

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") is managed according to the Sustainability Key Performance Indicator Strategy (Relative) ("KPI Strategy (Relative)") which addresses greenhouse gas (GHG) Intensity. The "Sustainability KPI" measures the GHG Intensity defined by the weighted average intensity of greenhouse gas emissions based on company's annual sales ("GHG Intensity").

GHG Intensity will be addressed by having a lower Weighted Average GHG Intensity of Sub-Fund than Weighted Average GHG Intensity of Sub-Fund's benchmark.

In addition, sustainable minimum exclusion criteria apply.

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

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 fiscal year end:

- The actual percentage of KPI coverage of the Sub-Fund's Portfolio (Portfolio in this respect does not comprise derivatives and instruments that are non-evaluated by nature (e. g., cash and deposits)).
- The actual weighted average GHG Intensity portfolio vs weighted average GHG Intensity of the benchmark.
- Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.

- 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?

Not applicable

- 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?

Not applicable

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?*

Not applicable

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

Not applicable



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

☒ Yes

☐ No

The Management Company has joined the Net Zero Asset Manager Initiative and considers PAI indicators through stewardship including engagement, both are relevant to mitigate potential adverse impact as a company.

Due to the commitment to the Net Zero Asset Manager Initiative, the Management Company aims to reduce greenhouse gas emissions in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emission by 2050 or sooner across all assets under management. As part of this objective the Management Company will set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.

The Sub-Fund's Investment Manager addresses PAI indicators regarding greenhouse gas emission, biodiversity, water, waste as well as social and employee matters for corporate issuers, and, where relevant, the freedom house index is applied to investments in sovereigns. PAI indicators are considered within the Investment Manager's investment process through the means of exclusions as described in the "binding elements" section of the Sub-Fund.

The data coverage for the data required for the PAI indicators is heterogenous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered through exclusion of securities issued by companies having a severe violation / breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues. Therefore, the Investment Manager will strive to increase data coverage for PAI indicators with low data coverage. 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.

Additionally, the Investment Manager considers GHG related PAI indicators by having a lower Weighted Average GHG Intensity than its benchmark.

The following PAI indicators are considered:

Applicable to corporate issuers

- GHG Emissions
- Carbon footprint
- GHG Intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- 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
- Board gender diversity
- Exposure to controversial weapons

Applicable to sovereign and supranational issuers

- Investee countries subject to social violations

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



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

What investment strategy does this financial product follow?

Allianz Convertible Bond's investment objective is to invest in convertible debt securities of European Bond Markets in accordance with the Sustainability Key Performance Indicator Strategy (Relative) ("KPI Strategy (Relative)").

The Sub-Fund's strategy is to have a lower Weighted Average GHG Intensity than its benchmark.

The weighted average GHG Intensity is the weighted average of the Sub-Fund's GHG Intensity (in tCO₂e per Millions of sales). Sales represent company's annual sales. This ratio of GHG normalized by Sales facilitates comparison between companies of different sizes. The ratio is in tCO₂e per Millions of sales. The metric allows comparing weighted average GHG Intensities of different portfolios to identify portfolios comprised of more GHG-efficient issuers in terms of the issuer's sales. The portfolio weights (and benchmark or universe weights) are rebased such that only issuers with GHG emissions data available are considered in the calculation. GHG represents a respective issuer's greenhouse gas emissions. To determine the GHG Intensity of a company issuer, GHG Intensity data from third party data providers will be used. The GHG intensity is analysed by the Investment Manager and is considered within the securities selection process in order to meet the Sub-Fund Investment objective.

The proportion of assets which do not have a GHG intensity assessment is expected to be low. Examples of instruments not having a GHG intensity assessment are cash and deposits, some Target Funds, and investments for which the GHG intensity is deemed to be not appropriate and/or data is not available.

The Sub-Fund's general investment approach (Sub-Fund's applicable General Asset Class Principles in combination with its individual investment restrictions) is described in the prospectus.

- **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 binding elements are:

Min. 70% KPI coverage of the Sub-Fund's Portfolio (Portfolio in this respect does not comprise derivatives and instruments that are non-evaluated by nature (e. g., cash and deposits)).

Lower than its benchmark in terms of Weighted Average GHG Intensity.

Application of the following sustainable minimum exclusion criteria for direct investments:

- securities issued by companies having a severe violation / breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption,
- securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services,
- securities issued by companies that derive more than 10% of their revenue from thermal coal extraction,
- securities issued by utility companies that generate more than 20% of their revenues from coal,
- securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco with more than 5% of their revenues.

Direct investments in sovereign issuers with an insufficient freedom house index score are excluded.

The sustainable minimum exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance. The review is performed at least half yearly.

- **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 by a certain minimum rate.

