol or deriving more than 20% of their revenues from providing services in relation to alcohol.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack

**Deleted:** on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1.75 or more and max. 20% of the issuers with an internal score between 1 and 1.75.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

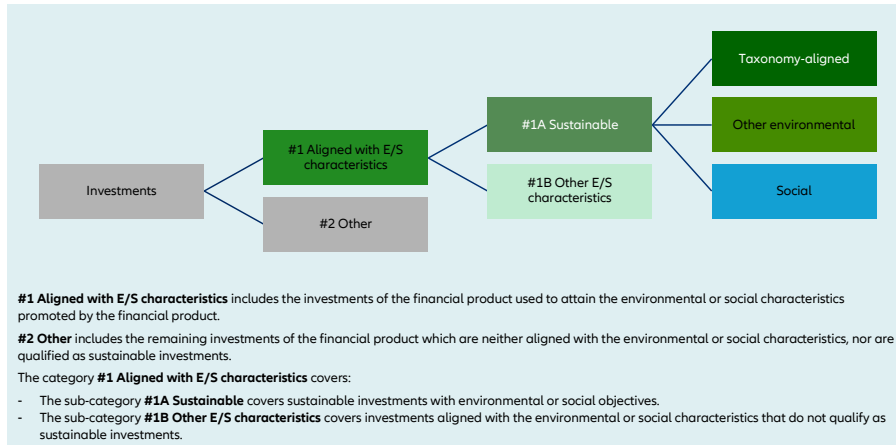
- The Investment Manager commits to employ the internal score described in the section "What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?" for at least 70% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

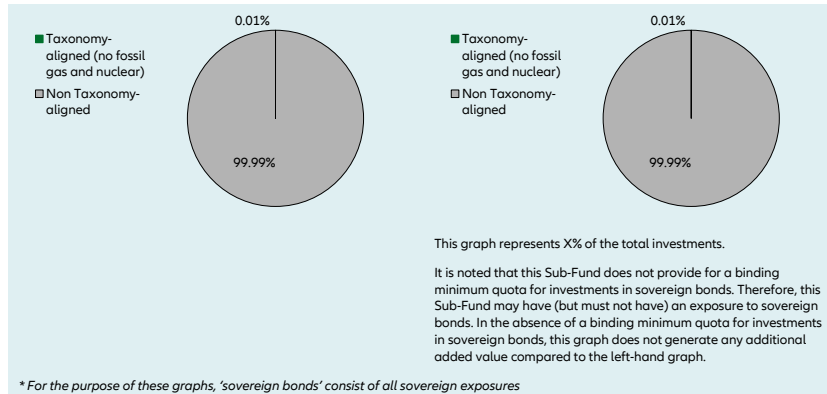
**1. Taxonomy-alignment of investments including sovereign bonds \***

**2. Taxonomy-alignment of investments excluding sovereign bonds \***

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.

<sup>1</sup> 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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**



A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- [How does the designated index differ from a relevant broad market index?](#)

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- [Where can the methodology used for the calculation of the designated index be found?](#)

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



[Where can I find more product specific information online?](#)

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global Diversified Dividend

Legal entity identifier: 5299001ECGSGJF4M2L27

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Diversified Dividend (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at class 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a second step, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investee issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

As a second step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

Deleted: on a monthly basis

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The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

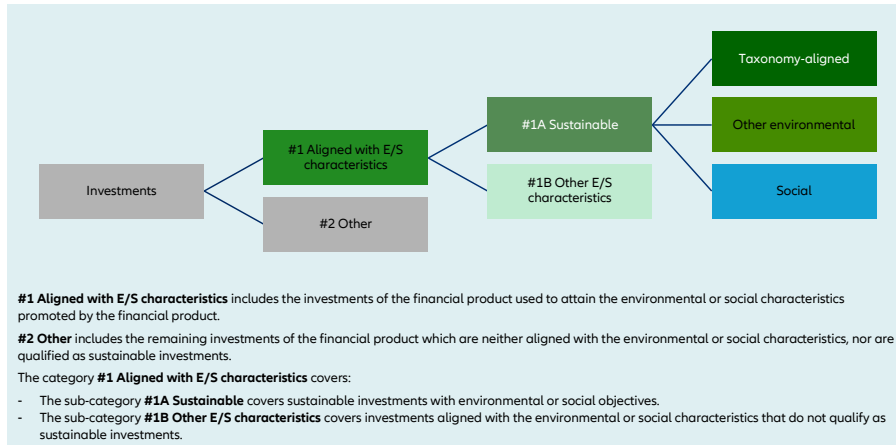
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***

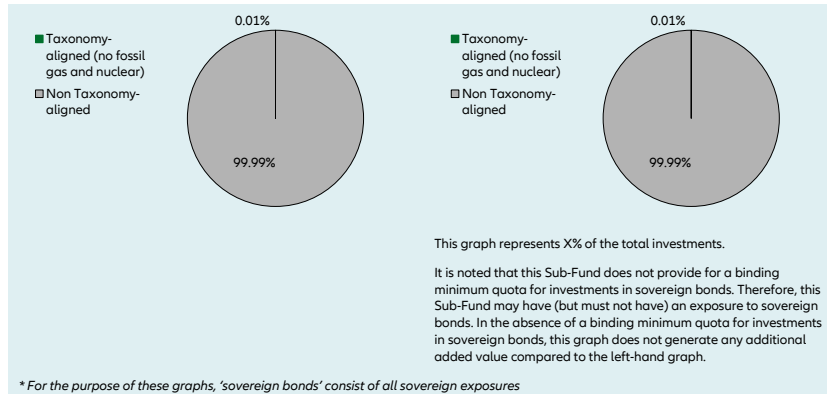
**2. Taxonomy-alignment of investments excluding sovereign bonds \***

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.

<sup>1</sup> 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.





**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- Where can the methodology used for the calculation of the designated index be found?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Global Dividend**

Legal entity identifier: 549300GAFcnt5HBXHI40

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> Yes	<input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: <u>  </u> %	<input checked="" type="checkbox"/> 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 <b>10.00%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective <u>  </u> %	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments	

What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Dividend (the "Sub-Fund") promotes environmental and social characteristics as well as the reduction of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time. The basis for assessing the decline is a GHG intensity target set for the respective end of the Sub-Fund's financial year. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

**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 Taxonomy** 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.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG target set under the GHG intensity pathway for the end of the relevant financial year. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- 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?  

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

  - Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
  - For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
  - For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
  - The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- 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?  

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

    - Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
    - Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target to decrease the GHG intensity of the Sub-Fund over time</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

**What investment strategy does this financial product follow?**

The Sub-Fund's investment objective is to generate long-term capital growth by investing in companies of global Equity Markets that are expected to achieve sustainable dividend payments in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzerassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund's financial year. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds. For at least 80% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- The Investment Manager determines an improvement pathway for the Sub-Fund's GHG intensity. For this Sub-Fund, the pathway started at the first financial year end after the conversion date. The conversion date was on March 28, 2025. The pathway provides that the target value of the GHG intensity declines by 5% by the end of each financial year compared to the target value for the end of the preceding year. For the period between March 28, 2025 and the first financial year end a pro rata temporis rate of the annual rate has been applied.
- The pathway is determined as follows for the financial year ends until September 30, 2035:

Pathway Table Illustration

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
0	100.00
1	95.00
2	90.25
3	85.74
4	81.45
5	77.38
6	73.51
7	69.83
8	66.34
9	63.02
10	59.87

- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's GHG intensity is in line or lower than the pathway at the respective financial year end.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

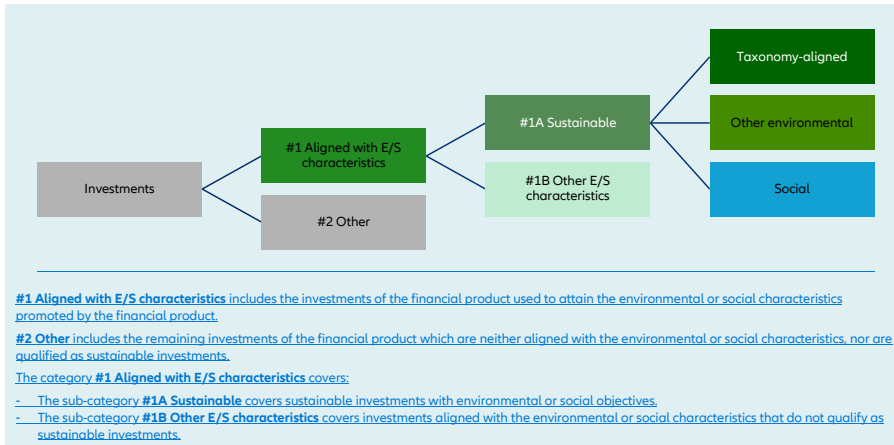
- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.





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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>2</sup>, 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.

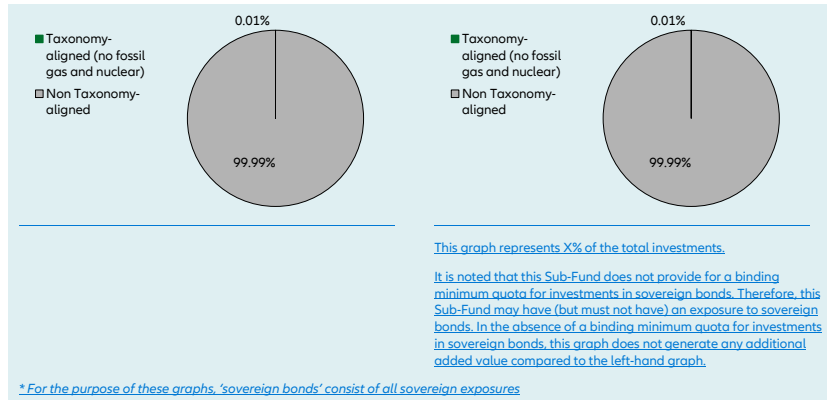
1. Taxonomy-alignment of investments including sovereign bonds \*

2. Taxonomy-alignment of investments excluding sovereign bonds \*

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.

<sup>1</sup> 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.



**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.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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

- [What is the minimum share of investments in transitional and enabling activities?](#)

[The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.](#)

- [What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?](#)

[The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share \(min. 10.00%\) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.](#)

- [What is the minimum share of socially sustainable investments?](#)

[The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to \(min. 10.00%\) irrespective of their contribution to environmental and/or social objectives.](#)

- [What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?](#)

[The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.](#)

[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?](#)

[No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.](#)

- [How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?](#)

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- [How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?](#)

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- Where can the methodology used for the calculation of the designated index be found?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Global Equity Growth

Legal entity identifier: 5299007LC5RZOIZQJK05

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Equity Growth (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".

- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- 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?

The Investment Manager does not commit to a minimum share of 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?

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global equity markets with a focus on growth stocks in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund's benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
  - The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund's GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund's benchmark.
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

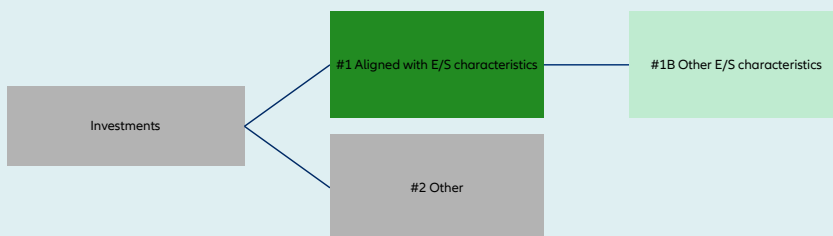
**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.

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



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

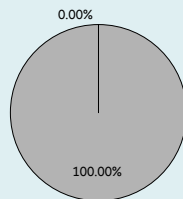
Taxonomy-aligned activities are expressed as a share of:

- **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.

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<sup>2</sup>, 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.

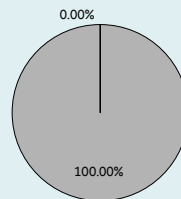
**1. Taxonomy-alignment of investments including sovereign bonds \***

■ Taxonomy-aligned (no fossil gas and nuclear)  
□ Non Taxonomy-aligned



**2. Taxonomy-alignment of investments excluding sovereign bonds \***

■ Taxonomy-aligned (no fossil gas and nuclear)  
□ Non Taxonomy-aligned



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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 Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

 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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially sustainable investments.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “MSCI AC World (ACWI) Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.
- **How does the designated index differ from a relevant broad market index?**  
The Sub-Fund’s benchmark is a market index.
- **Where can the methodology used for the calculation of the designated index be found?**  
Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/a71b65b5-d0ea-4b5c-a709-24b1213bc3c5>.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global Equity Insights

Legal entity identifier: 549300ZVWGJLIGIOEH86

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Equity Insights (the "Sub-Fund") promotes environmental and social characteristics as well as the reduction of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time. The basis for assessing the decline is a GHG intensity target set for the respective end of the Sub-Fund's financial year. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG target set under the GHG intensity pathway for the end of the relevant financial year. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target to decrease the GHG intensity of the Sub-Fund over time</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The [Management Company](#) actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the [Management Company](#) also considers broader sustainability issues. Further details on the [Management Company's](#) approach to the exercise of voting rights and company engagement is set out in the [Management Company's](#) Stewardship Statement.
- The [Management Company](#) has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global equity markets to achieve a concentrated equity portfolio with a focus on stock selections in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager determines an improvement pathway for the Sub-Fund’s GHG intensity. For this Sub-Fund, the pathway started at the first financial year end after the conversion date. The conversion date was on September 29, 2023. The pathway provides that the target value of the GHG intensity declines by 5% by the end of each financial year compared to the target value for the end of the preceding year. For the period between September 29, 2023 and the first financial year end a pro rata temporis rate of the annual rate has been applied.
- The pathway is determined as follows for the financial year ends until September 30, 2033:

Pathway Table Illustration

Deleted: Investment Manager

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
0	100.00
1	95.00
2	90.25
3	85.74
4	81.45
5	77.38
6	73.51
7	69.83
8	66.34
9	63.02
10	59.87

- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's GHG intensity is in line or lower than the pathway at the respective financial year end.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Management Company actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares).

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Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

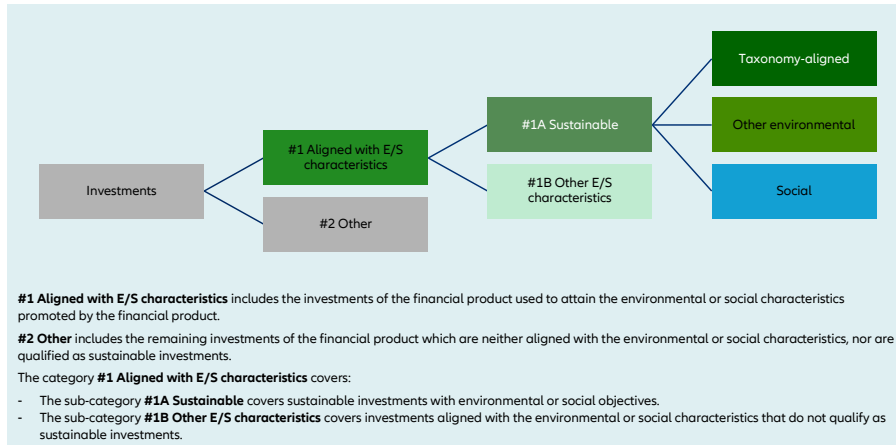
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***

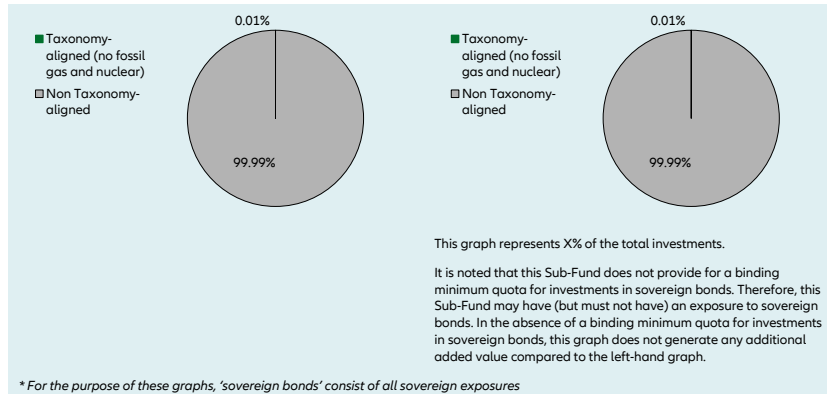
**2. Taxonomy-alignment of investments excluding sovereign bonds \***

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.

<sup>1</sup> 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.





**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- Where can the methodology used for the calculation of the designated index be found?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global Equity Unconstrained

Legal entity identifier: 529900MK0JF6PD64Q806

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Equity Unconstrained (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".

- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- 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?

The Investment Manager does not commit to a minimum share of 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?

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global equity markets to achieve a concentrated equity portfolio with a focus on stock selection in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund's benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund's portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund's GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund's benchmark.
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

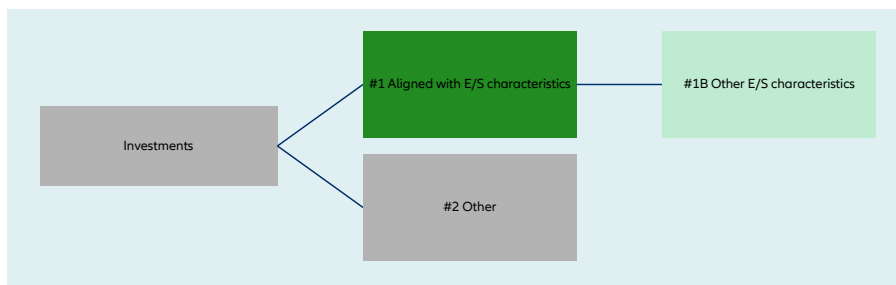
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.

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



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

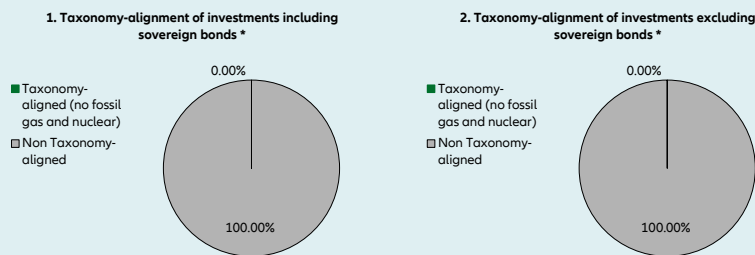
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

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.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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 Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

 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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially sustainable investments.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “MSCI AC World (ACWI) Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.
- **How does the designated index differ from a relevant broad market index?**  
The Sub-Fund’s benchmark is a market index.
- **Where can the methodology used for the calculation of the designated index be found?**  
Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/a71b65b5-d0ea-4b5c-a709-24b1213bc3c5>.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Global Floating Rate Notes Plus

Legal entity identifier: 529900QOOVX41NDJVJ51

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Floating Rate Notes Plus (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 2 or more. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by aiming to capture income from a global universe of floating-rate notes in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 5% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,
- deriving more than 5% of their revenues from (i) the production of alcohol (limited to spirits) or (ii) the distribution/sales of alcohol,
- involved in the production of pornography, or deriving more than 5% of their revenues from the distribution/sales of pornography,
- deriving more than 5% of their revenues from the (i) production, (ii) exploration, or (iii) extraction of fossil fuels including thermal coal, conventional oil and gas, and non-conventional oil and gas-related activities (This includes, but is not limited to, the extraction of tar/oil sands, shale oil, shale gas and arctic drilling),
- deriving more than 5% of their revenues from the (i) production or (ii) distribution/sales of gambling.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The application of the aforesaid specific exclusion criteria for direct investments will result in an investment universe with a bias on issuers whose business activities are concentrated in the financial sector.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 80% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies,

**Deleted:** on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

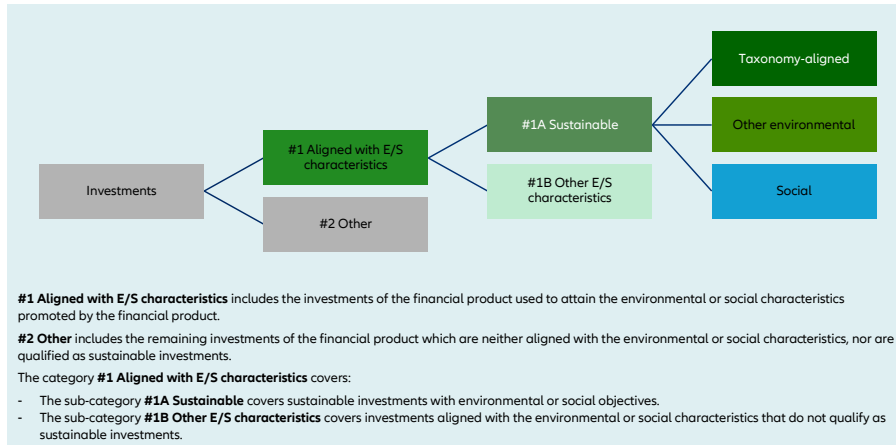
The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

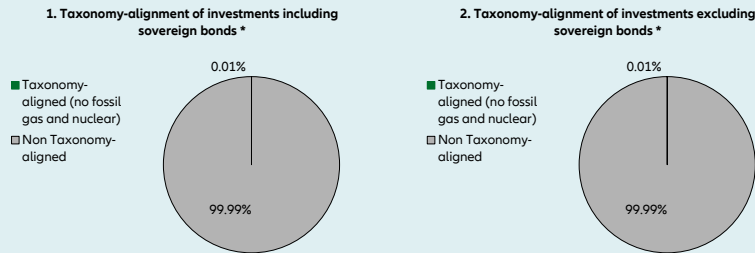
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**


The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

 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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.



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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global High Yield

Legal entity identifier: 549300Y1G08CCQCSWL61

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global High Yield (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in high yield rated Debt Securities of global Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



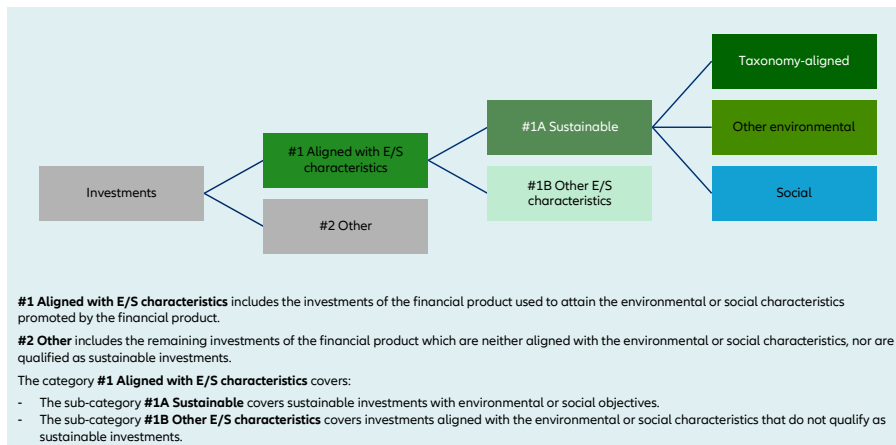
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.

