

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, paragraph 1 of Regulation (EU) 2020/852

Product name:

Allianz Euro Rentenfonds

Legal entity identifier: 549300BLGUFVSKDBHQ66



Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that this 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 Euro Rentenfonds (the "Fund") promotes environmental, social, human rights, governance and business conduct factors (this area does not apply to sovereign bonds issued by a government entity) through the integration of a best-in-class approach in the Fund's investment process. This includes assessing companies or government issuers on the basis of an SRI rating used to build the portfolio.

In addition, sustainable minimum exclusion criteria apply.

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

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

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

- The actual percentage of the Fund portfolio (the portfolio does not include derivatives without a rating in this sense or instruments that do not by their very nature have a rating, for example cash and deposits) that was invested in best-in-class issuers (issuers with an SRI rating of at least 1 on a scale from 0 to 4, with 0 being the worst rating and 4 being the best rating) is compared with the actual percentage of the best-in-class issuers of the benchmark.
- Confirmation that principal adverse impacts (PAIs) of investment decisions on sustainability factors are taken into account by applying exclusion criteria.

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

● **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?**

Sustainable investments contribute to environmental and/or social objectives, for which the Investment Manager uses, among others, the following objectives for sustainable development of the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy as reference frameworks.

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The assessment of the positive contribution to the environmental or social objectives was based on a proprietary framework that combines quantitative elements with qualitative inputs from internal research. The methodology first applies a quantitative breakdown of a security issuer into its business units. The qualitative element of the framework is an assessment as to whether business activities make a positive contribution to an environmental or a social objective.

To calculate the positive contribution on the Fund level, the turnover share of each issuer attributable to business activities that contributes to environmental and/or social objectives is considered, provided that the issuer satisfies the Do No Significant Harm ("DNSH") and Good Governance principles, and an asset-weighted aggregation is performed as a second step. Moreover, for certain types of securities that finance specific projects that contribute 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 are performed.

● **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?**

In order to ensure that sustainable investments do not significantly harm any other environmental and/or social objectives, the Investment Manager leverages the PAI indicators, whereby significance thresholds have been defined to identify significantly harmful issuers. Issuers not meeting the significance threshold can be engaged for a limited time period to remediate the adverse impacts. Otherwise, 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 that do not pass the DNSH assessment are not counted as sustainable investments.

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

All mandatory PAI indicators are considered either as part of the application of the exclusion criteria or through thresholds on a sectoral or absolute basis. Significance thresholds were defined that refer to qualitative or quantitative criteria.

In the absence of data for some PAI indicators, the DNSH assessment for the following indicators for companies may use equivalent data points to assess the PAI indicators: Share of consumption and production of non-renewable energy, activities that adversely affect biodiversity, emissions to water and lack of procedures and mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for government issuers: GHG intensity and investee countries subject to social violations. In the case of securities financing specific projects contributing to environmental or social objectives, appropriate data can be used at project level to ensure that sustainable investments do not materially negatively affect other environmental and/or social objectives. The Investment Manager will endeavour to increase data coverage for PAI indicators with low data coverage by communicating with issuers and data providers. The Investment Manager will regularly check whether the availability of data has increased to such an extent that the assessment of such data can be included 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?***

The Investment Manager's sustainable minimum exclusion list screens out companies based on their involvement in controversial practices that violate international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises

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.

and the UN Guiding Principles for Business and Human Rights. Securities issued by companies that severely violate these frameworks are removed from the investment universe.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no 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 Management Company has joined the Net Zero Asset Managers Initiative and takes PAI indicators into account through responsible action and specific commitment. Both factors contribute to minimising potential negative effects of business activities.

In line with its commitment to the Net Zero Asset Managers Initiative, the Management Company, in cooperation with investors, seeks to reduce greenhouse gas emissions and work towards decarbonisation. The objective is to achieve net zero emissions for all assets under management by 2050 at the latest. Within the framework of this objective, the Management Company will set an interim target for the proportion of assets to be managed in accordance with the objective of achieving net zero emissions by 2050 at the latest.