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

Good governance principles are considered by screening out companies based on their involvement in controversies around international norms corresponding to the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies having a severe violation in either of those areas will not be investible. For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when the Investment Manager believes that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless the Investment Manager believes that the engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

In addition, the Sub-Fund's Investment Manager is committed to actively encourage open dialogues with investee companies on corporate governance, proxy voting and broader sustainability issues in advance of shareholder meetings (regularly for direct investments in shares). The Sub-Fund's Investment Manager's

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

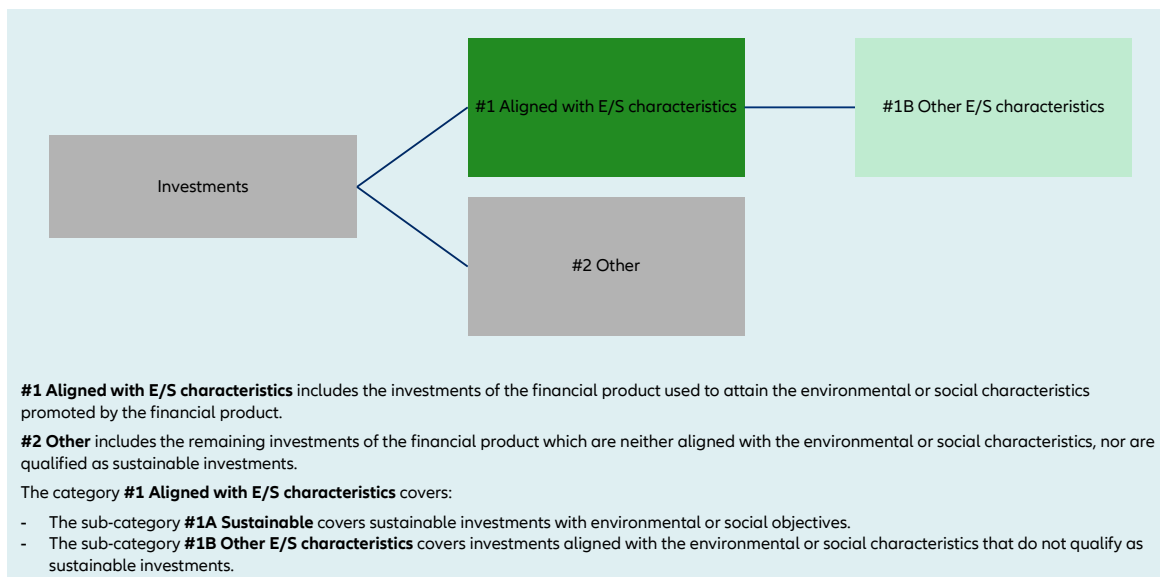
approach to proxy voting and company engagement is set out in the Management Company's Stewardship Statement.



Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

Min. 70% of the Sub-Funds' assets (excluding cash, and derivatives) are used to meet the environmental or social characteristics promoted by this Sub-Fund. A low portion of the Sub-Fund might contain assets which do not promote environmental or social characteristics. Example of such instruments are derivatives, cash and deposits, some Target Funds and investment with temporarily divergent or absent environmental, social, or good governance qualifications.



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

Not applicable



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

The Sub-Fund's 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 Taxonomy¹?

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

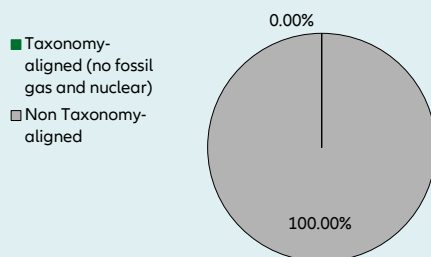
Taxonomy-aligned activities are expressed as a share of:

- **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.

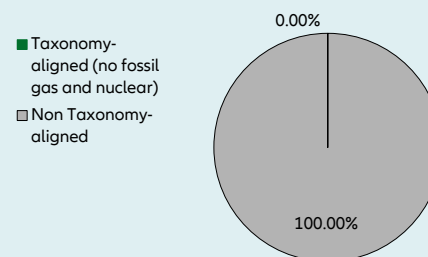
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas 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.

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 Sub-Fund's 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 Sub-Fund's 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 Sub-Fund's 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?

Under “#2 Other” 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?

Yes, the Sub-Fund has assigned the Refinitiv Europe Focus CB (EUR) as a benchmark. This benchmark is a market index. The Sub-Fund will promote environmental and social characteristics by having a lower Weighted Average GHG Intensity than its benchmark.

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 does not incorporate environmental or social characteristics for index construction.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
The benchmark is not continuously aligned as it does not incorporate environmental or social characteristics for index construction.
- **How does the designated index differ from a relevant broad market index?**
The benchmark is a broad 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.refinitiv.com/en/financial-data/indices/monthly-europe-focus-convertible-index>



Where can I find more product specific information online?

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