The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

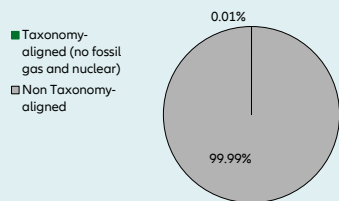
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

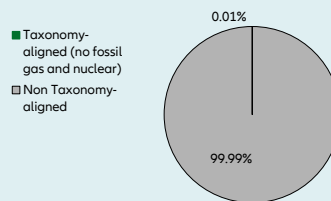
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “ICE BOFAML Global High Yield Constrained (hedged)” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://indices.ice.com/>.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Global Hi-Tech Growth**

Legal entity identifier: 529900VB6HV6W8GMHM45

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **10.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**

**Deleted:** ☐

### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Hi-Tech Growth (the "Sub-Fund") promotes environmental and social characteristics as well as the reduction of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time. The basis for assessing the decline is a GHG intensity target set for the respective end of the Sub-Fund's financial year. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

**Deleted:** and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG target set under the GHG intensity pathway for the end of the relevant financial year. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

**Deleted:** <#>Percentage of taxonomy-aligned investments at the end of the financial year.¶

**Deleted:**

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal - Target to decrease the GHG intensity of the Sub-Fund over time
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global equity markets with a focus on the information technology sector or on an industry which forms part of this sector in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager determines an improvement pathway for the Sub-Fund’s GHG intensity. For this Sub-Fund, the pathway started at the first financial year end after the conversion date. The conversion date was on September 29, 2023. The pathway provides that the target value of the GHG intensity declines by 5% by the end of each financial year compared to the target value for the end of the preceding year. For the period between September 29, 2023 and the first financial year end a pro rata temporis rate of the annual rate has been applied.
- The pathway is determined as follows for the financial year ends until September 30, 2033:

Pathway Table Illustration

Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
0	100.00
1	95.00
2	90.25
3	85.74
4	81.45
5	77.38
6	73.51
7	69.83

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
8	66.34
9	63.02
10	59.87

- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's GHG intensity is in line or lower than the pathway at the respective financial year end.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Deleted:** It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

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

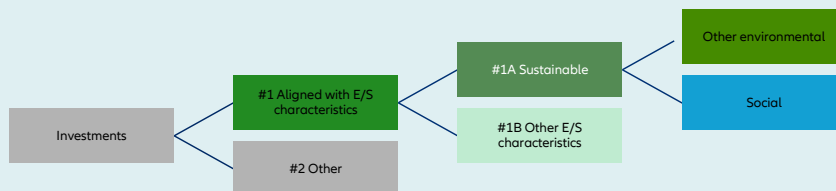
The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

**Deleted:** - Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.¶

**Deleted:** not



**#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 aligned 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?

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of Sustainable Investments with an environmental objective aligned with the EU Taxonomy. The overall Sustainable Investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

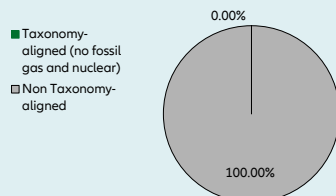
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

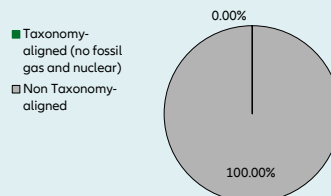
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

<sup>1</sup> 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.

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**Deleted:** percentage of 0.01% of investments that are aligned with the EU Taxonomy.<sup>¶</sup>  
Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.<sup>¶</sup> Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data

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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.

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.

**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.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global Intelligent Cities Income

Legal entity identifier: 529900FV8TUP35Z9PD66

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Intelligent Cities Income (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The [Management Company](#) actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the [Management Company](#) also considers broader sustainability issues. Further details on the [Management Company's](#) approach to the exercise of voting rights and company engagement is set out in the [Management Company's](#) Stewardship Statement.
- The [Management Company](#) has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term income and capital growth by investing in global Equity and Bond Markets with a focus on companies whose business will benefit from or is currently related to evolution of intelligent cities and connected communities in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the [Management Company](#) may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Management Company actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares).

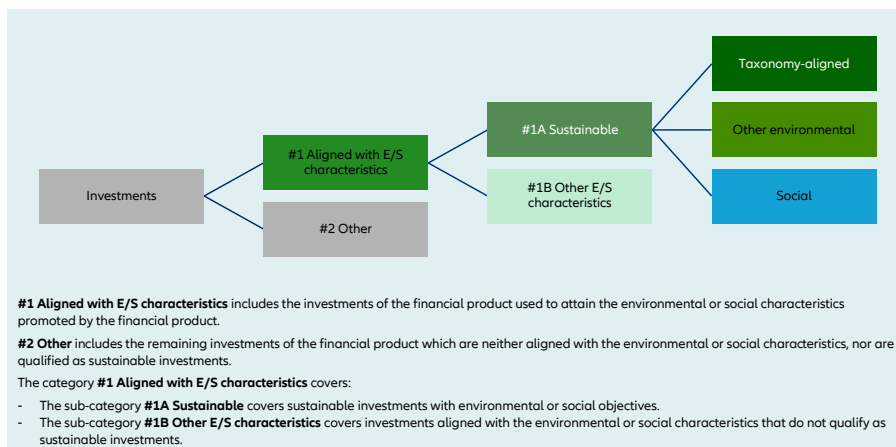
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today,

there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

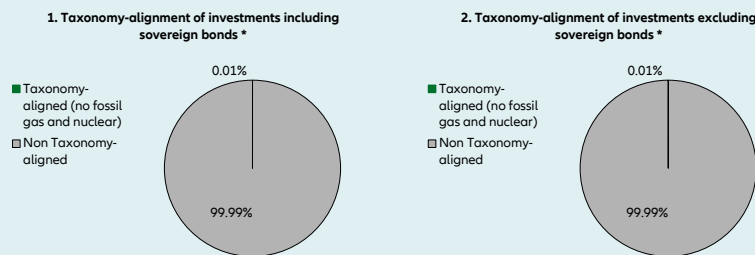
☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>\*</sup>, 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

<sup>\*</sup> For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>1</sup> 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.





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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned “70% MSCI AC World (ACWI) Total Return Net + 30% ICE BOFAML US Corporate & High Yield Index” as the Sub-Fund’s composite benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The composite benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The composite benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s composite benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/a71b65b5-d0ea-4b5c-a709-24b1213bc3c5> or at [www.msci.com](http://www.msci.com) and <https://indices.ice.com/>.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Global Multi Asset Balanced**

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Legal entity identifier: 549300IVJKX5A2N0KP64

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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **3.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Multi Asset Balanced (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund

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does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 3.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).
- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long term capital growth by investing in a broad range of asset classes, with a focus on global equity, bond and money markets in order to achieve over the medium-term a performance comparable to a balanced portfolio consisting of 50% global equity markets and 50% global bond markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach. The approach commits to reduce the investment universe by at least 20%.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

Deleted: on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

- Green Bonds: In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.

Further, the Investment Manager commits to a minimum proportion of 3.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate on the Sub-Fund level.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

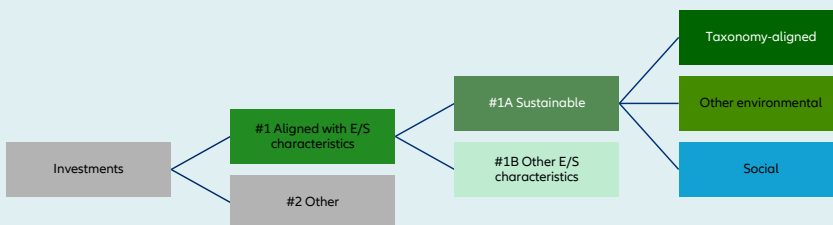
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 3.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

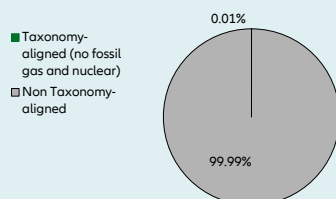
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

Taxonomy-aligned activities are expressed as a share of:

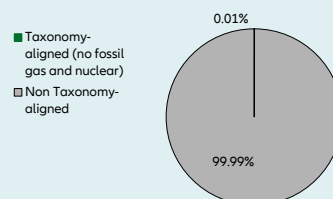
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments

<sup>1</sup> 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.



**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.

in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

*\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 3.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **Where can the methodology used for the calculation of the designated index be found?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Global Diversified Credit**

Deleted: Multi-Asset

Legal entity identifier: 549300KHQG2E3A5H550

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global **Diversified Credit** (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

Deleted: Multi-Asset

- Percentage of the portfolio with a proprietary sustainability score of 2 or more. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term **capital growth**, by investing in global **Bond Markets** in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

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- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed [at least twice a year](#).

At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948’s Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1.75 or more.

**Deleted:** on a monthly basis

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

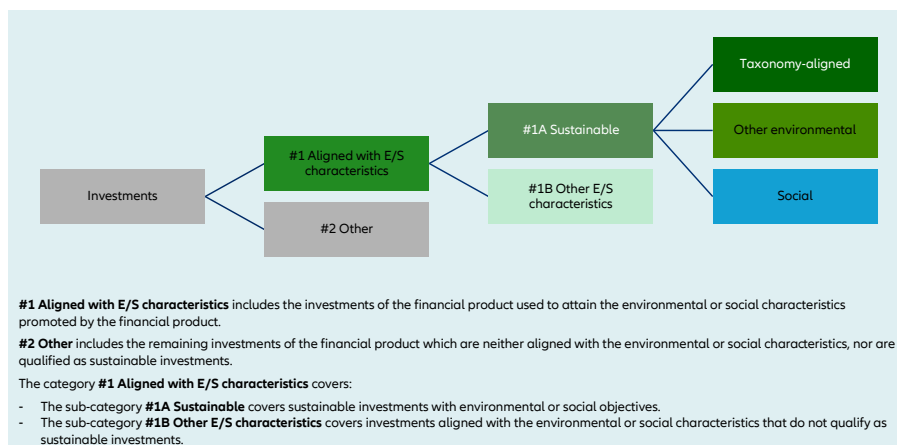
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 70% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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



Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

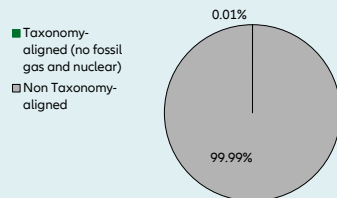
☐ In nuclear energy

☒ No

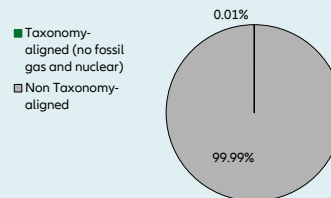
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup>, 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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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.

<sup>1</sup> 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.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Global Sustainability

Legal entity identifier: 529900W68IN4IJ546R85

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>50.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Sustainability (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of **50.00%** of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

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**No** reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

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Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investee issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,
- deriving more than 5% of their revenues in the sectors (i) alcohol, (ii) gambling, or (iii) pornography.

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Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

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At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

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The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 75% of the issuers with an internal score of 2 or more and max. 25% of the issuers with an internal score between 1.25 and 2.

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of ~~50.00%~~ of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. ~~50.00%~~ (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. ~~50.00%~~) irrespective of their contribution to environmental and/or social objectives.

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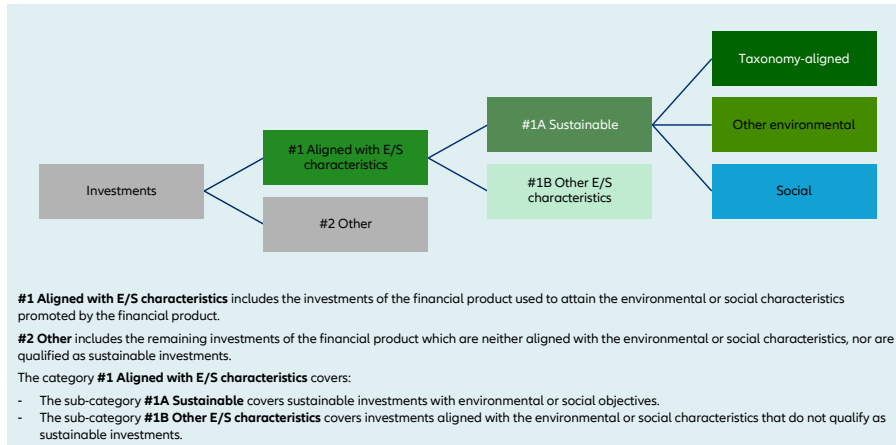
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Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.





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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

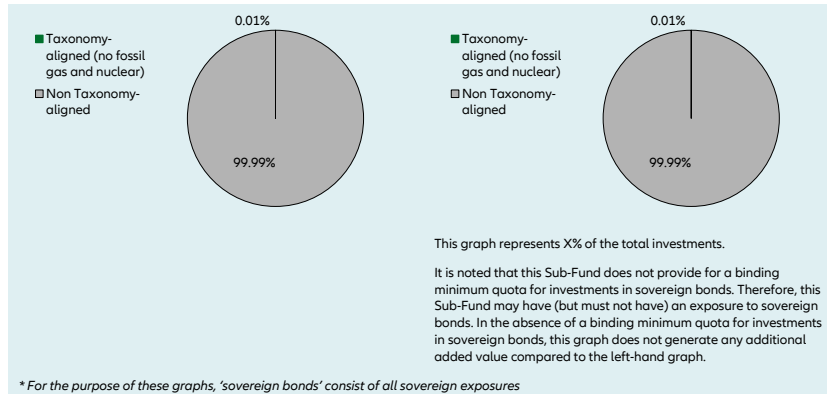
**1. Taxonomy-alignment of investments including sovereign bonds \***

**2. Taxonomy-alignment of investments excluding sovereign bonds \***

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.

<sup>1</sup> 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.



**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. ~~50.00%~~) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. ~~50.00%~~) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under "#2 Other" are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category "#2 Other" for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

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**Deleted:** the index "MSCI AC World (ACWI) Total Return NetDOW JONES Sustainability World Index (Total Return)" as the Sub-Fund's benchmark

**Deleted:** The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the percentage of the portfolio with a proprietary sustainability score of 2 or more of the Sub-Fund with the percentage of the benchmark

**Deleted:** The Sub-Fund uses a sustainable benchmark which is however not completely aligned with the environmental or social characteristics promoted by the sub-fund. The benchmark uses a best-in-class approach based on ESG criteria. The specific screening and exclusion criteria deviate from the Sub-Fund's investment strategy.



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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

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

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- How does the designated index differ from a relevant broad market index?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- Where can the methodology used for the calculation of the designated index be found?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

**Deleted:** The benchmark is a market index and does not incorporate environmental or social characteristics for index construction

**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund's investment strategy

**Deleted:** The Sub-Fund's benchmark is a market index

**Deleted:** benchmark uses a best-in-class approach based on ESG criteria for index construction

**Deleted:** Details of the benchmark's methodology may be found at <https://www.msci.com/documents/10199/a71b65b5-d0ea-4b5c-a709-24b1213bc3c5> or at [www.msci.com](http://www.msci.com)

**Deleted:** <https://www.spglobal.com/spdji/en/documents/methodologies/methodology-dj-sustainability-indices.pdf> or at [www.spglobal.com](http://www.spglobal.com).

Template 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:

**Allianz Global Water**

Legal entity identifier: 529900NQRL4PJUZL0R84

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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>50.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Water's (the "Sub-Fund") promotes environmental and social characteristics and one or more of the United Nations Sustainable Development Goals ("SDGs") or other Sustainable Investment objectives. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 50.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Confirmation that at least 70% of the Sub-Fund's net asset value has been invested throughout the Sub-Fund's financial year in issuers that pursue business activities that contribute to one or more of the following SDGs: Zero Hunger; Good Health and Well-being; Clean Water and Sanitation; Sustainable Cities and Communities; Climate Action.
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Share of non-renewable energy consumption and production	
- Energy consumption intensity per high impact climate sector	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Activities negatively affecting biodiversity-sensitive areas	
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Unadjusted gender pay gap	- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- GHG intensity	- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.

- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

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#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets with a focus on companies with an engagement in the area of water resource management in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. The proprietary methodology to assess the environmental and social contribution is described 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?".

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 50% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".



the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- At least 70% of the Sub-Fund's net asset value shall be invested in issuer that pursue business activities that contribute to one or more of the following SDGs:
  - Zero Hunger
  - Good Health and Well-being
  - Clean Water and Sanitation
  - Sustainable Cities and Communities
  - Climate Action

Further, the Investment Manager commits to a minimum proportion of 50.00% of Sub-Fund's net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

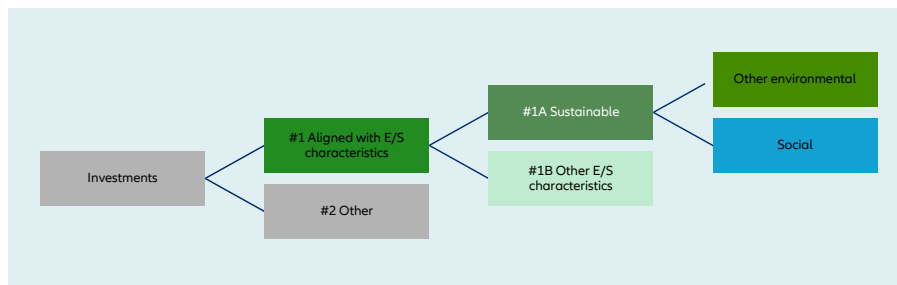
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's net asset value in issuers pursuing business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated as described in the section "What investment strategy does this financial product follow?".
- Min. 50.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

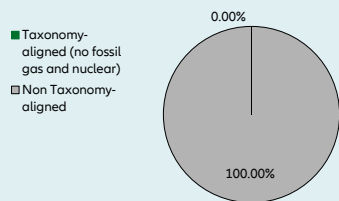
☐ In nuclear energy

☒ No

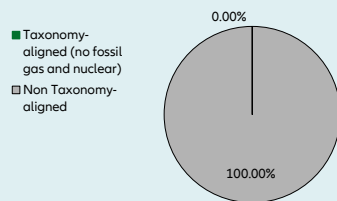
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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.

<sup>1</sup> 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.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 50.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

## Allianz Green Bond

Legal entity identifier: 549300JPE1XADGY8YM71

### Sustainable investment objective

**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 Taxonomy** 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: 80.00%**

☐ 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 \_\_\_% 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 is the sustainable investment objective of this financial product?

Allianz Green Bond (the "Sub-Fund") has Climate Change Mitigation and Climate Change Adaptation as sustainable investment objective. The Sub-Fund does so by:

- As a first step, the Investment Manager excludes direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects Green Bonds from the remaining investment universe. Green Bonds are instruments dedicated to finance Climate Change Mitigation, Climate Change Adaptation or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- In addition, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects.
- Further, the Investment Manager will adhere to a minimum percentage of 80% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of meeting the sustainable investment objective.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

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- The actual percentage of the Sub-Fund's assets invested in Green Bonds. Details of the selection process of the instruments are described within the section "What investment strategy does this financial product follow?".
- Adherence to a proprietary sustainability score of 1 or more for Green Bonds. The scoring process is described within the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- [How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?](#)

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- [How have the indicators for adverse impacts on sustainability factors been taken into account?](#)

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles

**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 anti-bribery matters.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> <li>- Share of non-renewable energy consumption and production</li> <li>- Energy consumption intensity per high impact climate sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% Sustainable Investments</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% Sustainable Investments</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% Sustainable Investments</li> </ul>
<ul style="list-style-type: none"> <li>- Unadjusted gender pay gap</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% Sustainable Investments</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% Sustainable Investments</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- GHG intensity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% Sustainable Investments</li> </ul>

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Investment Grade rated Green Bonds of the global Bond Market denominated in currencies of OECD countries. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to the sustainable investment objective of the Investment Strategy, the following applies:

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh,
- active within the utility sector that generate more than 30% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

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composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects.

In detail, the Investment Manager invests at least 85% of Sub-Fund assets as follows:

- in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or

The Investment Manager selects the assets as follows:

- The Investment Manager analyses the projects financed by the Green Bond's proceeds. In order to be eligible, such projects have to be part of the green projects list as defined internally by the Investment Manager and based on research from the Climate Bonds Initiative (CBI)<sup>1</sup>, an organisation, which provides an evaluation of Climate Change Mitigation impacts of the different types of projects.

The Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year. The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights. For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to Green Bonds, the Investment Manager will invest only issuers with an internal score of 1 or more.

Further, the Investment Manager commits to a minimum proportion of 80.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

The Investment Manager measures how the Sustainable Investments contribute to the Sub-Fund's sustainable investment objective based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment

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<sup>1</sup> <https://www.climatebonds.net/>



share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.

- [For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are \(1\) achieving Net Zero, \(2\) aligned to Net Zero or \(3\) aligning to Net Zero. Issuer \(4\) committed to Net Zero or \(5\) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.](#)
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

The Investment Managers approach to assess significant harm is explained in the section "How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?".

- [What is the policy to assess good governance practices of the investee companies?](#)

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

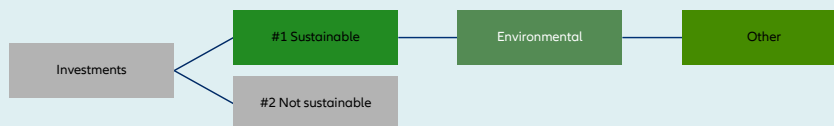
Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

#### [What is the asset allocation and the minimum share of sustainable investments?](#)

The asset allocation section describes which assets of the portfolio the Investment Manager commits to achieve the sustainable investment objective:

- The Investment Manager commits to invest at least 85.00% of Sub-Funds assets in securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects.
- Min. 80.00% (#1 Sustainable) of Sub-Fund's net asset value will be invested in environmentally Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Sub-Fund's Investment Manager commits to a minimum share of sustainable investments with an environmental objective of 80.00% and to sustainable investments with an environmental objective aligned with the EU Taxonomy of 0.01%. The Sub-Fund's Investment Manager does not commit to a minimum share of socially Sustainable Investments.