For corporate issuers, the Fund's Investment Manager considers PAI indicators in terms of greenhouse gas emissions, biodiversity, water and waste management, and social and labour law-related issues. Where relevant, the Freedom House Index is applied to investments in government issuers. PAI indicators are included in the Investment Manager's investment process in the form of exclusions, as described in the Fund's Binding Elements section.

Data on PAI indicators is inconsistent. There is limited data available on the factors of biodiversity, water protection and waste management. The PAI indicators are applied by excluding securities whose issuers are in severe 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 on Business and Human Rights due to problematic practices in the areas of human rights, employment rights, the environment and corruption. Therefore, the Investment Manager is committed to increasing data coverage for PAI indicators with insufficient data. The Investment Manager will regularly check whether the availability of data has increased to such an extent that the assessment of such data can be included in the investment process.

Among other sustainability factors, PAI indicators are also used to derive the SRI rating. The SRI rating is used for portfolio construction.

The following PAI indicators are taken into account:

Applicable to corporate issuers

- GHG emissions
- CO2 balance
- GHG intensity of investment companies
- Investments in companies operating in the fossil fuels sector
- Activities that have a negative impact on biodiversity-sensitive areas
- Emissions to water
- Percentage of hazardous waste
- Violation of the principles of the UN Global Compact
- Lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact principles
- Gender diversity in corporate governance
- Exposure to controversial weapons

Applicable to sovereign and supranational issuers

- Investment countries where social rights are violated

Information on PAI indicators is included in the Fund's annual report.



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 investment objective of Allianz Euro Rentenfonds is to generate market-oriented returns through exposure to euro bond markets. Securities are selected that take into account certain environmental, social and corporate governance criteria in accordance with the Sustainable and Responsible Investment (SRI) strategy.

Under the SRI best-in-class approach, the Fund takes into account environmental, social, human rights, corporate governance and business conduct factors as follows:

- The aforementioned sustainability factors are analysed by means of SRI research by the Investment Manager in order to assess how sustainable development and long-term matters are taken into account in issuers' strategies. SRI research refers to the overall process of identifying potential risks and opportunities of investment in securities of an issuer related to the analysis of sustainability factors. SRI research combines (possibly limited) external research data with internal analyses.
- Based on the combined results of external and/or internal analyses of sustainability factors, an internal rating (SRI rating) is given monthly for the relevant government issuers or corporate issuers. An SRI rating is therefore an internal rating assigned to a private or government issuer. Each SRI rating is based on the analysis of criteria that take into account human rights, social and environmental aspects, business practices and governance. SRI ratings may be used to apply negative or positive ratings to the Fund's investment universe in accordance with the objective of the SRI strategy. While most of the Fund's positions will have a corresponding SRI rating, some investments cannot be valued using the SRI research methodology. Examples of instruments that do not have an SRI rating include cash, deposits and investments without ratings.

This internal SRI rating is used to classify and select or weight securities for portfolio construction.

The Fund's general investment approach 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:

- Minimum rating coverage: At least 90% of the Fund's portfolio must have an SRI rating (the portfolio in this sense does not include derivatives without a rating and instruments that do not by their nature have a rating, for example cash and deposits). Although most of the Funds' positions have an equivalent SRI rating, some investments cannot be evaluated using the SRI research method. Examples of instruments that cannot receive an SRI rating include cash, deposits, target funds and assets that do not have a rating.
- The instruments evaluated must have an SRI rating of at least 1. The evaluation is based on a scale of 0 to 4, with 0 being the worst rating and 4 the best rating.
- Application of the following minimum sustainability exclusion criteria for direct investments:
 - Securities issued by companies that, as a result of following problematic practices in the areas of human rights, labour rights, the environment and corruption, seriously violate principles and guidelines such as the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights;
 - Securities issued by companies that are involved with controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons);
 - Securities issued by companies that generate more than 10% of their turnover from weapons and military equipment and services;
 - Securities issued by companies that generate more than 10% of their turnover from the extraction of thermal coal;
 - Securities issued by utility companies that generate more than 20% of their turnover from coal;

- Securities issued by companies involved in tobacco production and securities issued by companies involved in the distribution of tobacco, amounting to more than 5% of their turnover.