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments

- [How does the use of derivatives attain the sustainable investment objective?](#)

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

Derivatives are not used to attain the Sub-Fund's Sustainable Investment objective.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

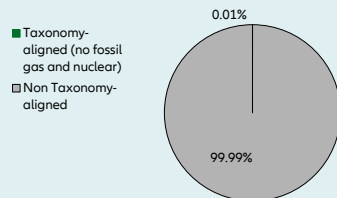
☐ In nuclear energy

☒ No

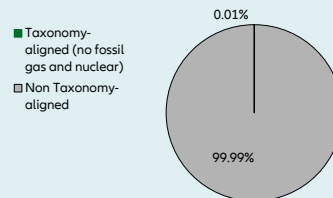
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup>, 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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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.

<sup>1</sup> 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.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The total share of environmentally Sustainable Investments including EU Taxonomy of the Sub-Fund is at least 80.00%. The overall sustainable investment share may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

are environmentally sustainable investments 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 a social objective?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments.



#### What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Under “#2 Not sustainable” parts of investments are included related to business activities which are not counted as Sustainable Investments. In addition, investments into cash, Target Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.



#### Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No, the Investment Manager has not assigned a reference benchmark to meet the sustainable investment objective of the financial product.

- How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- How does the designated index differ from a relevant broad market index?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- Where can the methodology used for the calculation of the designated index be found?

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

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**Deleted:** the index “ICE BOFAML GREEN BOND INDEX” as the Sub-Fund’s Benchmark

**Deleted:** The Sub-Fund’s benchmark uses the following methodology:<sup>¶</sup>  
The benchmark tracks the performance of securities issued which must have a clearly designated use of proceeds that is solely applied toward projects or activities that promote climate change mitigation or adaptation or other environmental sustainability purposes as outlined by the ICMA Green Bond Principles.<sup>¶</sup> The benchmark is not completely aligned with the sustainable investment objective of the Sub-Fund as specific screening and exclusion criteria might deviate.

**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund’s investment strategy.

**Deleted:** The Sub-Fund’s benchmark focuses on green bonds....

**Deleted:** Details of the Benchmark’s methodology may be found at [https://www.theice.com/publicdocs/Green\\_Bond\\_Index.pdf](https://www.theice.com/publicdocs/Green_Bond_Index.pdf) and at [www.theice.com](http://www.theice.com).

Template 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:

**Allianz Multi Asset Future**

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Legal entity identifier: 5299000ME98AQUG1H594

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>5.00%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz **Multi Asset Future** (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

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- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other internal funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 90% of the Sub-assets. Target Funds are counted into the 90.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 90.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets.

Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth and income by investing in a broad range of asset classes, in particular in the global Bond, global Equity, and Money Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 90% of the Sub-Fund assets in accordance with various approaches set out below or in internal Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.



issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.

- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- **Sustainable Investment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- **Net Zero Alignment Share:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

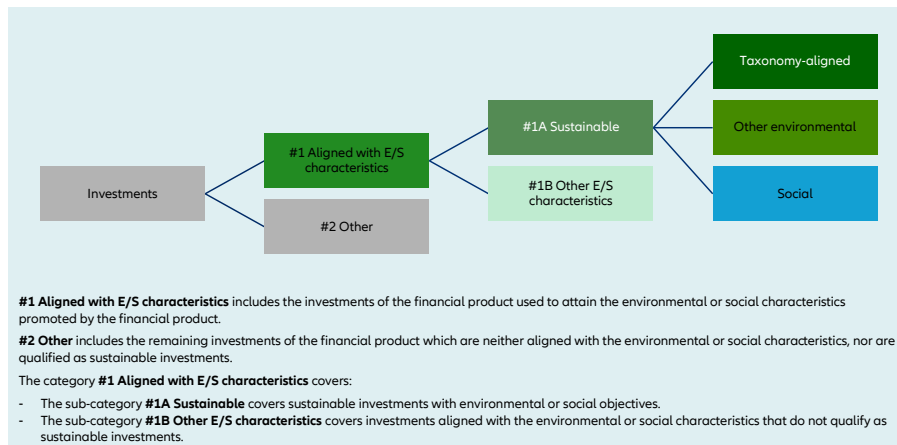
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 90% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

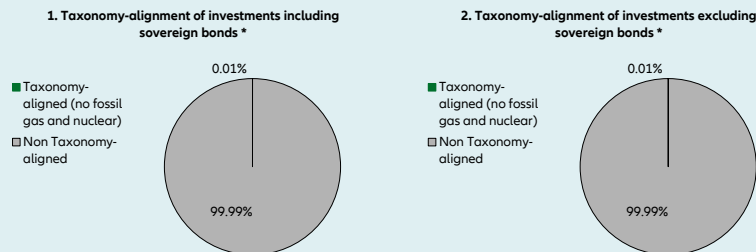
☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Climate Transition Credit**

Legal entity identifier: 529900QSKNARO960RK57

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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **20.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**

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What environmental and/or social characteristics are promoted by this financial product?

Allianz Climate Transition Credit (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity) and invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach net zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a third step, the Investment Manager assesses issuers on multiple criteria such as 2050 ambition, emission reduction target, emissions performance relative to targets, emissions disclosure, transition plan, or capital allocation alignment. Issuers from high impact sectors have stricter fulfilment requirements than low impact sectors of the same bucket. Each issuer is then classified in one of the transition categories: (1) achieving Net Zero, (2) aligned to Net Zero, (3) aligning to Net Zero, (4) committed to Net Zero and (5) not aligned to Net Zero. Investments (excluding cash and derivatives) from issuers classified in (1) achieving Net Zero, (2) aligned to Net Zero, and (3) aligning to Net Zero are considered in the Net Zero Alignment Share before October 1, 2030. Based on this, the Investment Manager manages the Sub-Fund so that min. 30% of the portfolio is invested in

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**Deleted:** environmental and social characteristics as well as Climate Change Mitigation and Climate Change Adaptation.

**Deleted:** mainly debt securities of those issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation according to the following criteria:<sup>¶</sup>  
Green Bonds. Green Bonds are instruments dedicated to finance Climate Change Mitigation, Climate Change Adaptation or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.<sup>¶</sup>  
Debt Securities whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or<sup>¶</sup>  
Debt Securities issued by sovereign issuers which have bindingly ratified the Paris Agreement, and which are not qualified with a score as "not free" by the Freedom House Index...

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<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

investments contributing to the Net Zero Alignment Share. From October 1, 2030 on, Investments (excluding cash and derivatives) from issuers classified in (1) achieving Net Zero and (2) aligned to Net Zero are considered in the Net Zero Alignment Share and the Net Zero alignment share of the Sub-Fund's portfolio needs to be at 50% or above.

- Further, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- The Net Zero Alignment Share of the portfolio: Percentage of the Sub-Fund's portfolio invested in issuers allocated to categories (1) to (3) before October 01, 2030 and percentage of the Sub-Fund's portfolio invested in issuers allocated to categories (1) and (2) from October 01, 2030 on. The calculation is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the portfolio in issuers which have been assessed and been allocated into categories (1) to (5). The calculation is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but

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**Deleted:** The actual percentage of the Sub-Fund assets invested in Green Bonds, Debt Securities whose corporate issuers commit to contribute to Climate Change Mitigation or Climate Change Adaptation within a predefined timeline or in sovereign Debt Securities, where the recipient of the proceeds has bindingly ratified the Paris Agreement or where the recipient is a government, municipality, public agency, central, regional, or local authority located in a country which has bindingly ratified the Paris Agreement. Details of the selection process of the instruments are described within the section "What investment strategy does this financial product follow?".<sup>¶</sup> Confirmation that for Green Bonds and corporate Debt Securities the minimum proprietary sustainability score of 1 has been adhered to throughout the Sub-Fund's financial year.

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<sup>1</sup> <https://sdgs.un.org/goals>

also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.

- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- *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?*

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?"
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

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**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 anti-bribery matters.

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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: “What investment strategy does this financial product follow?”)
- GHG Emissions	- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal
- Carbon footprint	- <a href="#">Use of information on PAI indicator in internal score</a>
- GHG Intensity of investee companies	- <a href="#">Target to invest at least 30% of the Sub-Fund’s portfolio into issuers contributing to the Net Zero alignment share, categories (1) to (3). From October 01, 2030, the Net Zero alignment share, categories (1) and (2), of the Sub-Fund’s portfolio needs to be at 50% or above</a>
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs:
- Emissions to water	• Principle 7: Businesses should support a precautionary approach to environmental challenges
- Hazardous waste ratio	• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility
	• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies
	- <a href="#">Use of information on PAI indicator in internal score</a>
- Violation of UN Global Compact principles	- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
	- <a href="#">Use of information on PAI indicator in internal score</a>
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as “not free” from the Freedom House Index

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The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting



rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.

- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in [Investment Grade rated Debt Securities of OECD or EU Bond Markets denominated in Euro](#) in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- [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?](#)

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> and by sovereign issuers which have not ratified the Paris Agreement are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe [those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors \("Sustainability Factors"\)](#). [With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 \(lowest\) and ends at 4 \(highest\). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.](#)

[At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives \(other than credit default swaps\), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.](#)

[The scoring process comprises the following:](#)

- [The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.](#)

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

As a third step, the Investment Manager has developed a methodology, which leverages external data providers and internal research, to assess issuers' commitments, targets and ability to transition to meet Net Zero objective. The Investment Manager assesses issuers on multiple criteria, based on data at issuer level from external data providers, such as 2050 ambition, emission reduction target, emissions performance relative to targets, emissions disclosure, transition plan, or capital allocation alignment. Issuers from high impact sectors have stricter fulfilment requirements than low impact sectors of the same bucket. Each issuer is then classified in one of the transition categories: (1) achieving Net Zero, (2) aligned to Net Zero, (3) aligning to Net Zero, (4) committed to Net Zero and (5) not aligned to Net Zero. The Investment Manager will periodically review the methodology including framework and criteria as issuers' datasets are developing.

For at least 80% of the Sub-Fund's portfolio, issuers need to be classified into one of the five categories. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which the required data is not available such as cash and derivatives. Derivatives are generally not classified. Derivatives (other than credit default swaps), whose underlying is a single corporate issuer are, however, generally classified. The Investment Manager will strive to increase data coverage through engagement with data providers and/or issuers. The size of the portfolio for which no category is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- Investments (excluding cash and derivatives) from issuers classified in categories: (1) achieving Net Zero, (2) aligned to Net Zero, and (3) aligning to Net Zero are considered in the Net Zero Alignment Share before 1 October 2030. The Net Zero Alignment Share of the Sub-Funds is computed by aggregating the portfolio weights of the investments from issuers in the categories (1) to (3) before 1 October 2030.
- Investments (excluding cash and derivatives) from issuers classified in categories: (1) achieving Net Zero and (2) aligned to Net Zero are considered in the Net Zero Alignment Share from 1 October 2030 on. The Net Zero Alignment Share of the Sub-Funds is computed by aggregating the portfolio weights of the investments from issuers in the categories (1) to (2) after 1 October 2030.
- Until 30 September 2030, the Net Zero Alignment Share of the Sub-Fund's portfolio needs to be at 30% or above. From 1 October 2030, the Net Zero Alignment Share of the Sub-Fund's portfolio needs to be at 50% or above. In particular, thresholds applicable after 2030 will be set before 1 October 2030.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's portfolio Net Zero Alignment Share is in line with or higher than requirement.

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

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**Deleted:** - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or¶

- in Debt Securities whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or¶

- in Debt Securities issued by sovereign issuers which have bindingly ratified the Paris Agreement, and which are not qualified with a score as "not free" by the Freedom House Index.¶

The Investment Manager selects the assets as follows:¶

- For Green Bonds, the Investment Manager analyses the projects financed by the Green Bond's proceeds. In order to be eligible, such projects have to be part of the green projects list as defined internally by the Investment Manager and based on research from the Climate Bonds Initiative (CBI)<sup>1</sup>, an organisation, which provides an evaluation of Climate Change Mitigation impacts of the different types of projects.¶

- For Debt Securities other than Green and sovereign Bonds, Investment Manager selects issuers taking part in the Science Based Targets ("SBT") initiative<sup>2</sup>. Issuers taking part in the SBT initiative have set targets to reduce greenhouse gas (GHG) emissions within a defined timeline in accordance with the agreement as of April 2016 within the United Nations Framework Convention on Climate Change (UNFCCC), on climate change mitigation, adaption, and finance (the "Paris Agreement"). The targets are validated by the SBT initiative.¶

For Green Bonds and corporate Debt Securities, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a rating of on environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal score assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed on a monthly basis. ¶

...

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

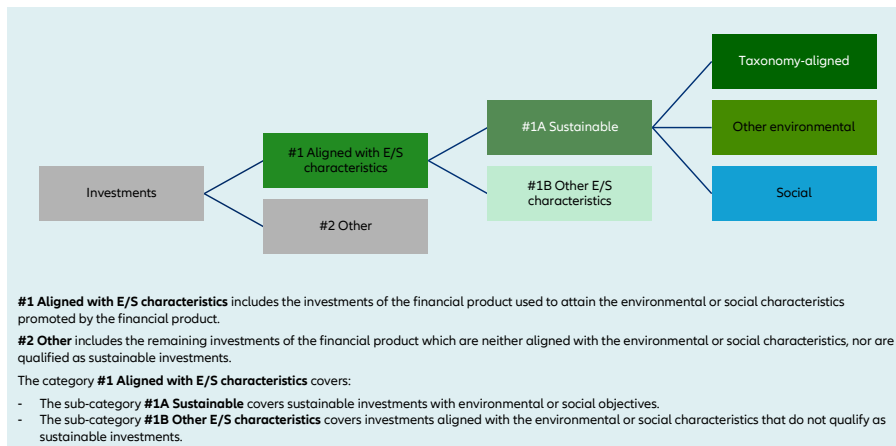
The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to [select issuers which have been assessed and been classified into Net Zero categories \(1\) to \(5\) for at least 80% \(#1 Aligned with E/S characteristics\) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?"](#)
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

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Asset allocation describes the share of investments in specific assets.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

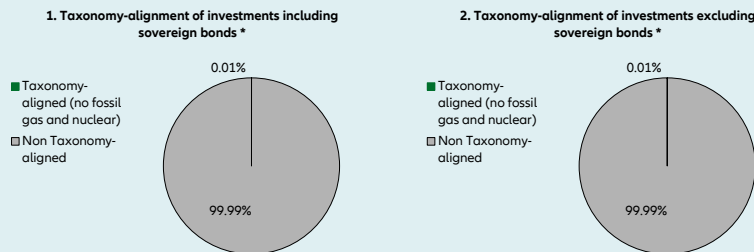
Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

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.

**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.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### 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?

**No**, the Investment Manager has **not** assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)
- How does the designated index differ from a relevant broad market index?  
[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)
- Where can the methodology used for the calculation of the designated index be found?  
Details of the Benchmarks' methodology may be found at [https://www.ice.com/publicdocs/Corporate\\_Climate\\_Indices\\_Rules\\_and\\_Methodology.pdf](https://www.ice.com/publicdocs/Corporate_Climate_Indices_Rules_and_Methodology.pdf) or at [www.msci.com](https://www.msci.com).

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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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**Deleted:** The Sub-Fund uses a Climate Transition benchmark which is however not completely aligned with the environmental or social characteristics promoted by the Sub-Fund. The benchmark consists of EUR denominated investment grade corporate debt publicly issued in the eurobond or Euro member domestic markets. It takes into account ESG factors, excludes securities of issuers that do not meet requirements for inclusion in Climate Transition benchmarks under the EU and UK Benchmark Regulation ("BMR"), and adjusts to security weightings so as to reduce the overall carbon footprint of the CTB Index in accordance with BMR. The benchmark serves to compare the percentage of the portfolio with a proprietary sustainability score of 1 or more of the Sub-Fund with the percentage of the benchmark

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**Deleted:** These benchmarks use either ESG criteria as well as criteria that meet requirements for Pd and Climate Transition labeling under BMR for index construction

**Deleted:** or focus on green bonds

**Deleted:** <https://www.msci.com/documents/1296102/26180598/BBG+MSCI+Green+Bond+Indices+Primer.pdf><sup>¶</sup> <https://www.msci.com/documents/1296102/26180598/Bloomberg+Barclays+MSCI+Global+Corporate+Sustainability+Index.pdf><sup>¶</sup>

Template 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:

## Allianz High Dividend Asia Pacific Equity

Legal entity identifier: 549300NMGJFNXMUMPO08

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>2.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz High Dividend Asia Pacific Equity (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 2.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	



PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in a portfolio of Asia Pacific (excluding Japan) equity market securities, with a potential dividend yield above the market average in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 2.00% of Sub-Fund’s net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

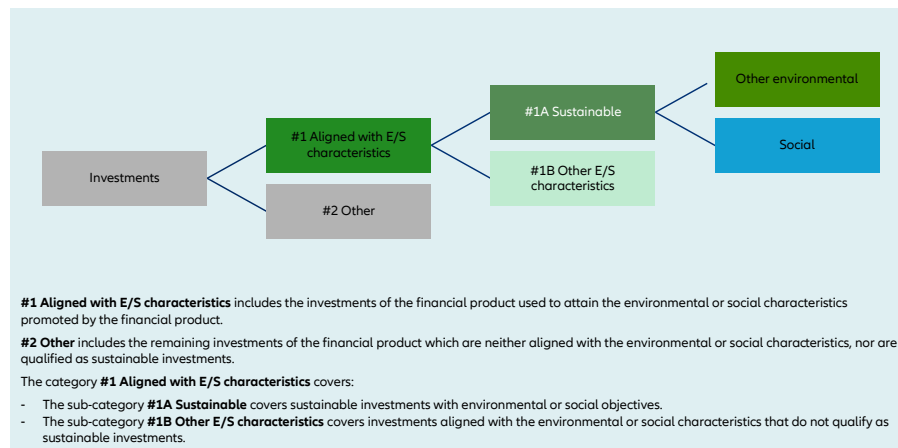
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 2.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments with an environmental objective aligned with the EU Taxonomy. The overall Sustainable Investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

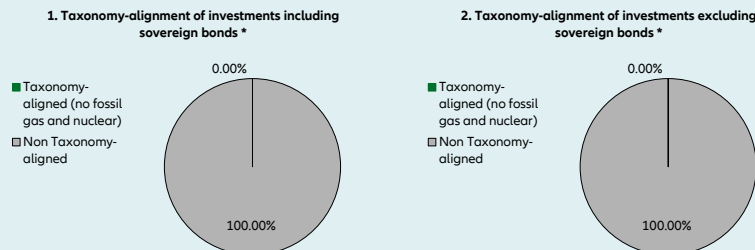
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI AC Asia Pacific Excl. Japan Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/0df2ed3c-5fea-4414-b875-55dcd31705ad> or at [www.msci.com](http://www.msci.com).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz India Equity**

Legal entity identifier: 529900DZ16RFX9X8FN04

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> Yes	<input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: <u>  </u> %	<input checked="" type="checkbox"/> 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 <b>10.00%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective <u>  </u> %	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments	

What environmental and/or social characteristics are promoted by this financial product?

Allianz India Equity (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?"

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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 Taxonomy 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.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- 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?  
 The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.  
 The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:
  - Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
  - For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
  - For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
  - The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- 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?  
 To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.
  - How have the indicators for adverse impacts on sustainability factors been taken into account?  
 All mandatory PAI indicators are taken into account as follows:
    - Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
    - Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.
 In detail, the Investment Manager has taken the following steps:
    - Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	



PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global Compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Equity Markets of the Indian Subcontinent, including India, Pakistan, Sri Lanka and Bangladesh in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?  
As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:
  - severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services.
- deriving more than 10% of their revenue from thermal coal extraction.
- active within the utility sector and generating more than 20% of their revenues from coal.
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund’s net asset value in Sustainable Investments.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

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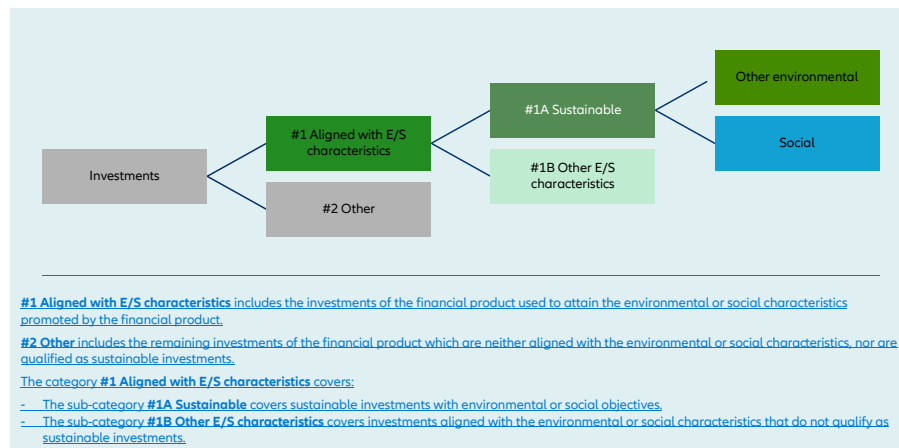
investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments with an environmental objective aligned with the EU Taxonomy. The overall Sustainable Investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Asset allocation describes the share of investments in specific assets.

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.

- [Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?](#)

☐ Yes

☐ In fossil gas

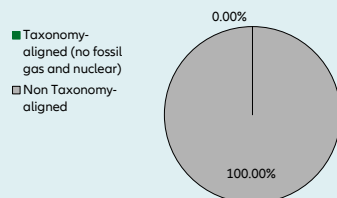
☐ In nuclear energy

☒ No

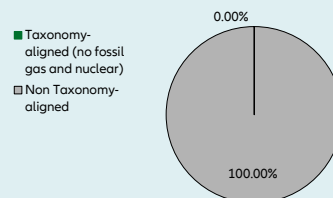
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist 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?](#)

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

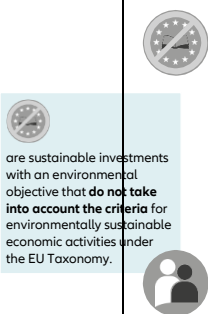
#### [What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?](#)

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

#### [What is the minimum share of socially sustainable investments?](#)

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.





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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI India Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- How does the designated index differ from a relevant broad market index?

The Sub-Fund’s benchmark is a market index.

- Where can the methodology used for the calculation of the designated index be found?

Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/df722a4b-b46c-4e25-9cdd-2b555e2d3cb8> or at [www.msci.com](http://www.msci.com)



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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

Template 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:

## Allianz Japan Equity

Legal entity identifier: 529900D7K4CJB8ABAW87

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Japan Equity (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

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

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	



PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Japanese Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager’s approach to the exercise of voting rights and company engagement is set out in the Management Company’s Stewardship Statement.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.



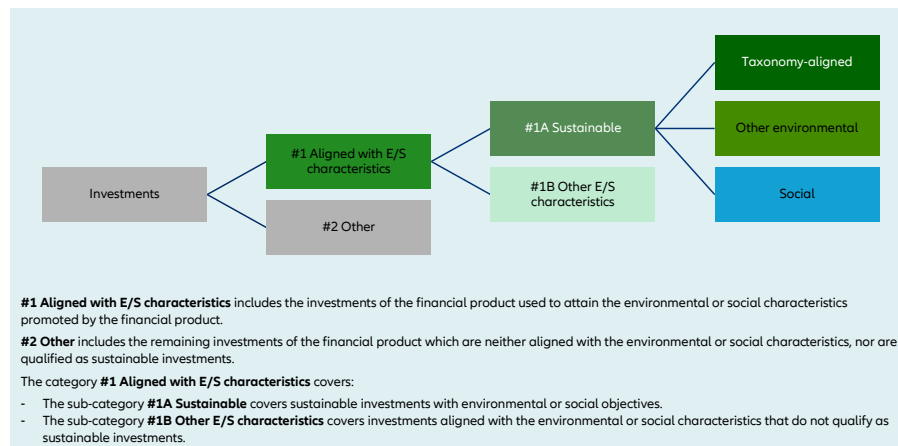
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

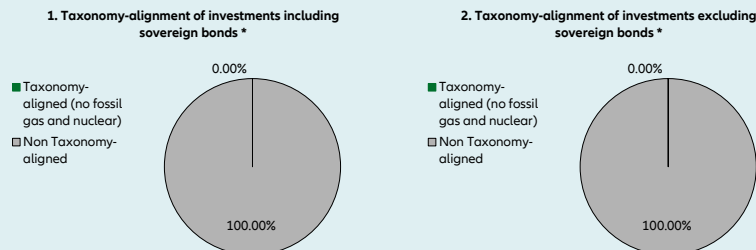
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “TOPIX Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at [https://www.jpox.co.jp/english/news/detail/detail\\_665.html](https://www.jpox.co.jp/english/news/detail/detail_665.html).



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Pet and Animal Wellbeing

Legal entity identifier: 529900WR8ULGAFRMOS18

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **20.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Pet and Animal Wellbeing (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager commits to invest minimum 70% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of assets invested in issuers which have been assessed according to the Sustainable Investments methodology. The calculation of the Sustainable Investments methodology is described below in the sections "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?" and "What investment strategy does this financial product follow?".
- Percentage of investments that pass the assessment to not significantly harm environmental or social objectives.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section "What are the binding

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?”.

- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:





PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global equity markets with a focus on the evolution and development of pet and animal wellbeing in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the Sustainable Investments methodology as far as such data is available. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective. For at least 80% of assets held in the Sub-Fund's portfolio such an assessment needs to be performed. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which Sustainable Investments data is not available such as cash and derivatives

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments.

Lastly, the Investment Manager commits to invest minimum 70% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details and methods of determining significant harm of any environmental or social objective are described within 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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

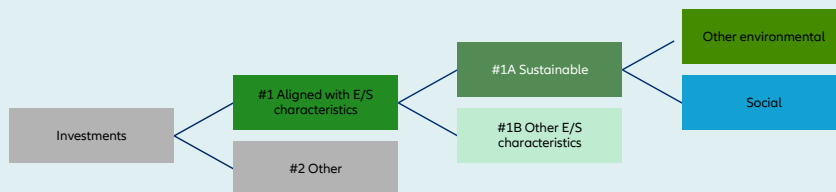
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 70% (#1 Aligned with E/S characteristics) in issuers which as assessed by the Investment Manager are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details of the assessment on whether issuers significantly harm any environmental or social objectives are described 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?".
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

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



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

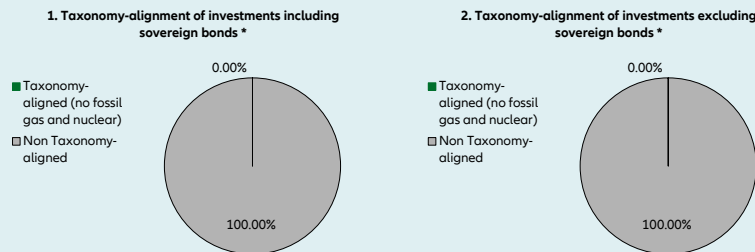
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

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

<sup>1</sup> 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.

**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 emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **Where can the methodology used for the calculation of the designated index be found?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Positive Change**

Legal entity identifier: 529900BL3ET622OAU93

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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **50.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Allianz Positive Change, (the "Sub-Fund") promotes environmental and social characteristics and one or more of the United Nations Sustainable Development Goals ("SDGs") or other Sustainable Investment objectives. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 50.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- 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?

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- 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?

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:



PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Share of non-renewable energy consumption and production	
- Energy consumption intensity per high impact climate sector	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Activities negatively affecting biodiversity-sensitive areas	
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Unadjusted gender pay gap	
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Exposure to controversial weapons	
- Application of exclusion criteria relating to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- GHG intensity	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.

- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>



**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets with a focus on companies with an engagement in one or more United Nations' SDGs in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. The proprietary methodology to assess the environmental and social contribution is described 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?".

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 50% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 50.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



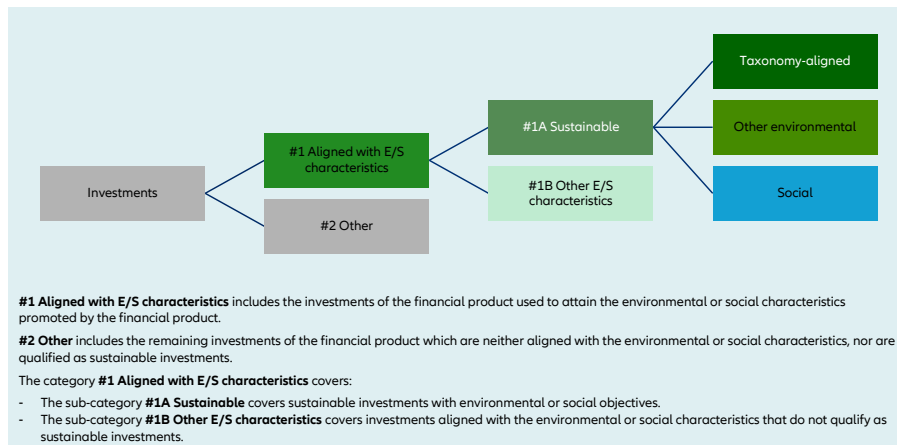
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's net asset value in issuers pursuing business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated as described in the section "What investment strategy does this financial product follow?".
- Min. 50.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.

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



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

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

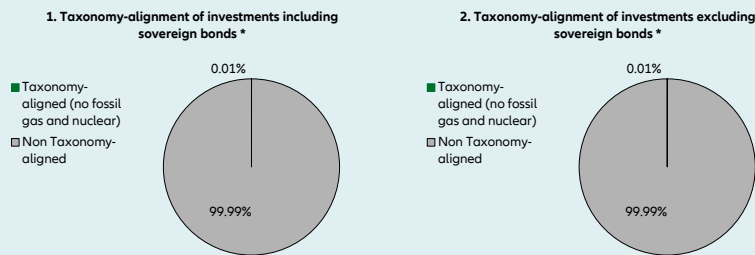
☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

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.

**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.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 50.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



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

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.



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

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

## Allianz SDG Euro Credit

Legal entity identifier: 529900IA5IQGQKTAYO36

### Sustainable investment objective

**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 Taxonomy** 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: 40.00%**

☐ 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 \_\_\_% 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 5.00%**

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The Sub-Fund will invest more than 80% of its assets in Sustainable Investments and this commitment is achieved through environmentally or socially sustainable investments.



### What is the sustainable investment objective of this financial product?

Allianz SDG Euro Credit (the "Sub-Fund") invests in securities of companies providing products or services which contribute to environmental or social objectives, as defined by the UN Sustainable Development goals (SDGs) or the EU Taxonomy objectives, which are also related to the SDGs. The Sub-Fund does so by:

- As a first step, the Investment Manager excludes direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 80.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark for the purpose of attaining the sustainable investment objective of the Fund has been designated.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

To measure the attainment of the Sub-Fund's sustainable investment objective the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- [How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?](#)

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- [How have the indicators for adverse impacts on sustainability factors been taken into account?](#)

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

**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 anti-bribery matters.





Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> <li>- Share of non-renewable energy consumption and production</li> <li>- Energy consumption intensity per high impact climate sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Unadjusted gender pay gap</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- GHG intensity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in Debt Securities with Investment Grade denominated in Euro or Eurozone or OECD Bond with a focus on companies with an engagement in one or more United Nations' SDGs and/or on companies supporting climate-related or social projects, and hence create positive outcomes for environment and society. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to the sustainable investment objective of the Investment Strategy, the following applies:

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100g CO2 e/kWh,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco, or deriving more than 15% of their revenues from the involvement in tobacco-related services,
- involved in the production of (i) arctic oil drilling or (ii) other non-conventional oil and gas,
- deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels,
- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,
- involved in gambling,
- deriving more than 10% of their revenues from high-proof alcohol.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the

**Deleted:** 0

**Deleted:** extraction

**Deleted:** involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco, or deriving more than 15% of their revenues from the involvement in tobacco-related services,<sup>¶</sup>

- involved in the production of (i) arctic oil drilling or (ii) other non-conventional oil and gas,<sup>¶</sup>

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution.

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 80% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. For the remaining 20% (or less) of the Sub-Fund portfolio, each respective issuer shall have a minimum share of 5% Sustainable Investment. Cash and derivatives are excluded from these thresholds. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

Further, the Investment Manager commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

The Investment Manager measures how the Sustainable Investments contribute to the Sub-Fund's sustainable investment objective based on a proprietary methodology as follows:

- The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.
- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

The Investment Manager's approach to assess significant harm is explained in the section "How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?".

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>1</sup> <https://sdgs.un.org/goals>

information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

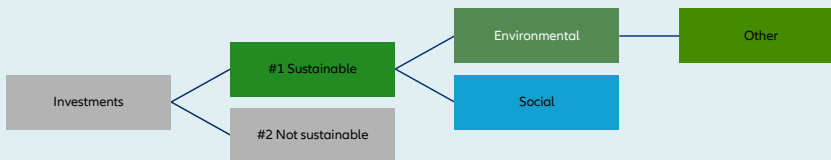
Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

### What is the asset allocation and the minimum share of sustainable investments?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to achieve the sustainable investment objective:

- Min. 80.00% (#1 Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 40.00% of Sub-Fund's net asset value will be invested in environmentally Sustainable Investments.
- Min. 5.00% of Sub-Fund's net asset value will be invested in socially Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

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



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments

#### How does the use of derivatives attain the sustainable investment objective?

Derivatives are not used to attain the Sub-Fund's Sustainable Investment objective.

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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

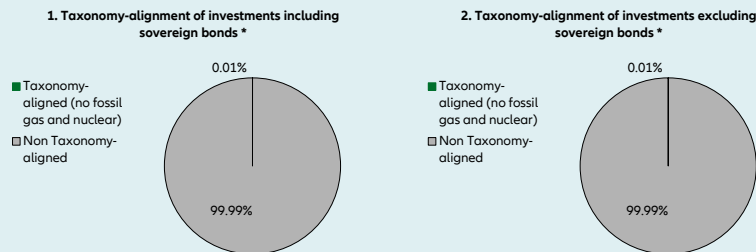
☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 80.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

 are environmentally sustainable investments 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 a social objective?

<sup>1</sup> 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 Investment Manager commits to a minimum share of 5% of socially Sustainable Investments. The overall Sustainable Investment share may also include investments with an environmental or social objective and the Sub-Fund will invest min. 80% of its assets in Sustainable Investments.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Under “#2 Not sustainable” parts of investments are included related to business activities which are not counted as Sustainable Investments. In addition, investments into cash, Target Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

No, the Investment Manager has not assigned a reference benchmark to meet the sustainable investment objective of the financial product.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.



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

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

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Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

Allianz SDG Global Equity

Legal entity identifier: 529900TLZ3XIEIHCF86

Sustainable investment objective

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> Yes	<input type="radio"/> No
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 10.00%</b>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments
<input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective 10.00%</b>	<input type="checkbox"/> with a social objective
	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

The Sub-Fund will invest more than 80% of its assets in Sustainable Investments and this commitment is achieved through environmentally or socially sustainable investments.

What is the sustainable investment objective of this financial product?

Allianz SDG Global Equity (the "Sub-Fund") invests in securities of companies providing products or services which contribute to environmental or social objectives, as defined by the UN Sustainable Development goals (SDGs) or the EU Taxonomy objectives, which are also related to the SDGs. The Sub-Fund does so by:

- As a first step, the Investment Manager excludes direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is lower than the GHG intensity of the Sub-Fund's benchmark.
- Further, the Investment Manager will adhere to a minimum percentage of 80.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

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No reference benchmark for the purpose of attaining the sustainable investment objective of the Fund has been designated.

Details and methods of each step are described within the section “What investment strategy does this financial product follow?”.

- [What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?](#)

To measure the attainment of the Sub-Fund's sustainable investment objective the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- ~~Percentage of taxonomy-aligned investments at the end of the financial year.~~
- [The GHG intensity of the Sub-Fund compared to the GHG intensity of the benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?"](#).

- [How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?](#)

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts (“PAI”) on sustainability factors.

- [How have the indicators for adverse impacts on sustainability factors been taken into account?](#)

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in the section “What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?”.
- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

**Sustainability indicators**  
measure how the sustainable objectives of this financial product are attained.

**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 anti-bribery matters.



data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> <li>- Share of non-renewable energy consumption and production</li> <li>- Energy consumption intensity per high impact climate sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> <li>- <a href="#">Target to manage the GHG intensity of the Sub-Fund below its benchmark.</a></li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global Compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Unadjusted gender pay gap</li> </ul>	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.</li> </ul>

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- GHG intensity	- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 100% of issuers having a Sustainable Investment share.
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Market with a focus on companies with an engagement in one or more United Nations' SDGs and/or on companies supporting climate-related or social projects, and hence create positive outcomes for environment and society. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to the sustainable investment objective of the Investment Strategy, the following applies:

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, submunitions, chemical weapons, biological weapons, depleted or any other industrial uranium weapons, white phosphorus weapons, and nuclear weapons), and /or deriving more than 5% of their revenues from the production of (i) (other) weapons, or (ii) military equipment, and services and/or which are involved in the distribution/sales of military equipment and services and/or which provide services in relation to military equipment and services,
- deriving more than 1% of their revenues from exploration, mining, extraction, distribution or refining of thermal coal,
- generating more than 5% of their revenues from conventional oil and gas or non-conventional oil and gas-related activities such as exploration, mining, extraction, transportation, distribution, or refinement, or providing dedicated equipment or services. This includes, but is not limited to, the extraction of tar/oil sands, coalbed methane, extra heavy oil, shale oil, shale gas and ultra deep drilling. The aforesaid exclusion criteria are not applicable for those issuers which have a Science Based Targets initiative (SBTi) target set at well-below 2°C or 1.5°C, or have a SBTi Business Ambition for 1.5°C commitment, except for issuers deriving more than 10% of their revenues from the exploration, extraction, distribution or refining of oil fuels or

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<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels or are involved in the production and/or exploration of oil sands of more than 5% of their revenues,
- active within the utility sector and generating more than 20% of their revenues from coal,
- deriving more than 5% of their revenues from coal-based energy generation. The aforesaid exclusion criterium is not applicable for those issuers which have a Science Based Targets initiative (SBTi) target set at well below 2°C or 1.5°C, or have a SBTi Business Ambition for 1.5°C commitment,
- deriving 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh,
- involved in the production of tobacco or e-cigarettes, or deriving more than 5% of their revenues from the distribution of tobacco or e-cigarettes,
- involved in the production of hydraulic fracturing and/or which provide services in relation to hydraulic fracturing of more than 5% of their revenues,
- involved in the production of alcohol (limited to spirits) of more than 10% of their revenues,
- involved in the production of agricultural genetically modified organisms -GMOs- of more than 5% of their revenues,
- involved in the production of nuclear power and/or which provide services in relation to nuclear power of more than 10% of their revenues,
- involved in nuclear-, gas- or coal-based energy generation related products or services unless they derive more than 50% of their revenues from contributing activities (economic activities included in the EU taxonomy). The aforesaid exclusion criterium is not applicable for those issuers which have a Science Based Targets initiative (SBTi) target set at well- below 2°C or 1.5°C or have a SBTi Business Ambition for 1.5°C commitment,
- involved in the production of arctic drilling,
- involved in the production of gambling and/or which are involved in the distribution/sales of gambling and/or which provide services in relation to gambling of more than 5% of their revenues,
- involved in the production of pornography of more than 5% of their revenues and/or which are involved in the distribution/sales of pornography of more than 5% of their revenues,
- involved in exploration or being involved in exploitation or development of new oil or gas fields or the exploitation or development of new coal mines building new coal-fired power stations or absolute production of or capacity for coal-based power exceeds 5 GW. The non-expansion criteria can temporary be ignored in case of national legal obligations in the context of energy provision security,
- with more than 25% of their revenues derived from products/services dedicated to the execution of harmful activities (companies which are involved in activities covered by the a.m. Sub-Fund's specific exclusion criteria are executing "Harmful Activities"). Products/services aimed at mitigating or reducing negative effects of Harmful Activities should not be included in this consideration.

The aforementioned exclusion criteria do not apply to companies active within the sector of power generation (except for companies active in the utility sector that generate more than 20% of their revenues from coal) which are not yet aligned with the criteria according to the preceding section subject to the following requirements:

- The total portfolio exposure to such non-compliant companies within the sector of power generation is until 31 December 2024 max. 3,00% of the net asset value of the Sub-Fund. This percentage will decrease to max. 2,00% until 30 June 2025 and to 0% from 1 July 2025 onwards.
- Non-compliant companies are subject to an environmental, social and governance rating (described below in this section), whereby only the 25% highest rated companies remain investible.
- Non-compliant companies still have to meet the governance criteria as mentioned above.

The Sub-Fund refrains from investing directly in securities of sovereign issuers of countries:

- that on average of all 6 Worldwide Governance Indicators (WGI)[2], established by the World Bank, scores lower than -0.59 or,
- does score less than -1.00 on a single WGI.

The Sub-Fund also refrains from investing directly in securities of sovereign issuers of high-income countries as defined by the World Bank[3].

- that have not ratified or implemented the eight fundamental conventions identified in the International Labour Organisation's declaration of the Fundamental Rights[4] and Principles at work,

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- [that have not ratified or implemented at least half of the 18 core International Human Rights Treaties\[5\] national legislation or equivalent,](#)
- [which are not party to the Paris Agreement\[6\], the UN Convention on Biological Diversity\[7\], or the Nuclear Non-Proliferation Treaty\[8\],](#)
- [with particularly high military budget exceeding 4% of the respective country's Gross Domestic Product \(GDP\),](#)
- [which are considered as the jurisdictions with strategic deficiencies in their regimes to counter money laundering and combating the financing of terrorism and proliferation by the Financial Action Task Force \(FATF\)\[9\],](#)
- [scoring below 40/100 on the Transparency International Corruption Perception Index\[10\], or](#)
- [qualified with a score as "not free" by the Freedom House Index\[11\],](#)
- [in which the death penalty is legal and in use.](#)

[The Sub-Fund's current specific exclusion criteria \(including additional information to the Phase-out margin\) and further details may be updated from time to time and can be consulted on the website:](#)

<https://regulatory.allianzgi.com/en/esg/sri-type-a-policy>

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution.

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 80% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. For the remaining 20% (or less) of the Sub-Fund portfolio, each respective issuer shall have a minimum share of 5% Sustainable Investment. Cash and derivatives are excluded from these thresholds. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.

[In addition, the Investment Manager selects and weights issuers from the remaining investment universe so that the Sub-Fund's GHG intensity is lower than the GHG intensity of the Sub-Fund's benchmark. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions \(scope 1, 2 and 3\) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emissions from purchased energy and scope 3 comprises emissions related to the supply chain of the issuer or emissions caused by usage of its products from its customers. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers.](#)

[To determine the GHG intensity of the Sub-Fund and the benchmark the following steps are applied:](#)

- [The Investment Manager receives GHG intensity data on issuer level from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers, and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds.](#)
- [Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted in such a way that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund's general investment strategy described in the prospectus.](#)
- [The GHG intensity of the benchmark is calculated accordingly, i.e., only issuers/instruments where the Investment Manager receives GHG intensity data are considered and the GHG intensity of each issuer is weighted.](#)

**Deleted:** - involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,¶  
 - deriving more than 5% of their revenues from the sum of (i) the production of and (ii) providing services in relation to hydraulic fracturing,¶  
 - deriving more than 10% of their revenues from the production of alcohol (limited to spirits),¶  
 - deriving more than 5% of their revenues from the production of agricultural genetically modified organisms ("GMOs"),¶  
 - deriving more than 10% of their revenues from the sum of (i) the production of and (ii) providing services in relation to nuclear power,¶  
 - involved in the production of arctic drilling,¶  
 - deriving more than 5% of their revenues from gambling,¶  
 - deriving more than 5% of their revenues from the (i) production or (ii) exploration of oil sands,¶  
 - deriving more than 1% of their revenues from the (i) production or (ii) distribution/sales of pornography.¶  
 Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.¶

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Further, the Investment Manager commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

The Investment Manager measures how the Sustainable Investments contribute to the Sub-Fund's sustainable investment objective based on a proprietary methodology as follows:

- The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.
- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

The Investment Manager's approach to assess significant harm is explained in the section "How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?".

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**What is the asset allocation and the minimum share of sustainable investments?**

The asset allocation section describes which assets of the portfolio the Investment Manager commits to achieve the sustainable investment objective:

- Min. 80.00% (#1 Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 10.00% of Sub-Fund's net asset value will be invested in environmentally Sustainable Investments.
- Min. 10.00% of Sub-Fund's net asset value will be invested in socially Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

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

<sup>1</sup> <https://sdgs.un.org/goals>



- How does the use of derivatives attain the sustainable investment objective?  
 Derivatives are not used to attain the Sub-Fund's Sustainable Investment objective.



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

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

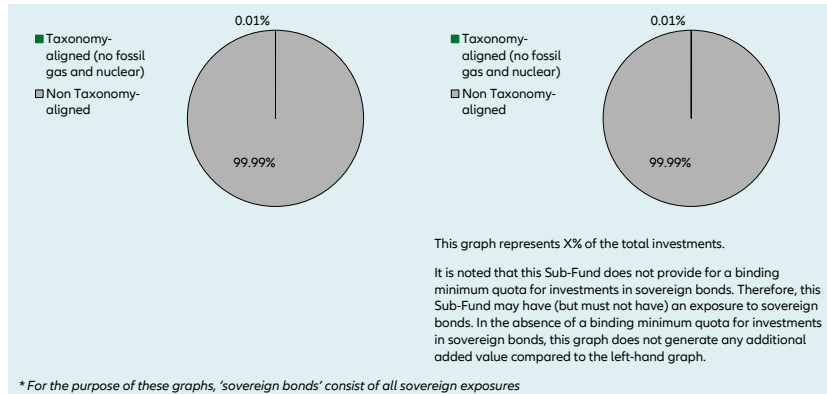
1. Taxonomy-alignment of investments including sovereign bonds \*

2. Taxonomy-alignment of investments excluding sovereign bonds \*

<sup>1</sup> 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.

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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 80.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 a social objective?**

The Investment Manager commits to a minimum share of 10% of socially Sustainable Investments. The overall Sustainable Investment share may also include investments with an environmental or social objective and the Sub-Fund will invest min. 80% of its assets in Sustainable Investments.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Under “#2 Not sustainable” parts of investments are included related to business activities which are not counted as Sustainable Investments. In addition, investments into cash, Target Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to meet the sustainable investment objective of the financial product.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to meet the sustainable investment objective of the financial product.
- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to meet the sustainable investment objective of the financial product.

- [Where can the methodology used for the calculation of the designated index be found?](#)

A reference benchmark is not used to meet the sustainable investment objective of the financial product.



[Where can I find more product specific information online?](#)

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Selection Fixed Income

Legal entity identifier: 549300GHHV2E38CY6D14

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Selection Fixed Income (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR).

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).
- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly

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

invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.

- **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?**

The Investment Manager does not commit to a minimum share of 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?**

The Investment Manager does not commit to a minimum share of Sustainable Investments.

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

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

- ☐ Yes  
☒ No

The Investment Manager does not consider PAI indicators as binding element of the fund.



**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 Sub-Fund's investment objective is to generate long term capital growth by investing in global bond- and money market funds in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation ("SFDR") or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund's financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.
- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the

**Deleted:** on a monthly basis

performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.

- Sustainable Investment Share: In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".

- Net Zero Alignment Share: In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

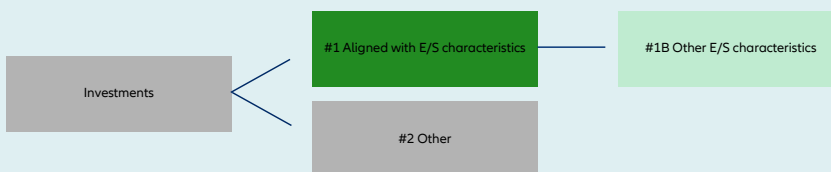
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.

**Asset allocation** describes the share of investments in specific assets.



**#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 aligned 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.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

- 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

☐ Yes

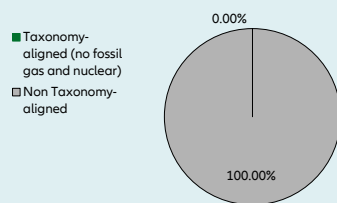
☐ In fossil gas

☐ In nuclear energy

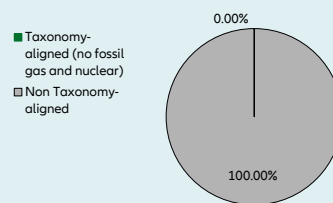
☒ No

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.



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 socially sustainable investments?**

\* 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 Investment Manager does not commit to a minimum share of socially sustainable investments.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **Where can the methodology used for the calculation of the designated index be found?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Selection Small and Mid Cap Equity

Legal entity identifier: 529900F8INOFIY57KZ10

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 \_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Selection Small and Mid Cap Equity (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least 70% of the Sub-assets. Target Funds are counted into the 70.00% if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the 70.00% if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).
- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.

- **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?**

The Investment Manager does not commit to a minimum share of 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?**

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

- ☐ Yes  
☒ No

The Investment Manager does not consider PAI indicators as binding element of the fund.



**What investment strategy does this financial product follow?**

The Sub-Fund's investment objective is to generate long term capital growth by investing in European Equity Markets funds with a focus on smaller and mid-sized companies in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".



The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates 70% of the Sub-Fund assets in accordance with various approaches set out below or in Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation ("SFDR") or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed at least twice a year. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund's financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.
- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or
  - in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- **ESG Score:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the

**Deleted:** on a monthly basis

performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.

- Sustainable Investment Share: In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".

- Net Zero Alignment Share: In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- What is the policy to assess good governance practices of the investee companies?

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

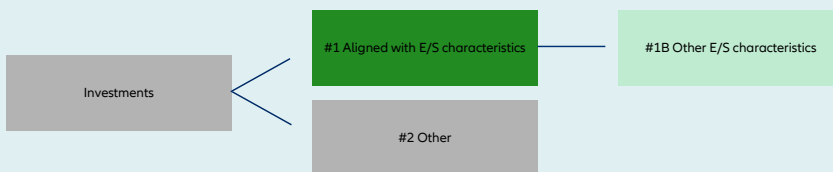
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 70% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

- 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

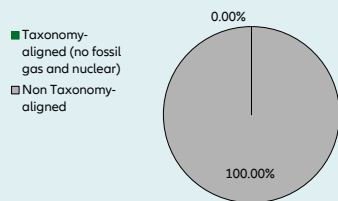
☐ In fossil gas

☐ In nuclear energy

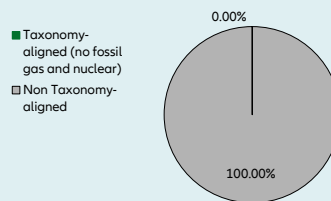
☒ No

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.



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 socially sustainable investments?**

<sup>1</sup> 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 Investment Manager does not commit to a minimum share of socially sustainable investments.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Short Duration Global Bond SRI

Legal entity identifier: 549300OYIOIK6HSXWK48

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

**Deleted:** Template 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:¶  
[Allianz Selective Global High Income ¶](#)  
Legal entity identifier: 549300GJL672LFNCCQ34¶  
~~object>object~~Environmental and/or social characteristics¶  
Does this financial product have a sustainable investment objective?



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Short Duration Global Bond SRI (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- [What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?](#)

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Percentage of the portfolio with a proprietary sustainability score of 2 or more. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term growth by investing in global Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from distribution of tobacco, or deriving more than 10% of their revenues from providing services in relation to tobacco,
- involved in the production of gambling or pornography, or deriving more than 10% of their revenues from the sum of (i) distribution/sales of and (ii) providing services in relation to gambling or pornography,
- involved in the production of non-conventional oil and gas, or deriving more than 10% of their revenues from providing services in relation to non-conventional oil and gas,
- involved in the production of alcohol, or deriving more than 10% of their revenues from distribution/sales of alcohol or deriving more than 20% of their revenues from providing services in relation to alcohol.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

**Deleted:** on a monthly basis

At least 90% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1.75 or more and max. 20% of the issuers with an internal score between 1 and 1.75.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

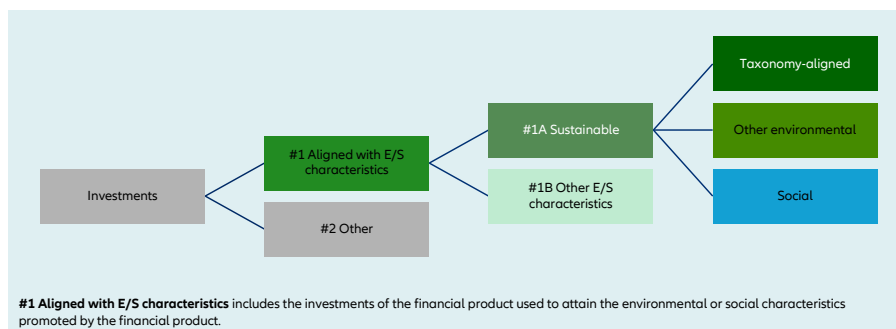
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#2 Other** includes the remaining investments of the financial product which are neither aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

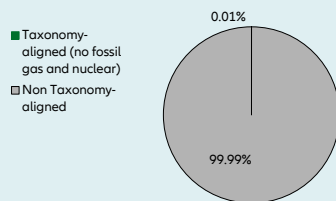
☐ In nuclear energy

☒ No

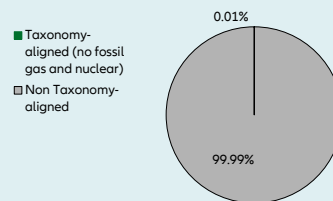
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> 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.

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.

#### Enabling activities directly

**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



#### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



#### **Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Smart Energy**

Legal entity identifier: 5299001HEJY28N2P7I26

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>50.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Smart Energy's (the "Sub-Fund") promotes environmental and social characteristics and one or more of the United Nations Sustainable Development Goals ("SDGs") or other Sustainable Investment objectives. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 50.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Confirmation that at least 70% of the Sub-Fund's net asset value has been invested throughout the Sub-Fund's financial year in issuers that pursue business activities that contribute to one or more of the following SDGs: Affordable and Clean Energy; Industry, Innovation and Infrastructure; Sustainable Cities and Communities, Responsible Consumption and Production; Climate Action.
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Share of non-renewable energy consumption and production	
- Energy consumption intensity per high impact climate sector	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Activities negatively affecting biodiversity-sensitive areas	
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Unadjusted gender pay gap	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- GHG intensity	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.



- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets with a focus on companies with an engagement in the area of transition of energy usage in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco,
- deriving more than 30% of their revenues from upstream oil or power generation from this fuel.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. The proprietary methodology to assess the environmental and social contribution is described 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?".

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 50% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- At least 70% of the Sub-Fund's net asset value shall be invested in issuer that pursue business activities that contribute to one or more of the following SDGs:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".



- Affordable and Clean Energy
- Industry, Innovation and Infrastructure
- Sustainable Cities and Communities
- Responsible Consumption and Production
- Climate Action

Further, the Investment Manager commits to a minimum proportion of 50.00% of Sub-Fund's net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

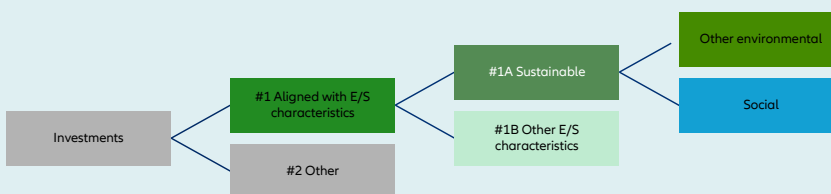
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's net asset value in issuers pursuing business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated as described in the section "What investment strategy does this financial product follow?".
- Min. 50.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.

**Asset allocation** describes the share of investments in specific assets.



**#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 aligned 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?

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

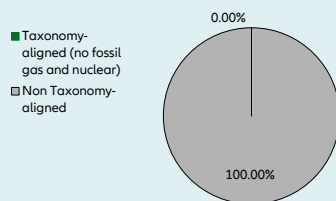
☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

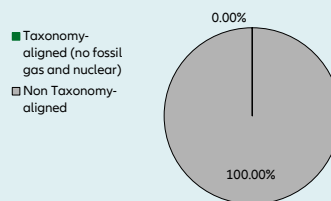
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds<sup>\*</sup>, the first graph shows the Taxonomy-alignment in relation to all the investments of 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.

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<sup>\*</sup>, 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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

<sup>\*</sup> For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

<sup>1</sup> 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.

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.

**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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 50.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



#### **What is the minimum share of socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.



#### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



#### **Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

Allianz Social Conviction Equity

Legal entity identifier: 529900RICS54KA4ZV927

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 Taxonomy** 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 will make a minimum of **sustainable investments with a social 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

☒ 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 **50.00%** of sustainable investments

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

☒ with an environmental objective in economic activities that 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

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What environmental and/or social characteristics are promoted by this financial product?

Allianz Social Conviction Equity (the Sub-Fund) promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of **50.00%** of Sustainable Investments, **a minimum percentage of 30.00% of socially Sustainable Investments**, and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

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No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**  
To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.
- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of the portfolio with a proprietary sustainability social pillar score of 2 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

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<sup>1</sup> <https://sdgs.un.org/goals>

**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 anti-bribery matters.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant



industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

 **What investment strategy does this financial product follow?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

The Sub-Fund's investment objective is to generate long-term capital growth by investing in the Equity Markets of the Eurozone with a focus on companies that have a superior social profile in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instances where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score and a social pillar score for all socially related Sustainability Factors for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.

- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 2 or more [and for 90% of the scored issuers with an internal social pillar score of 2 or more.](#)

The Investment Manager must apply the first and second step so that the Sub-Fund's investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of [50.00%](#) of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy [and a minimum proportion of 30.00% of Sub-Fund's net asset value in socially Sustainable Investments.](#)

- [What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?](#)

The Investment Manager has committed to reduce the Sub-Fund's investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

- [What is the policy to assess good governance practices of the investee companies?](#)

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

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Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

## What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".

- Min. [50.00%](#) (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

[Min. 30.00% of Sub-Fund's net asset value will be invested in socially Sustainable Investments.](#)

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. [50.00%](#)) irrespective of their contribution to environmental and/or social objectives.

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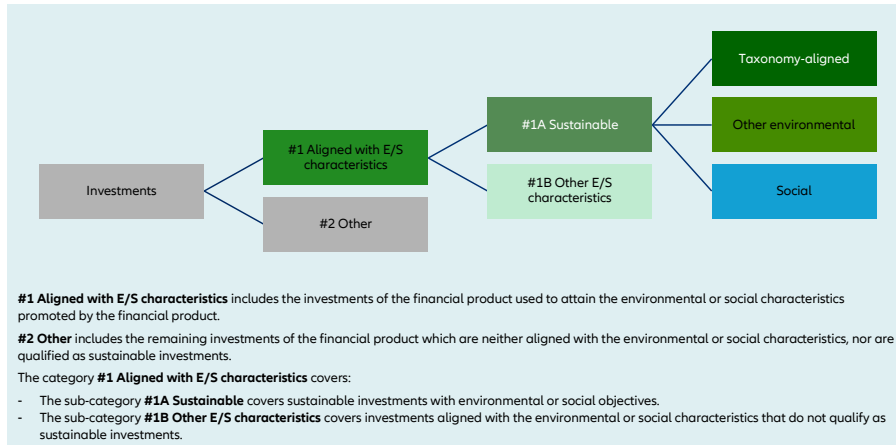
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Asset allocation describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

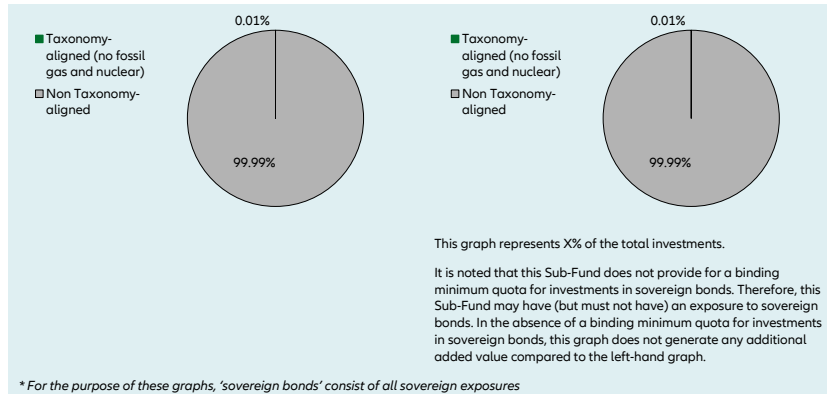
1. Taxonomy-alignment of investments including sovereign bonds \*

2. Taxonomy-alignment of investments excluding sovereign bonds \*

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.

<sup>1</sup> 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.



**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 50.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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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 socially sustainable investments?

The Investment Manager commits to a minimum share of 30.00% in socially Sustainable Investments.

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#### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under "#2 Other" are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category "#2 Other" for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**Deleted:** Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives....



#### 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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- [How does the designated index differ from a relevant broad market index?](#)

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- [Where can the methodology used for the calculation of the designated index be found?](#)

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



[Where can I find more product specific information online?](#)

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Strategy4Life Europe 40**

Legal entity identifier: 529900VGMX20P6DTP861

#### 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 Taxonomy** 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** of \_\_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of \_\_\_%

☐ 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 \_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Strategy4Life Europe 40 (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 2 or more. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose

underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

- **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?**

The Investment Manager does not commit to a minimum share of 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?**

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

The Investment Manager does not commit to a minimum share of Sustainable Investments.

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Investment Manager does not commit to a minimum share of Sustainable Investments.

**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 anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>

PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogeneous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in the European Equity and Bond Markets in order to achieve over the medium to long-term a performance within a volatility range of 3% - 9% per annum in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The

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**Deleted:** The assessment of the volatility of the capital markets by the Investment Manager is an important factor in this process, with the aim of typically not falling below or exceeding a volatility of the Share price within a range of 3% - 9% on a medium to long-term average, similar to a portfolio consisting of 40% European Equity Markets and 60% medium-term Euro Bond Markets.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".



score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

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At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 2 or more.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- What is the policy to assess good governance practices of the investee companies?

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

- What is the asset allocation planned for this financial product?

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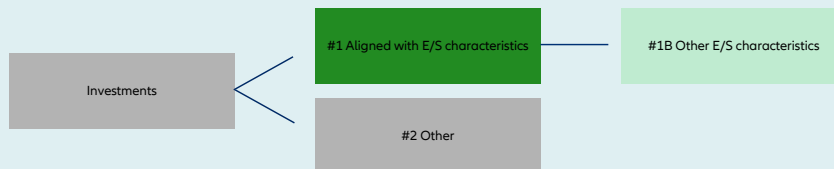
The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 90% (#1 Aligned with E/S characteristics) of the



**Asset allocation** describes the share of investments in specific assets.

Sub-Fund's portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of Sustainable Investments with an environmental objective aligned with the EU Taxonomy.

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.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

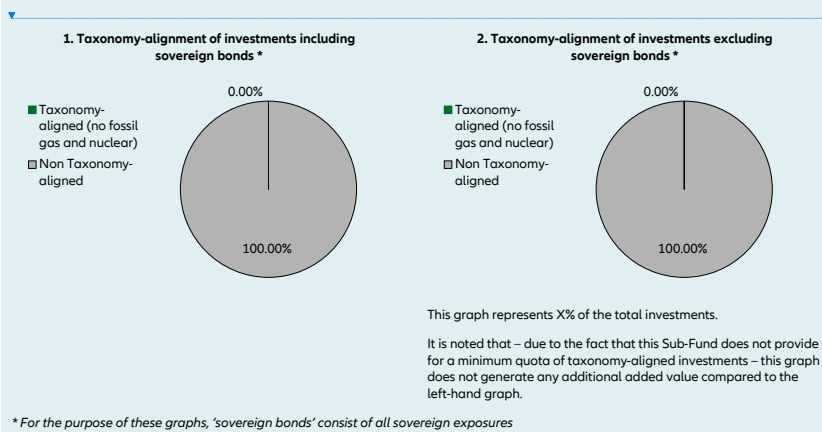
☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

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.



**Deleted:** 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.

**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.



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 socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially sustainable investments.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically

<sup>1</sup> 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.

promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **Where can the methodology used for the calculation of the designated index be found?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Sustainable Health Evolution

Legal entity identifier: 529900QNFA91WJ6M3Q96

### 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 Taxonomy** 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** of: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social objective** of: \_\_%

☒ 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 **50.00%** of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Sustainable Health Evolution's (the "Sub-Fund") promotes environmental and social characteristics and one or more of the United Nations Sustainable Development Goals ("SDGs") or other Sustainable Investment objectives. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contributions. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager will adhere to a minimum percentage of 50.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- Confirmation that at least 70% of the Sub-Fund's net asset value has been invested throughout the Sub-Fund's financial year in issuers that pursue business activities that contribute to one or more of the following SDGs: Zero Hunger; Good Health and Well-being; Clean Water and Sanitation; Sustainable Cities and Communities; Responsible Consumption and Production.
- Percentage of Sustainable Investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

#### Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Share of non-renewable energy consumption and production	
- Energy consumption intensity per high impact climate sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Unadjusted gender pay gap	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- GHG intensity	<ul style="list-style-type: none"> <li>- Use of PAI indicators in DNSH assessment. Exposure to issuer not passing the DNSH assessment is limited due to requirement of 80% of issuers having at least a 20% Sustainable Investment share.</li> </ul>
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.



- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets with a focus on companies with an engagement in the area of health innovation and promotion in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as "not free" by the Freedom House Index<sup>2</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. The proprietary methodology to assess the environmental and social contribution is described 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?".

In detail, the Investment Manager invests as follows:

- In order to achieve the minimum proportion of Sustainable Investments, at least 50% of the business activities pursued by the issuers (on an aggregated basis across the issuers) shall contribute to one or more SDGs and/or Taxonomy Objectives.
- At least 80% of the Sub-Fund's portfolio is invested in issuers which pursue business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated, e.g. cash, derivatives and deposits. The size of the part of the portfolio for which no sustainable investment share can reasonably be calculated varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- At least 70% of the Sub-Fund's net asset value shall be invested in issuer that pursue business activities that contribute to one or more of the following SDGs:
  - Zero Hunger
  - Good Health and Well-being

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column "Total Score and Status" of the section "Global Freedom Scores".

- Clean Water and Sanitation
- Sustainable Cities and Communities
- Responsible Consumption and Production

Further, the Investment Manager commits to a minimum proportion of 50.00% of Sub-Fund's net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

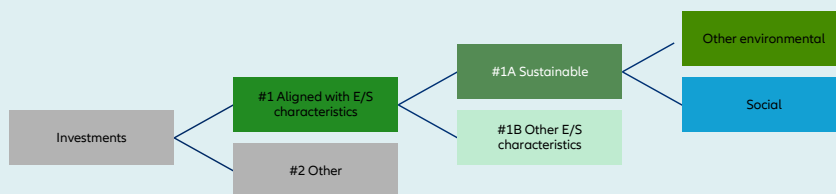
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 80% (#1 Aligned with E/S characteristics) of Sub-Fund's net asset value in issuers pursuing business activities that contribute with a minimum of 20% to one or more SDGs and/or Taxonomy Objectives. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which no sustainable investment share can reasonably be calculated as described in the section "What investment strategy does this financial product follow?".
- Min. 50.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



**#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 aligned 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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

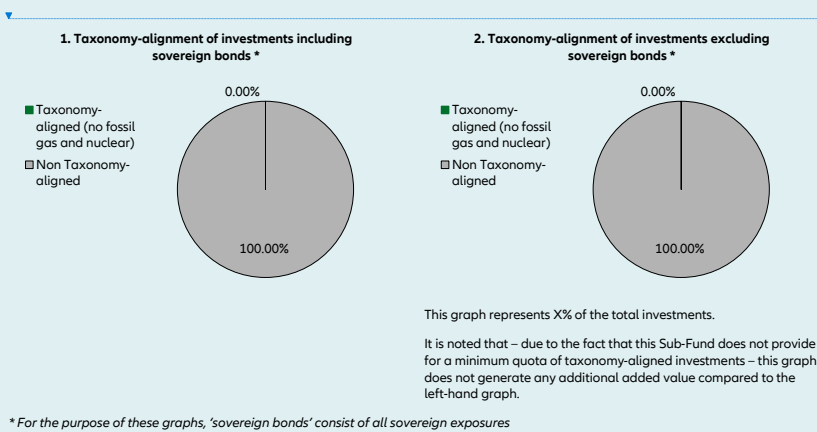
☐ In fossil gas

☐ In nuclear energy

☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.



**Deleted:** 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.

**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 50.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



#### **What is the minimum share of socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 50.00%) irrespective of their contribution to environmental and/or social objectives.



#### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



#### **Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

Allianz **SRI** Multi Asset 75

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Legal entity identifier: 529900A943LOFBAFNR54

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>20.00%</b> of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	

What environmental and/or social characteristics are promoted by this financial product?

Allianz **SRI** Multi Asset 75 (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

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- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and other funds ("Target Funds") which promote environmental or social characteristics, or which have Sustainable Investments as an objective for at least **80%** of the Sub-assets. Target Funds are counted into the **80%** if they disclose according to Art 8 Sustainable Finance Disclosure Regulation ("SFDR") or Art 9 SFDR. Direct investments are counted into the **80%** if they are managed according to another approach of the Investment Manager qualifying as Art 8 or 9 SFDR).
- Further, the Investment Manager will adhere to a minimum percentage of 20.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

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No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year (with exception of cash, derivatives, external Target Funds and internal Target Funds not following a sustainability strategy).

**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 Taxonomy** 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.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- The actual percentage of the Sub-Fund's assets invested in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective. In case the Investment Manager decides to directly invest in Debt or Equity Securities which are selected with respect to sustainability aspects the adherence to the respective binding element will be reported.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective. The Investment Manager will limit this part of the Sub-Fund assets to 30%, so that the exclusion criteria apply to the majority of the Sub-Funds assets. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- GHG Emissions</li> <li>- Carbon footprint</li> <li>- GHG Intensity of investee companies</li> <li>- Exposure to companies active in the fossil fuel sector</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> </ul>
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long term capital growth by investing in a broad range of asset classes, with a focus on global Equity, Bond, and Money Markets in order to achieve over the medium to long-term a performance within a volatility range of 10% to 16% per annum in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

**Deleted:** comparable to a balanced portfolio

<sup>1</sup> <https://www.netzeroassetmanagers.org/>



With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies (subject to below described exceptions):

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- ~~involved in the production of tobacco or tobacco products (e-cigarettes and essential parts thereof included), or deriving more than 5% of their revenues from the distribution of tobacco,~~
- ~~deriving more than 10% of their revenue from gambling,~~
- ~~involved in coal extraction or with expansion plans in coal mining or coal-based power generation,~~
- ~~deriving more than 1.00% of their revenues from exploration, mining, distribution or refining of thermal coal,~~
- ~~involved in non-conventional oil & gas (shale gas, shale oil, tar sands, arctic drilling, deep water drilling, extra heavy oil) extraction,~~
- ~~active in coal sector (starting from 1st of January 2030),~~
- ~~active in the conventional oil and gas extraction sector with (i) less than or equal to 20% of CapEx for renewable energy activities or (ii) has expansion or exploration plans in relation to fossil fuels,~~
- deriving more than 10% of their revenues from ~~the exploration, extraction, distribution or refining of oil fuels,~~
- ~~deriving more than 50% of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels,~~
- active in the electricity generation with a carbon intensity above the ~~following thresholds~~:  
 Year 2023: 346 gCO<sub>2</sub>/kWh  
 Year 2024: 312 gCO<sub>2</sub>/kWh  
 Year 2025: 279 gCO<sub>2</sub>/kWh  
 Year 2026: 247 gCO<sub>2</sub>/kWh  
 Year 2027: 216 gCO<sub>2</sub>/kWh  
 Year 2028: 186 gCO<sub>2</sub>/kWh  
 Year 2029: 156 gCO<sub>2</sub>/kWh  
 Year 2030: 128 gCO<sub>2</sub>/kWh  
~~or if carbon intensity data is not available, involved in (i) more than 5% of electricity production based on coal or (ii) more than 20% of electricity production based on oil and gas,~~
- ~~active within the utility sector and generating more than 20% of their revenues from coal,~~
- ~~deriving more than 50% of their revenues from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh,~~
- ~~active in the mining sector and not complying with the United Nations Guiding Principles on Business and Human Rights (UNGP) or the OECD Guidelines on Multinational Enterprises,~~
- ~~active in the palm oil industry and that are not a member of the Roundtable on Sustainable Palm Oil (RSPO), an international sector organization that aims to promote the sustainable cultivation of palm oil,~~
- ~~active in the soy industry and that are not a member of the Roundtable on Responsible Soy (RTRS) an international sector organization that promotes the production, trade and use of responsible soy, through collaboration with all parties in the soy value chain, from production to consumption.~~

~~The Investment Manager will not actively commercialize Exchange Traded Funds (ETF), Exchange Traded Commodities (ETC) and Exchange Traded Notes (ETN) type products with agricultural commodity derivatives in their portfolio, nor investment products with agricultural commodity derivatives in their portfolio that involve speculation at the expense of agricultural and food commodities.~~

**Deleted:** thermal coal extraction

**Deleted:** active within the utility sector and generating more than 20% of their revenues from coal

**Deleted:** involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco

**Deleted:** with a registered office or which generate a material share of revenues or profits in Lebanon, Saint Barthelemy and Ukraine

**Deleted:** the palm oil industry and deriving less than 50% of their revenues from palm oil certified by RSPO (Roundtable on Sustainable Palm Oil)

**Deleted:** deriving more than 10% of their revenue from gambling...

**Deleted:** non-conventional oil & gas extraction

**Deleted:** active in the conventional oil and gas production and that generate less than 40% of their revenues from (i) natural gas and (ii) renewable energy

**Deleted:** set by the Climate Paris Agreement or, if carbon intensity is not available, no more than 10% of their electricity production is based on coal or no more than 30% of electricity production is based on oil and gas or no more than 30% of their electricity production is based on nuclear energy.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The exclusion criteria do not apply to Target Funds managed by another Investment Manager and for Target Funds managed by the Investment Manager, but which do not promote environmental or social characteristics or do not have Sustainable Investments as an objective.

As a second step, the Investment Manager selects from the remaining investment universe direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective.

In detail, the Investment Manager allocates ~~80%~~ of the Sub-Fund assets in accordance with various approaches set out below or in Target Funds which must promote environmental or social characteristics (disclosing according to Art. 8 Sustainable Finance Disclosure Regulation (“SFDR”) or must have Sustainable Investments as an objective (disclosing according to Art. 9 SFDR)). The allocation of Sub-Fund assets to Target Funds or one or more of the approaches can be changed by the Investment Manager at any time subject to the general investment strategy outlined in the prospectus.

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The various approaches are:

- **Proprietary Scoring:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects for this part of the Sub-Fund from the remaining investment universe those corporate issuers that perform better within their sector based on a score of on environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers those that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal scoring assessment assigned to a private or government issuer by the Investment Manager. Scores are reviewed ~~at least twice a year~~. The approach will set a data coverage and minimum scoring requirement to adhere to the promoted environmental or social characteristics for the part of the Sub-Fund following this approach.
- **GHG Intensity:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. Based on this, the Investment Manager manages the part of the Sub-Fund so (1) that the GHG intensity declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year or (2) that the part of the Sub-Fund has a lower GHG intensity than the benchmark used for this approach.
- **SDG-Aligned:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly those issuers providing products or services suitable to facilitate positive environmental and social contribution. Environmental or social contributions include a broad range of topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology. The approach will set a minimum percentage of this approach to be invested in Sustainable Investments.
- **Green Bonds:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly securities dedicated to finance Climate Change Mitigation and Climate Change Adaptation projects. Green Bonds are defined in the prospectus. The Investment Manager invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.
- **Green Transition:** In case this approach is selected for a part of the Sub-Fund, the Investment Manager selects from the remaining investment universe for the part of the Sub-Fund following this approach mainly issuers committed to contribute to Climate Change Mitigation or Climate Change Adaptation. The Investment Manager invests will set a minimum percentage of this approach to be invested as follows:
  - in Green Bonds as defined in the prospectus, financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency,

**Deleted: on a monthly basis**

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, and/or

- in Debt Securities as defined in the prospectus whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative, and/or
  - in Debt Securities as defined in the prospectus issued by sovereign issuers which have bindingly ratified the Paris Agreement.
- ESG Score: In case this approach is selected for a part of the Sub-Fund, the Investment Manager assesses within the remaining investment universe how issuers perform with respect to ESG characteristics. Based on this, the Investment Manager manages the part of the Sub-Fund following this approach so that the performance with respect to ESG characteristics of the portfolio is better than the performance of the benchmark used by for this approach.
- Sustainable Investment Share: In case this approach is selected for a part of the Sub-Fund, the Investment Manager commits to a minimum proportion in Sustainable Investments for the part of the assets following this approach. Details and methods of determining Sustainable Investments are described within 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?".
- Net Zero Alignment Share: In case this approach is selected for a part of the Sub-Fund, the Investment Manager invests a minimum percentage, which is increasing over time, in issuers which have set the ambition and taken actions to reach the Paris Agreement's goal<sup>1</sup>. The goal of the Paris Agreement is to keep global temperature well below 2°Celsius. This requires a fixed greenhouse gas ("GHG") emission budget and GHG emissions to reach Net Zero, meaning that residual emissions would need to be balanced by carbon removals by around 2050 ("Net Zero"). The Investment Manager has developed a methodology to assess issuers' commitments, targets and ability to transition to meet Net Zero objective.

Further, the Investment Manager commits to a minimum proportion of 20.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- What is the policy to assess good governance practices of the investee companies?

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

## What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

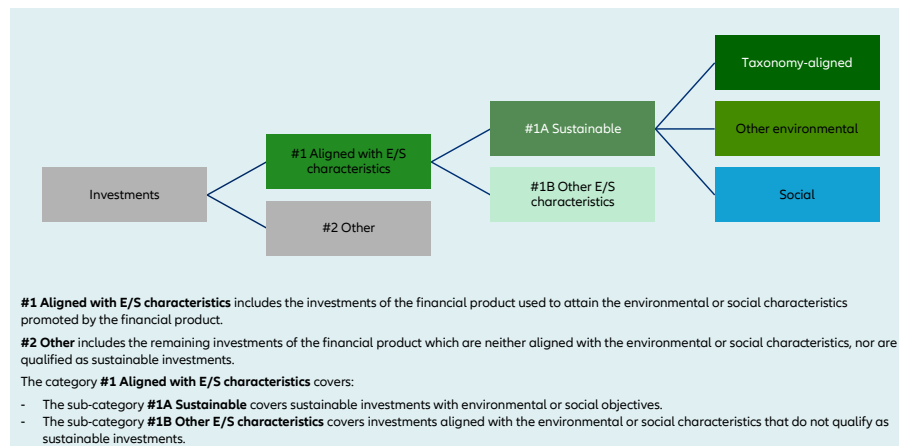
- The Investment Manager commits to invest in direct investments which are selected with respect to sustainability aspects and Target Funds which promote environmental or social characteristics, or which have Sustainable Investments as an objective as described in the section "What investment strategy does this financial product follow?" for at least 80% (#1 Aligned with E/S characteristics) of net assets of the Sub-Fund.
- Min. 20.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

Asset allocation describes the share of investments in specific assets.

Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- [Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?](#)

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

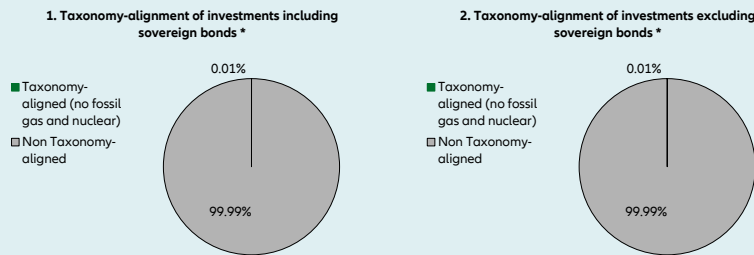
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

<sup>1</sup> 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **What is the minimum share of investments in transitional and enabling activities?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 20.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

**What is the minimum share of socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 20.00%) irrespective of their contribution to environmental and/or social objectives.

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- How does the designated index differ from a relevant broad market index?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- Where can the methodology used for the calculation of the designated index be found?  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz Systematic Enhanced US Equity**

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Legal entity identifier: 5299002WOGP7C2R2FD60

#### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **25,00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**

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#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Systematic Enhanced US Equity (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at class 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- In a second step, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- Further, the Investment Manager will adhere to a minimum percentage of 25,00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the investment universe has been reduced by excluding at least 20% of the total number of potential issuers compared to the investee issuers according to the Sub-Fund's general investment strategy as described in the prospectus.

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**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of the portfolio with a proprietary sustainability score of 1 or more is compared to the percentage of the benchmark. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>



- Thresholds are determined for all PAI indicators except for the “share of non-renewable energy consumption and production” which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager’s exclusions as described in the section “What investment strategy does this financial product follow?” exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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

☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Board gender diversity	
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in US Equity Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager identifies those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors ("Sustainability Factors"). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

At least 90% of the Sub-Fund's portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager's assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer's lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948's Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest min. 80% of the issuers with an internal score of 1 or more.

As a second step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

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Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

The Investment Manager must apply the first and second step so that the Sub-Fund’s investment universe is reduced by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund’s general investment strategy as described in the prospectus.

Further, the Investment Manager commits to a minimum proportion of 25.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Investment Manager has committed to reduce the Sub-Fund’s investment universe by excluding at least 20% of the total number of potential issuers compared to the investible issuers according to the Sub-Fund’s general investment strategy as described in the prospectus.

- What is the policy to assess good governance practices of the investee companies?

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager’s approach to the exercise of voting rights and company engagement is set out in the Management Company’s Stewardship Statement.

#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?” for at least 90% (#1 Aligned with E/S characteristics) of the Sub-Fund’s portfolio. The basis for the calculation of the 90% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature as described in the section “What investment strategy does this financial product follow?”.
- Min. 25.00% (#1A Sustainable) of Sub-Fund’s net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund’s net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 25.00%) irrespective of their contribution to environmental and/or social objectives.

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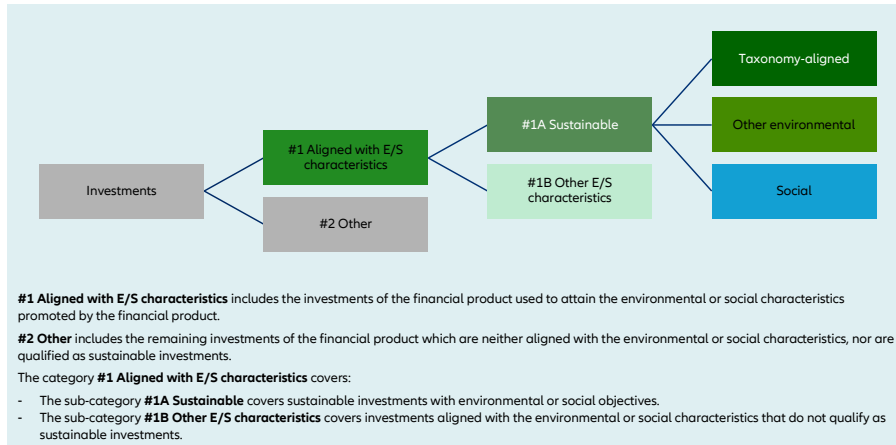
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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

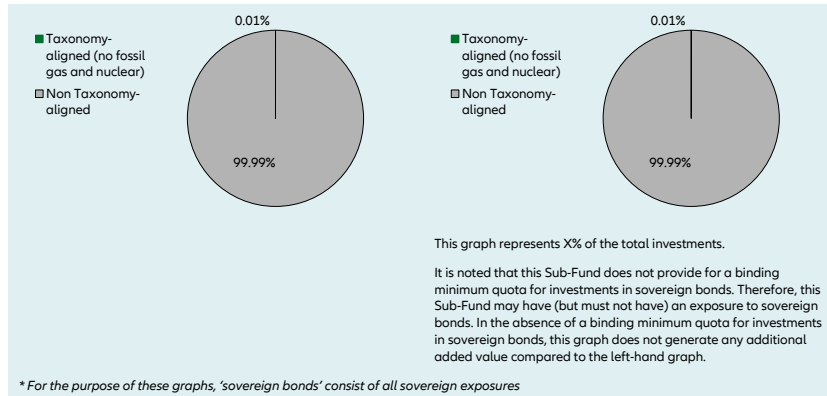
**1. Taxonomy-alignment of investments including sovereign bonds \***

**2. Taxonomy-alignment of investments excluding sovereign bonds \***

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.

<sup>1</sup> 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.



**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 25.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 25.00%) irrespective of their contribution to environmental and/or social objectives.

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What investments are included under "2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under "2 Other" are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category "2 Other" for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

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Deleted: he index "MSCI USA ESG Screened Index" as the Sub-Fund's benchmark

**Deleted:** The Sub-Fund uses an ESG Screened benchmark which is however not completely aligned with the environmental or social characteristics promoted by the sub-fund. The MSCI USA ESG Screened Index exclude companies associated with controversial, civilian, nuclear weapons and tobacco, companies that derive revenues from thermal coal and oil sands extraction or that are not in compliance with the United Nations Global Compact (UNGC) principles. The indexes incorporate these exclusions while seeking to maintain a profile similar to market cap indexes. The benchmark serves to compare the percentage of the portfolio with a proprietary sustainability score of 1 or more of the Sub-Fund with the percentage of the benchmark



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?

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

• How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- How does the designated index differ from a relevant broad market index?

[A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

- Where can the methodology used for the calculation of the designated index be found?

- [A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.](#)

**Deleted:** The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund's investment strategy

**Deleted:** The benchmark uses ESG exclusion criteria for index construction

**Deleted:** Details of the Benchmarks' methodology may be found at <https://www.msci.com/documents/10199/2ab50b69-1bd4-712e-c941-be569d26d678> or at [www.msci.com](https://www.msci.com)

Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz Target Maturity Euro Bond I

Legal entity identifier: 529900AGQHNHIYLXHR90

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>5.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Target Maturity Euro Bond I (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.



- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate market-oriented return by investing in Debt Securities of Global bond markets (Euro denominated) in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.



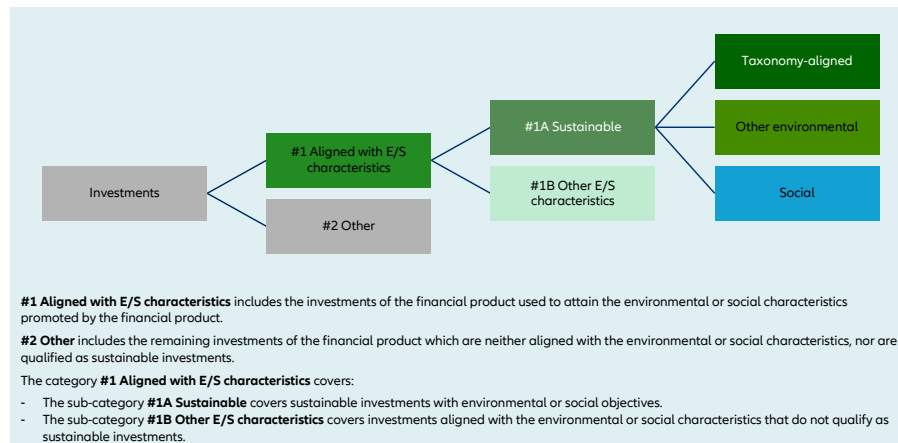
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

**Asset allocation** describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.

The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

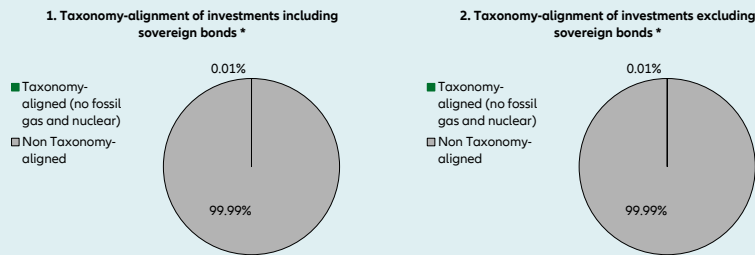
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



#### What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “ICE BofA Euro Corporate Index” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://indices.ice.com/>.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Target Maturity Euro Bond II

Legal entity identifier: 529900Q9BL9FG9DCDZ05

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>5.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Target Maturity Euro Bond II (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.



- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate market-oriented return by investing in Debt Securities of Global bond markets (Euro denominated) in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

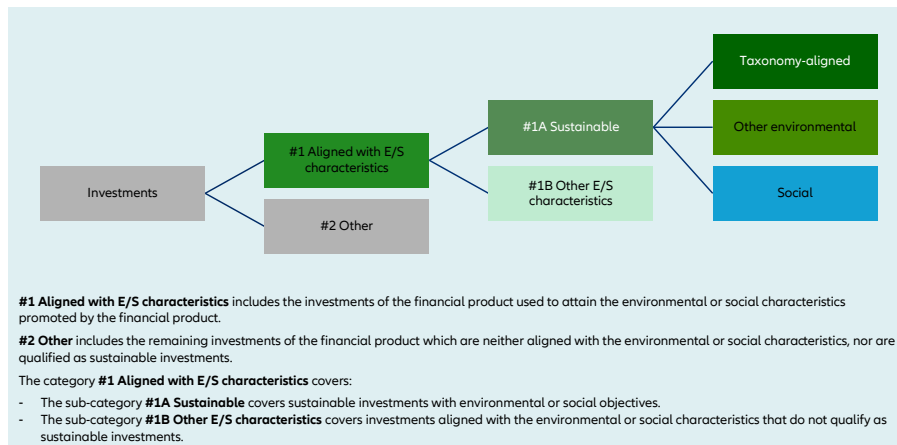
#### What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.

The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

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Taxonomy-aligned activities are expressed as a share of:

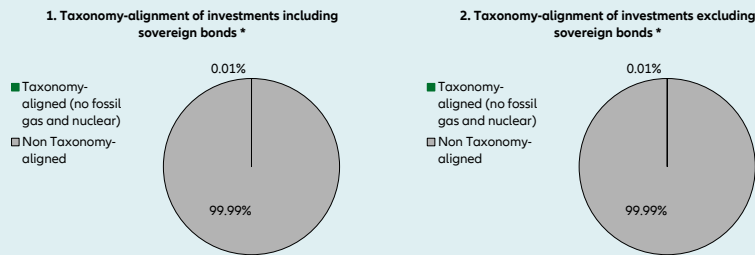
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



#### What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “ICE BofA Euro Corporate Index” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://indices.ice.com/>.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Target Maturity Euro Bond III

Legal entity identifier: 529900YTC9IHB6RCQ908

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>5.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Target Maturity Euro Bond III (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.



- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate market-oriented return by investing in Debt Securities of Global bond markets (Euro denominated) in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

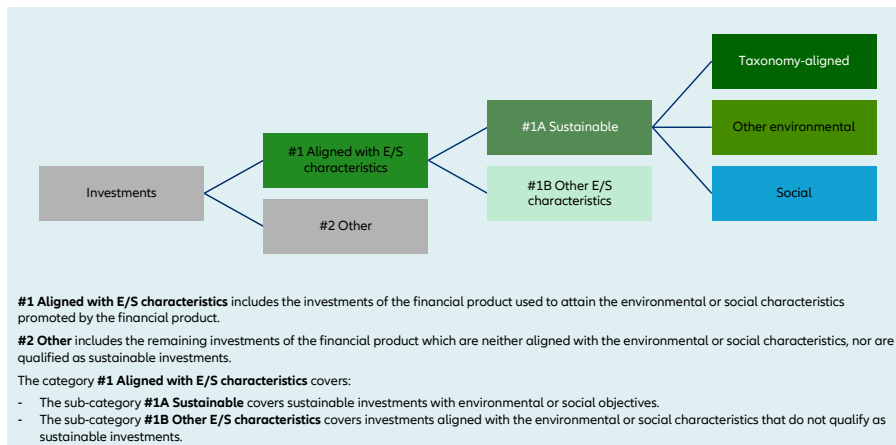
Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.

The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

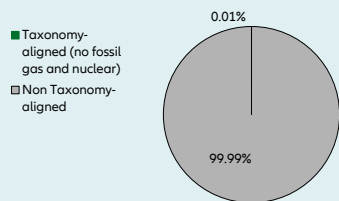
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

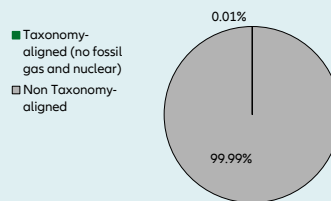
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



#### What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “ICE BofA Euro Corporate Index” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://indices.ice.com/>.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Target Maturity Euro Bond IV

Legal entity identifier: 529900LIFZM3ONFVC719

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Target Maturity Euro Bond IV (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.



- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global Compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate market-oriented return by investing in Debt Securities of Global bond markets (Euro denominated) in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- What is the policy to assess good governance practices of the investee companies?

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

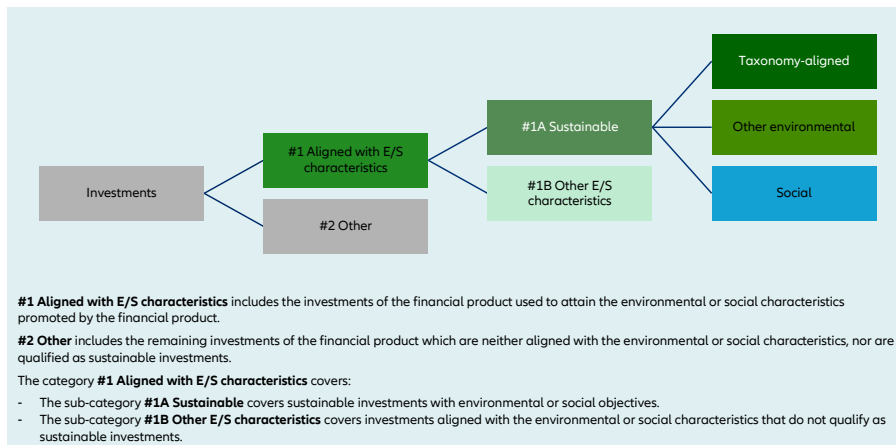


#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



- How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider.

The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

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.

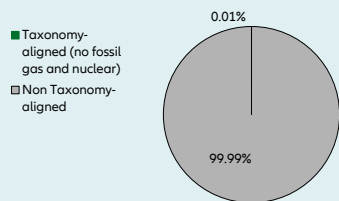
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

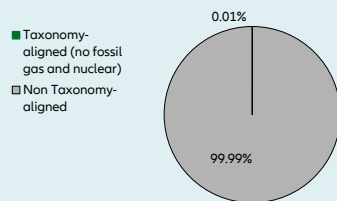
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> 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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



#### What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “ICE BofA Euro Corporate Index” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.

- **How does the designated index differ from a relevant broad market index?**

The Sub-Fund’s benchmark is a market index.

- **Where can the methodology used for the calculation of the designated index be found?**

Details of the Benchmark’s methodology may be found at <https://indices.ice.com/>.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

Allianz Thematica

Legal entity identifier: 5493004ZRV2CSS15YF05

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 Taxonomy** 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

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: __%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>30.00%</b> of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective __%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

**Deleted:** Template 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:¶  
Allianz Target Maturity Euro Bond V¶  
Legal entity identifier: 529900VEFBDBXFW0055¶  
<object> <object> Environmental and/or social characteristics¶  
Does this financial product have a sustainable investment objective?



#### What environmental and/or social characteristics are promoted by this financial product?

Allianz Thematica (the "Sub-Fund") promotes a broad range of environmental and social characteristics. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by, excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager will adhere to a minimum percentage of 30.00% of Sustainable Investments. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?" and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective.
- Further, the Investment Manager commits to invest minimum 65% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.



- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of assets invested in issuers which have been assessed according to the Sustainable Investments methodology. The calculation of the Sustainable Investments methodology is described below in the sections "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?" and "What investment strategy does this financial product follow?".
- Percentage of investments that pass the assessment to not significantly harm environmental or social objectives.
- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.
- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Individual minimum exposure to issuers which pass the DNSH assessment</li> </ul>
- Exposure to controversial weapons	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
<b>PAI indicator applicable to sovereign and supranational issuers</b>	
- Investee countries subject to social violation	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in global Equity Markets with a focus on theme and stock selection in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the Sustainable Investments methodology as far as such data is available. Sustainable Investments include a broad range of environmental and social topics, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the EU Taxonomy objectives. The proprietary methodology to assess the environmental and social contribution is described 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?” and contains an assessment of the positive contribution to environmental and social contributions as well as an assessment to avoid significant harm to any environmental or social objective. For at least 80 % of assets held in the Sub-Fund’s portfolio such an assessment needs to be performed. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which Sustainable Investments data is not available such as cash and derivatives.

Further, the Investment Manager commits to a minimum proportion of 30.00% of Sub-Fund’s net asset value in Sustainable Investments.

Lastly, the Investment Manager commits to invest minimum 65% of Sub-Fund's net asset value into issuers which, as assessed by the Investment Manager, are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details and methods of determining significant harm of any environmental or social objective are described within 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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

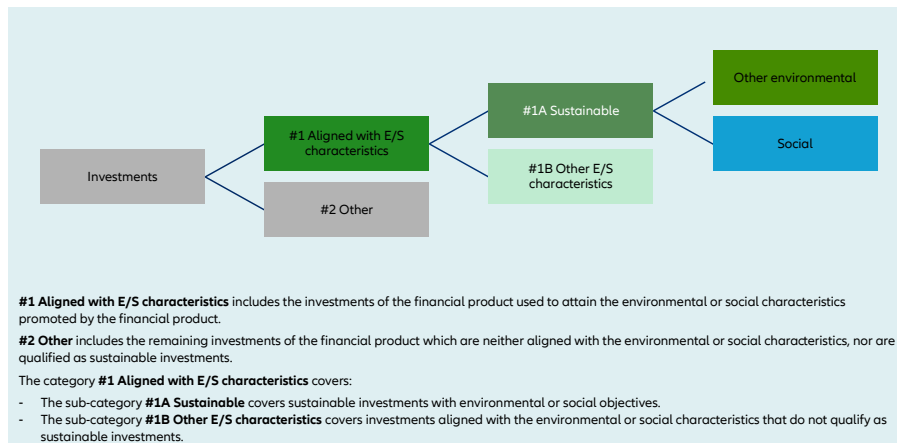
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to invest at least 65% (#1 Aligned with E/S characteristics) in issuers which as assessed by the Investment Manager are not considered to significantly harm any environmental or social objective according to the Sustainable Investment methodology. Issuers are not considered to significantly harm any environmental or social objective if they pass the assessment to not significantly harm any environmental or social objective. Details of the assessment on whether issuers significantly harm any environmental or social objectives are described 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?".
- Min. 30.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

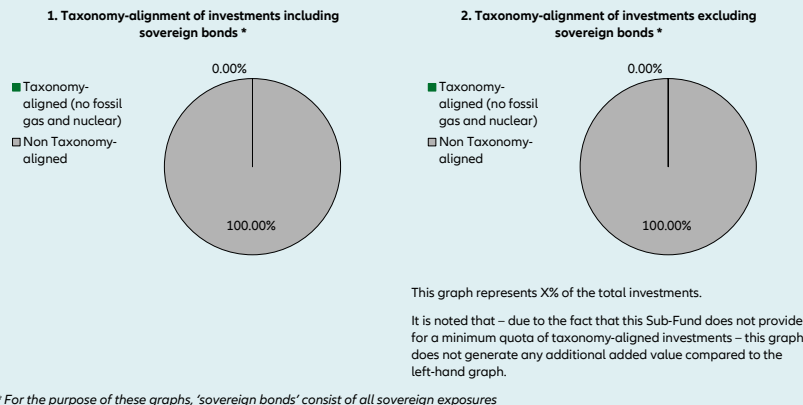
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.



**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 emission levels corresponding to the best performance.

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 investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 30.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

#### What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 30.00%) irrespective of their contribution to environmental and/or social objectives.

#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically

<sup>1</sup> 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.

promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **How does the designated index differ from a relevant broad market index?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- **Where can the methodology used for the calculation of the designated index be found?**

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Total Return Asian Equity

Legal entity identifier: 549300K61J05QBE7CP78

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>2.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Total Return Asian Equity (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 2.00% of Sustainable Investments.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.



- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth and income by investing in [Asian Equity Markets\(excluding Japan\)](#), in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

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- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 2.00% of Sub-Fund’s net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager’s approach to the exercise of voting rights and company engagement is set out in the Management Company’s Stewardship Statement.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.



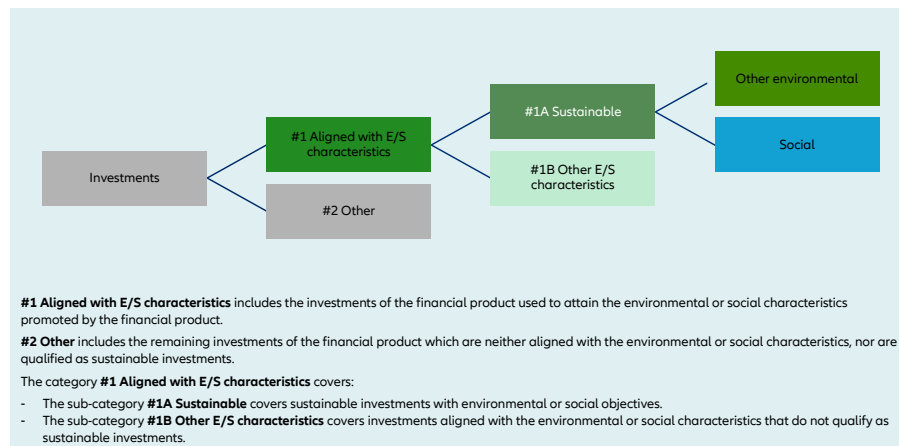
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 2.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- [How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?](#)

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

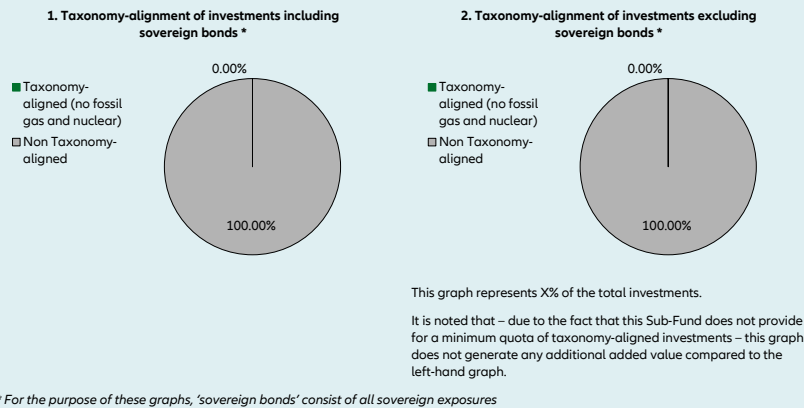
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.



**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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 2.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

#### What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 2.00%) irrespective of their contribution to environmental and/or social objectives.

<sup>1</sup> 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.

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 investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



**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?**

Yes, the Investment Manager has assigned the index “MSCI AC Asia Excl. Japan Total Return Net” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.
- **How does the designated index differ from a relevant broad market index?**  
The Sub-Fund’s benchmark is a market index.
- **Where can the methodology used for the calculation of the designated index be found?**  
Details of the Benchmark’s methodology may be found at <https://www.msci.com/documents/10199/9995ff24-2232-4373-97b5-f5cb276d3b93> or at [www.msci.com](http://www.msci.com).



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz Treasury Short Term Plus Euro

Legal entity identifier: 549300RZL4PEFWY4H53

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **5.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Treasury Short Term Plus Euro (the "Sub-Fund") promotes a broad range of environmental, human rights, governance, and/or business behaviour characteristics (the last characteristic does not apply for financial instruments issued by a sovereign entity). The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector with respect to sustainability aspects. With respect to sovereign issuers those issuers that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score is based on environmental, social, governance and business behaviour factors (business behaviour does not apply to sovereign issuers) and represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- Further, the Investment Manager will adhere to a minimum percentage of 5.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.



- Percentage of the portfolio with a proprietary sustainability score of 1 or more. The scoring process is described within the section "What investment strategy does this financial product follow?". The basis for the calculation is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund's general investment strategy described in the prospectus.
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
<ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity-sensitive areas</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Violation of UN Global compact principles</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
<ul style="list-style-type: none"> <li>- Board gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Use of voting rights to promote board gender diversity</li> <li>- Use of information on PAI indicator in internal score</li> </ul>
<ul style="list-style-type: none"> <li>- Exposure to controversial weapons</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to controversial weapons</li> </ul>
PAI indicator applicable to sovereign and supranational issuers	
<ul style="list-style-type: none"> <li>- Investee countries subject to social violation</li> </ul>	<ul style="list-style-type: none"> <li>- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index</li> </ul>

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The Investment Manager actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the Investment Manager also considers broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Investment Manager's Stewardship Statement.
- The Investment Manager has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth above the average-term return in Euro (EUR) terms by investing in Debt Securities with Euro Exposure of Eurozone Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

As a second step, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score starts at 0 (lowest) and ends at 4 (highest). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager. Scores are reviewed at least twice a year.

Deleted: on a monthly basis

At least 70% of the Sub-Fund’s portfolio is internally scored on a scale from 0-4. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. The size of the not scored part of the portfolio varies subject to the Sub-Fund’s general investment strategy described in the prospectus.

The scoring process comprises the following:

- The Investment Manager receives quantitative and qualitative information on a regular basis related to indicators on Sustainability Factors for specific issuers from external data providers.
- The Investment Manager supplements information on Sustainability Factors with internal quantitative and qualitative analysis for instance where information from external data providers is not available, incomplete, outdated or does not match the Investment Manager’s assessment.
- The Investment Manager computes a score for each of the Sustainability Factors for each issuer on the basis of a set of indicators. Within this process, the Investment Manager determines a specific weight for Sustainability Factors based on sector materiality. Based on those Sustainability Factors, the Investment Manager determines an overall score for each issuer reflecting its sustainability profile.
- In addition, the score is set at zero if the Investment Manager sets a human rights flag based on a methodology which leverages external data providers and internal research. For corporate issuers, setting of the flag is triggered by the issuer’s lack of respect for human rights in its business conduct, including lack of (i) integration of the Universal Declaration of Human Rights principles, (ii) respect for major International Labour Organization conventions and/or (iii) signature of the United Nations Global Compact. This prospective tool both monitors human rights controversies (breaches & violations of human rights) as well as the management of human rights controversies (adequacy between prevention mechanisms like policies, commitments, systems or grievance mechanisms and risk exposure). For sovereigns, the Investment Manager assesses the political rights conferred to citizens (Electoral Process, Political Pluralism and Participation, Functioning of Government), civil liberties (Freedom of Expression and belief, Associational and Organizational Rights, Rule of Law & Personal Autonomy and Individual Rights) and freedom of the press. For this purpose, the Investment Manager also uses the work of Freedom House Organisation which captures the principles defined in 1948’s Universal Declaration of Human Rights.
- For certain issuers, the Investment Manager conducts additional qualitative research. Based on such research, the Investment Manager may determine an upward or downward adjustment of the internal score and the human rights flag.

With respect to scored issuers, the Investment Manager will invest only issuers with an internal score of 1 or more.

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Further, the Investment Manager commits to a minimum proportion of 5.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Investment Manager may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Investment Manager actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). Decisions on how to exercise voting rights also consider broader sustainability issues. Further details on the Investment Manager's approach to the exercise of voting rights and company engagement is set out in the Management Company's Stewardship Statement.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

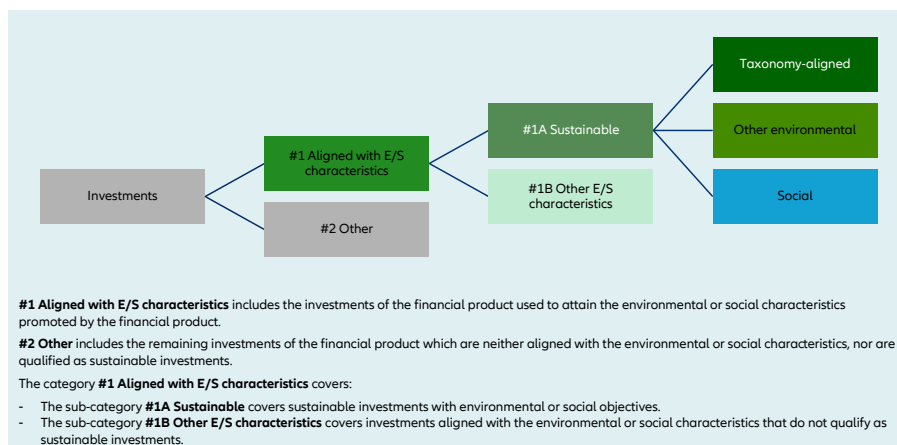
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to employ the internal score described in 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?" for at least 70% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature as described in the section "What investment strategy does this financial product follow?".
- Min. 5.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.

Asset allocation describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

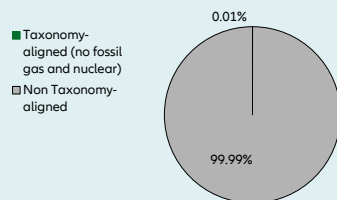
☐ In nuclear energy

☒ No

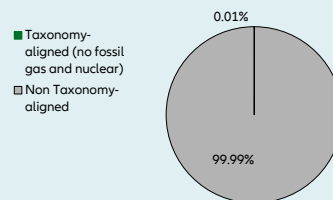
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>1</sup>, 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.

**1. Taxonomy-alignment of investments including sovereign bonds \***



**2. Taxonomy-alignment of investments excluding sovereign bonds \***



This graph represents X% of the total investments.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

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.

**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.

<sup>1</sup> 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.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 5.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

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 socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 5.00%) irrespective of their contribution to environmental and/or social objectives.



#### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



#### **Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

## Allianz US Investment Grade Credit

Legal entity identifier: 529900XTY5ODOFJVZ671

### 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 Taxonomy** 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**: \_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 **10.00%** of sustainable investments

☒ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

Allianz US Investment Grade Credit (the "Sub-Fund") promotes environmental and social characteristics as well as the management of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

A reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.



- The GHG intensity of the Sub-Fund's portfolio compared to the GHG intensity of the Sub-Fund's benchmark in percent. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

Deleted:

**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target that the GHG intensity of the Sub-Fund is lower than the GHG intensity of the Sub-Fund's benchmark</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The [Management Company](#) actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the [Management Company](#) also considers broader sustainability issues. Further details on the [Management Company's](#) approach to the exercise of voting rights and company engagement is set out in the [Management Company's](#) Stewardship Statement.
- The [Management Company](#) has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth and income by investing in investment grade rated corporate Debt Securities of US Bond Markets denominated in USD in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

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**The investment strategy**  
guides investment decisions  
based on factors such as  
investment objectives and  
risk tolerance.

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- 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?

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the [Management Company](#) may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO<sub>2</sub> emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio is continuously 20% lower than the GHG intensity of the Sub-Fund’s benchmark. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers so that the Sub-Fund’s GHG intensity is min. 20% lower than the GHG intensity of the Sub-Fund’s benchmark.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund’s net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund’s net asset value is aligned with the EU Taxonomy.

- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

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<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Management Company actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares).

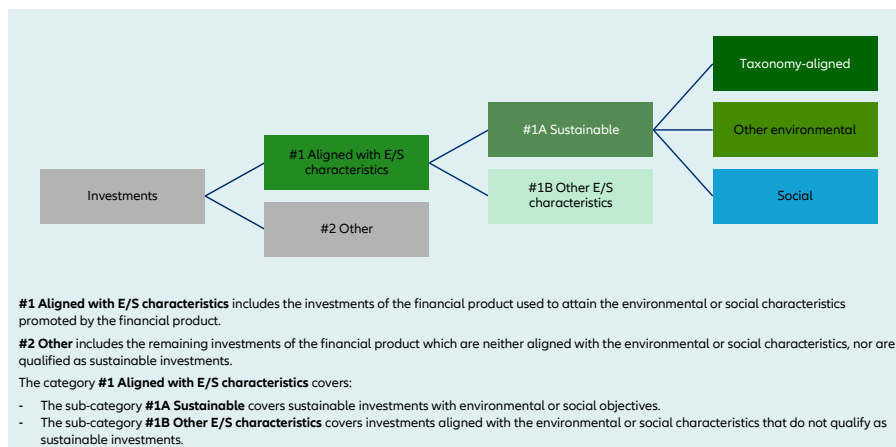
### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund in a way that the GHG intensity of the portfolio is 20.00% lower than the GHG intensity of the Sub-Fund's benchmark.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

**Asset allocation** describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today,

there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

Taxonomy-aligned activities are expressed as a share of:

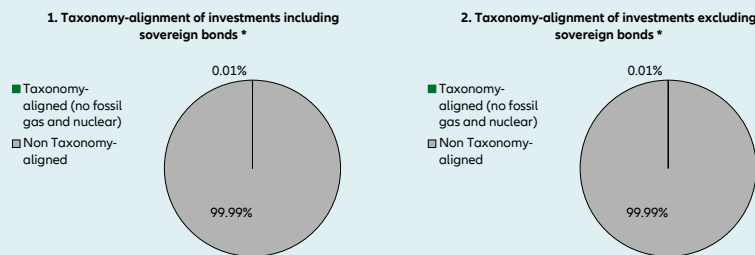
- **turnover** reflecting the share of revenue from green activities of investee companies,
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy,
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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<sup>\*</sup>, 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.

It is noted that this Sub-Fund does not provide for a binding minimum quota for investments in sovereign bonds. Therefore, this Sub-Fund may have (but must not have) an exposure to sovereign bonds. In the absence of a binding minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the left-hand graph.

<sup>\*</sup> For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>1</sup> 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.



#### What is the minimum share of socially sustainable investments?

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### 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?

Yes, the Investment Manager has assigned the index “Bloomberg US Corporate Total Return” as the Sub-Fund’s benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by managing the GHG intensity so that it will be continuously 20% lower than the GHG intensity of the benchmark as described in the section “What investment strategy does this financial product follow?”.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
The benchmark is a market index and is not continuously aligned with each of the environmental or social characteristics promoted by the financial product. The benchmark serves to compare the GHG intensity of the Sub-Fund with the market as reflected by the benchmark.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
The benchmark is a market index and does not incorporate environmental or social characteristics for index construction.
- **How does the designated index differ from a relevant broad market index?**  
The Sub-Fund’s benchmark is a market index.
- **Where can the methodology used for the calculation of the designated index be found?**  
Details of the Benchmark’s methodology may be found at <https://www.bloomberg.com/quote/LUACTRUU:IND>.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.

Template 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:

**Allianz US Large Cap Value**

Legal entity identifier: 529900PCEKY03SO2GS40

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>10.00%</b> of sustainable investments  <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz US Large Cap Value (the "Sub-Fund") promotes environmental and social characteristics as well as the reduction of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time. The basis for assessing the decline is a GHG intensity target set for the respective end of the Sub-Fund's financial year. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 10.00% of Sustainable Investments and a minimum percentage of 0.01% investments that are aligned with the EU Taxonomy.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

- Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.



- The GHG intensity of the Sub-Fund's portfolio compared to the GHG target set under the GHG intensity pathway for the end of the relevant financial year. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.
- Percentage of taxonomy-aligned investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.
- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.
- In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In the case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target to decrease the GHG intensity of the Sub-Fund over time</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The [Management Company](#) actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the [Management Company](#) also considers broader sustainability issues. Further details on the [Management Company's](#) approach to the exercise of voting rights and company engagement is set out in the [Management Company's](#) Stewardship Statement.
- The [Management Company](#) has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term capital growth by investing in the US Equity Markets with a focus on value stocks in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- 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?

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

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As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,
- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds. For at least 80% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 80% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager determines an improvement pathway for the Sub-Fund’s GHG intensity. For this Sub-Fund, the pathway started at the first financial year end after the conversion date. The conversion date was on February 2, 2024. The pathway provides that the target value of the GHG intensity declines by 5% by the end of each financial year compared to the target value for the end of the preceding year. For the period between February 2, 2024 and the first financial year end a pro rata temporis rate of the annual rate has been applied.
- The pathway is determined as follows for the financial year ends until September 30, 2034:

Pathway Table Illustration

Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
0	100.00
1	95.00

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

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Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
2	90.25
3	85.74
4	81.45
5	77.38
6	73.51
7	69.83
8	66.34
9	63.02
10	59.87

- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's GHG intensity is in line or lower than the pathway at the respective financial year end.

Further, the Investment Manager commits to a minimum proportion of 10.00% of Sub-Fund's net asset value in Sustainable Investments. It also commits that a minimum proportion 0.01% of Sub-Fund's net asset value is aligned with the EU Taxonomy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Management Company actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares).

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

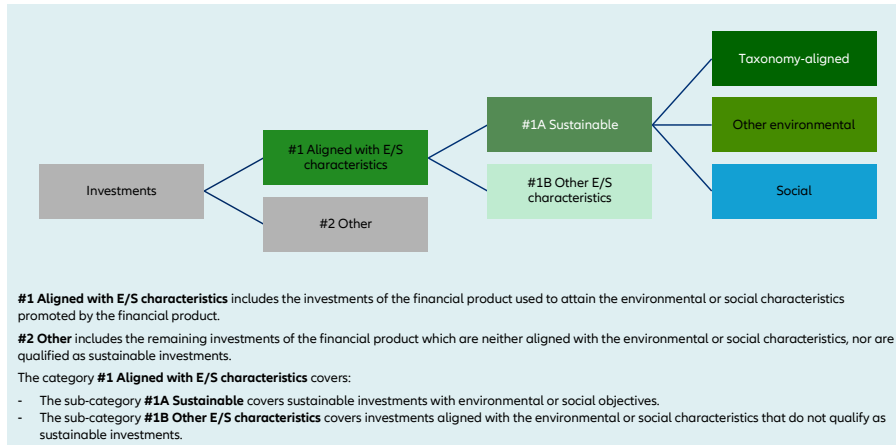
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 80% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 80% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time.
- Min. 10.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.
- Min. 0.01% of Sub-Fund's net asset value will be invested in investments that are aligned with the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

**Asset allocation** describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Investment Manager commits to a minimum percentage of 0.01% of investments that are aligned with the EU Taxonomy.

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU-Taxonomy. The Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not extend to government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.

Taxonomy-aligned activities in this disclosure are based on share of revenues. Taxonomy-aligned data is only in some cases data reported by companies in accordance with the EU Taxonomy. In case data is not reported by companies, the data provider derives Taxonomy-aligned data from other available equivalent public data.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes
- ☐ In fossil gas    ☐ In nuclear energy
- ☒ No

The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

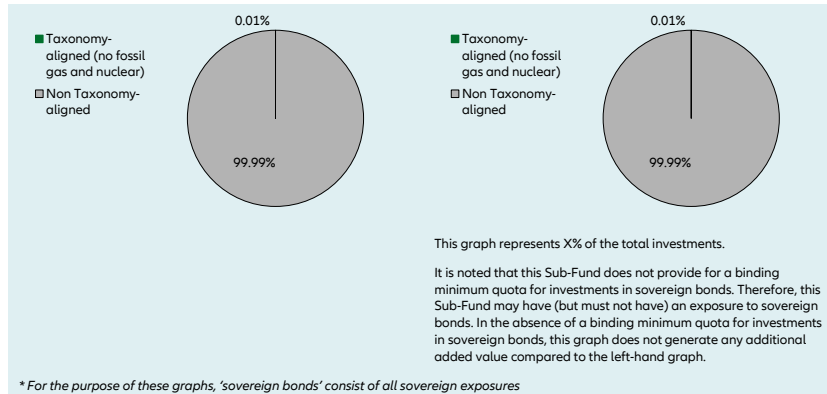
**1. Taxonomy-alignment of investments including sovereign bonds \***

**2. Taxonomy-alignment of investments excluding sovereign bonds \***

<sup>1</sup> 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.

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.



**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?**

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 10.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

#### **What is the minimum share of socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 10.00%) irrespective of their contribution to environmental and/or social objectives.

#### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.

#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- [How does the designated index differ from a relevant broad market index?](#)

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.

- [Where can the methodology used for the calculation of the designated index be found?](#)

A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



[Where can I find more product specific information online?](#)

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.



Template 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:

## Allianz US Short Duration High Income Bond

Legal entity identifier: 549300AGX4LFUYBR5189

### 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 Taxonomy** 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?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>3.00%</b> of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> __%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

Allianz US Short Duration High Income Bond (the "Sub-Fund") promotes environmental and social characteristics as well as the reduction of greenhouse gas ("GHG") intensity. The Sub-Fund does so by:

- As a first step promoting environmental and social characteristics, by excluding direct investments in certain issuers which are involved in controversial environmental or social business activities from the investment universe of the Sub-Fund by applying exclusion criteria. Within this process the Investment Manager excludes investee companies that severely violate good governance practices and principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
- In a second step, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas ("GHG") emissions of investee companies as far as such data is available. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time. The basis for assessing the decline is a GHG intensity target set for the respective end of the Sub-Fund's financial year. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. The Investment Manager has also set the requirement that for a certain % of the Sub-Fund's portfolio GHG intensity data must be available.
- Further, the Investment Manager will adhere to a minimum percentage of 3.00% of Sustainable Investments.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Details and methods of each step are described within the section "What investment strategy does this financial product follow?".

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the end of the financial year:

  - Confirmation that the exclusion criteria have been adhered to throughout the Sub-Fund's financial year.

- The GHG intensity of the Sub-Fund's portfolio compared to the GHG target set under the GHG intensity pathway for the end of the relevant financial year. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of the Sub-Fund's portfolio which is covered by GHG intensity data. The calculation of the GHG intensity is described below in the section "What investment strategy does this financial product follow?".
- Percentage of Sustainable Investments at the end of the financial year.

- **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?**

The objectives of the Sustainable Investments that the financial product partially intends to make include a broad range of environmental and social topics, for which the Investment Manager uses as reference, among others, the UN Sustainable Development Goals (SDGs)<sup>1</sup>, as well as the EU Taxonomy objectives which are: Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control as well as Protection and Restoration of Biodiversity and Ecosystems.

The Investment Manager measures how the Sustainable Investments contribute to the objectives based on a proprietary methodology as follows:

- Business activities of an issuer are broken down into revenues generated by the various business activities based on external data. In cases where the split of business activities received is not granular enough, it is determined by the Investment Manager. The business activities are internally assessed as to whether they contribute positively to an environmental or a social objective. The revenue share of each business activity that contributes positively to an environmental or social objective is allocated to the Sustainable Investment share, provided the issuer passes the Do No Significant Harm ("DNSH") assessment and is satisfying the Good Governance principles.
- For issuers whose business activities amount to a Sustainable Investment share of at least 20% and who are transitioning or are already aligned with a Net Zero pathway, the Investment Manager increases the Sustainable Investment share by 20%. The issuers are considered transitioning to Net Zero if they are (1) achieving Net Zero, (2) aligned to Net Zero or (3) aligning to Net Zero. Issuer (4) committed to Net Zero or (5) not aligned to Net Zero are not considered to be transitioning or aligned with a Net Zero pathway.
- For securities, which finance specific projects ("Project Bonds") contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers (or in some cases at project level) is performed.
- The Sustainable Investment share of each issuer and each Project Bond is weighted based on the percentage of the portfolio invested in such issuer or Project Bonds, respectively. The individual weighted Sustainable Investment shares of all issuers and Project Bonds are aggregated in order to compute the Sustainable Investment share of the Sub-Fund.

- **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?**

To assess that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is using the indicators regarding principal adverse impacts ("PAI") on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

All mandatory PAI indicators are taken into account as follows:

- Investments in issuers violating the exclusion criteria for controversial weapons, severely violating principles, and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights or sovereign issuer with an insufficient Freedom House Index score are excluded and do not pass the DNSH assessment. The exclusion criteria are described in 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?".
- Thresholds are determined for all PAI indicators except for the "share of non-renewable energy consumption and production" which is indirectly reflected in other PAI indicators.

In detail, the Investment Manager has taken the following steps:

- Defined significance thresholds to identify significantly harmful issuers. Issuers are measured against the significance thresholds at least bi-annually. Depending on the respective indicator, the thresholds are

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**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 anti-bribery matters.

<sup>1</sup> <https://sdgs.un.org/goals>

determined either relative to the sector, absolute or based on events or situations in which companies allegedly have a negative environmental, social or governance impact (controversies). The Investment Manager can engage with issuers not meeting the significance thresholds in order to allow the issuer to remediate the adverse impact.

- Weighing the PAI indicator according to the level of confidence in the quality of data available which are computed to an overall DNSH score relevant for the issuer. The overall DNSH score is determined based on the threshold for each PAI and the confidence weight. A company is considered to not pass the DNSH assessment if the overall DNSH score is one or more. [If the issuer does not meet the overall DNSH score twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments.](#)
- [In certain circumstances where backward-looking or forward-looking information is inconsistent with the DNSH assessment, the Investment Manager may override the DNSH assessment. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.](#)

There is a lack of data coverage for PAI indicators. Equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In [the](#) case of Project Bonds equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

- [How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:](#)

The Investment Manager's exclusions as described in the section "What investment strategy does this financial product follow?" exclude companies severely violating one of the following frameworks: Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

*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.*

**Deleted:** The decision if the investment passes the DNSH assessment taking into account the engagement is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. If the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as Sustainable Investments....



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes  
☐ No

The Investment Manager considers PAIs through measures directly impacting the investment strategy such as applying exclusion criteria and indirect measures such as engagement with corporate issuers and joining relevant industry initiatives. Considering PAIs does not mean avoiding PAIs but aiming to mitigate such PAIs. The overall mitigation aim is also dependent on the management of the portfolio according to the general investment strategy.

The following PAI indicators are considered through the direct measures set out in the table below:

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- GHG Emissions	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to coal extraction and utility companies generating revenues from coal</li> <li>- Target to decrease the GHG intensity of the Sub-Fund over time</li> </ul>
- Carbon footprint	
- GHG Intensity of investee companies	
- Exposure to companies active in the fossil fuel sector	

PAI indicator applicable to corporate issuers:	Direct measure (as described in the section: "What investment strategy does this financial product follow?")
- Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC). The following principles of the UN GC are related to the other environmental PAIs: <ul style="list-style-type: none"> <li>• Principle 7: Businesses should support a precautionary approach to environmental challenges</li> <li>• Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>• Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul> </li> </ul>
- Emissions to water	
- Hazardous waste ratio	
- Violation of UN Global compact principles	<ul style="list-style-type: none"> <li>- Application of exclusion criteria relating to severe violation of international norms such as the UN Global Compact (UN GC)</li> </ul>
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles	
- Board gender diversity	- Use of voting rights to promote board gender diversity
- Exposure to controversial weapons	- Application of exclusion criteria relating to controversial weapons
PAI indicator applicable to sovereign and supranational issuers	
- Investee countries subject to social violation	- Application of exclusion criteria related to sovereign issuers identified as "not free" from the Freedom House Index

The data coverage for the data required for the PAI indicators is heterogenous. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage through engagement with data providers and/or issuers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The principal adverse impact indicators are also considered through the following indirect measures:

- The [Management Company](#) actively encourages and conducts dialogues with investee companies on broader sustainability issues which include PAI indicators such as Gender Diversity, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares). In deciding how to exercise voting rights, the [Management Company](#) also considers broader sustainability issues. Further details on the [Management Company's](#) approach to the exercise of voting rights and company engagement is set out in the [Management Company's](#) Stewardship Statement.
- The [Management Company](#) has joined the Net Zero Asset Manager Initiative<sup>1</sup>. This is an international group of asset managers committed to reduce GHG emissions in partnership with institutional investors.

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The information on the PAI indicators will be available in the end-year report of the Sub-Fund.

#### What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to generate long-term income and lower volatility by investing in short duration high yield rated corporate Debt Securities of US Bond Markets in accordance with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund's general investment strategy is described in the prospectus.

With respect to environmental and social characteristics of the Investment Strategy, the following applies:

- **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?**

As a first step, the Investment Manager applies the following exclusion criteria, i.e., does not directly invest in securities issued by companies:

- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights,

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

- developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- deriving more than 10% of their revenues from (i) weapons, or (ii) military equipment, and military services,
- deriving more than 10% of their revenue from thermal coal extraction,
- active within the utility sector and generating more than 20% of their revenues from coal,
- involved in the production of tobacco, or deriving more than 5% of their revenues from the distribution of tobacco.

Direct investments in securities issued by sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup> are excluded.

The Investment Manager applies the exclusion criteria to a specific issuer based on information provided by external data providers and in certain circumstances internal research. The assessment of issuers against the exclusion criteria is performed at least half yearly. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal. Further information on external data providers and the override process are available on the respective SFDR Website Product Disclosure.

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In addition, the Investment Manager assesses investments (excluding cash and derivatives) according to the greenhouse gas (“GHG”) intensity of investee companies as far as such data is available. GHG includes not only CO2 emissions but also other emissions such as methane. GHG intensity is defined as GHG emissions (scope 1 and 2) per million USD sales of the issuer. Scope 1 GHG emissions comprise direct emissions of an issuer, whereas scope 2 comprises indirect emission from purchased energy. GHG emissions per million USD sales is used, as this metrics allows to differentiate between more and less energy efficient issuers. Based on this, the Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time calculated on the basis of the GHG intensity at the respective end of the Sub-Fund’s financial year. In detail the following applies:

- The Investment Manager receives GHG intensity data for issuers from an external data provider. GHG intensity data per million USD sales is not available for cash, derivatives, sovereign issuers and issuers which are not covered by the data provider. GHG intensity is also calculated for internal Target Funds. For at least 70% of the Sub-Fund’s portfolio such data must be received. The basis for the calculation of the 70% threshold is the Sub-Fund’s net asset value except instruments for which GHG intensity data is not available such as cash and derivatives. GHG intensity is also calculated for internal Target Funds. The size of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- Only issuers and instruments where the Investment Manager receives GHG intensity data are used to calculate the GHG intensity of the Sub-Fund. The GHG intensity of each issuer is considered relative to the weight of the issuer in the Sub-Fund. The portfolio weights of those issuers that have GHG intensity data are mathematically adjusted so that the sum of their weighting in the Sub-Fund amounts to 100%. The size of the part of the portfolio for which no GHG intensity data is available varies subject to the Sub-Fund’s general investment strategy described in the prospectus.
- The Investment Manager determines an improvement pathway for the Sub-Fund’s GHG intensity. For this Sub-Fund, the pathway started at the first financial year end after the conversion date. The conversion date was on May 30, 2023. The pathway provides that the target value of the GHG intensity declines by 5% by the end of each financial year compared to the target value for the end of the preceding year. For the period between May 30, 2023 and the first financial year end a pro rata temporis rate of the annual rate has been applied.
- The pathway is determined as follows for the financial year ends until September 30, 2033:

Pathway Table Illustration

Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
0	100.00
1	95.00
2	90.25
3	85.74
4	81.45
5	77.38
6	73.51
7	69.83

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

Financial year end	GHG target in % of initial GHG intensity of the Sub-Fund
8	66.34
9	63.02
10	59.87

- The Investment Manager selects and weights from the remaining (i.e. after application of the exclusion criteria) investment universe issuers, so that the Sub-Fund's GHG intensity is in line or lower than the pathway at the respective financial year end.

Further, the Investment Manager commits to a minimum proportion of 3.00% of Sub-Fund's net asset value in Sustainable Investments.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments considered prior to the application of the Investment Strategy by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are excluded based on verified failure to respect established norms corresponding to four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. The excluded companies are based on information provided by external data providers and in certain circumstances internal research. In certain circumstances, the Management Company may override the information received. The override decision is made by an internal decision-making body which is composed of functions including Investments, Compliance and Legal.

Further, the Management Company actively encourages and conducts dialogues with investee companies on governance issues, also to prepare voting decisions in advance of shareholder meetings (regularly for direct investments in shares).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

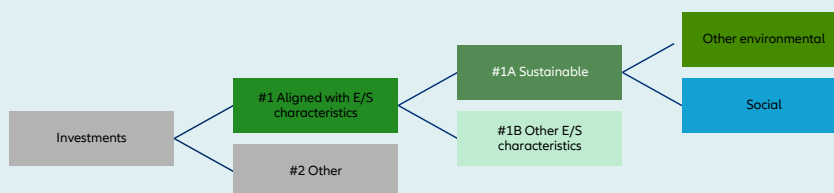
#### What is the asset allocation planned for this financial product?

The asset allocation section describes which assets of the portfolio the Investment Manager commits to use to promote environmental or social characteristics:

- The Investment Manager commits to select issuers with GHG intensity data for at least 70% (#1 Aligned with E/S characteristics) of the Sub-Fund's portfolio. The basis for the calculation of the 70% threshold is the Sub-Fund's net asset value except instruments for which such data does not exist as described in the section "What investment strategy does this financial product follow?". The Investment Manager manages the Sub-Fund so that the GHG intensity of the portfolio declines over time.
- Min. 3.00% (#1A Sustainable) of Sub-Fund's net asset value will be invested in Sustainable Investments.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are aligned with the EU Taxonomy nor a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.

**Asset allocation** describes the share of investments in specific assets.



**#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 aligned 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?

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Investment Manager does not commit to a minimum share of Sustainable Investments with an environmental objective aligned with the EU Taxonomy. The overall Sustainable Investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐ Yes

☐ In fossil gas

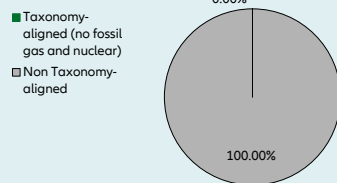
☐ In nuclear energy

☒ No

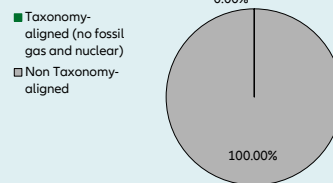
The Investment Manager does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, the Investment Manager may invest in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.

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.

1. Taxonomy-alignment of investments including sovereign bonds \*



2. Taxonomy-alignment of investments excluding sovereign bonds \*



This graph represents X% of the total investments.

It is noted that – due to the fact that this Sub-Fund does not provide for a minimum quota of taxonomy-aligned investments – this graph does not generate any additional added value compared to the left-hand graph.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?

The Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

<sup>1</sup> 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.

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.

**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.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager does not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria. The overall Sustainable Investment share (min. 3.00%) may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.



#### **What is the minimum share of socially sustainable investments?**

The Investment Manager does not commit to a minimum share of socially Sustainable Investments. Sustainable Investments may also include investments with a social objective. Any socially Sustainable Investments will be included in the Sustainable Investment proportion the Investment Manager has committed to (min. 3.00%) irrespective of their contribution to environmental and/or social objectives.



#### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The type of instruments included under “#2 Other” are eligible assets according to the prospectus. They include cash, cash equivalents as well as Target Funds, eligible asset classes and derivatives which do not specifically promote environmental or social characteristics. The Sub-Fund may make use of derivatives, which always fall under category “#2 Other” for hedging liquidity management and efficient portfolio management as well as investment purposes. For those investments no environmental or social safeguards are applied.



#### **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?**

No, the Investment Manager has not assigned a reference benchmark to determine alignment with the environmental and/or social characteristics that the Sub-Fund promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **How does the designated index differ from a relevant broad market index?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.
- **Where can the methodology used for the calculation of the designated index be found?**  
A reference benchmark is not used to determine alignment with the environmental or social characteristics promoted by the financial product.



#### **Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>.