Direct investments in government issuers with an inadequate Freedom House Index rating are excluded.

The minimum exclusion criteria with regard to sustainability are based on information from an external data provider and are coded in the context of pre- and post-trade compliance. The review is carried out at six month intervals, at least.

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

The Fund does not undertake to reduce the volume of investment concerned by a certain minimum rate.

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

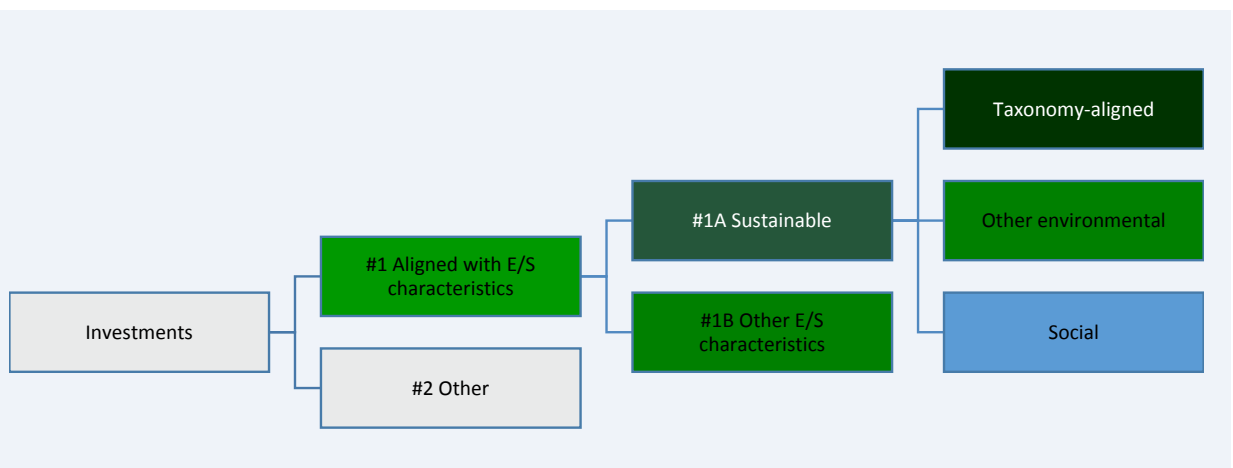
Principles of good corporate governance are taken into account by filtering out companies based on their involvement in controversies relating to international standards consistent with the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies with significant deficiencies in one of these areas are not eligible for investment. In certain cases, issuers identified as in doubt are included in a watchlist. These companies appear on the watchlist when the Investment Manager believes that a commitment from the Fund can lead to improvements or when they find that the company is taking corrective action. The companies on the watchlist remain eligible for investment unless the Investment Manager believes that the commitment or corrective action of the company does not result in the intended solution to the problem.

In addition, the Fund's Investment Manager has committed to maintaining an open dialogue on corporate governance, voting rights and general sustainability issues with the companies in which they invest prior to shareholder meetings (on a regular basis in the case of direct investments in shares). The Fund's Investment Manager's approach to voting rights and corporate commitment is set out in the Management Company's stewardship statement.



What is the asset allocation planned for this financial product?

At least 90% of the Fund's assets (other than cash and derivatives without a rating) are used to achieve the environmental or social characteristics promoted by that Fund. A low portion of the Fund contain assets that do not promote environmental or social characteristics. Examples of such instruments include derivatives, cash and cash deposits, certain target funds and investments with temporarily divergent or absent environmental, social, or good governance qualifications. At least 2.00% of the Fund's assets may be invested in sustainable investments. The minimum percentage of investments aligned with the EU Taxonomy is 0.01%. The Investment Manager does not commit to a minimum of environmentally sustainable investments that are not aligned with the EU Taxonomy. The Investment Manager does not commit to a minimum of socially sustainable investments. Although the Fund does not commit to a minimum of environmentally or socially sustainable investments, such investments can be freely allocated under the total public commitment of the Sustainable Investment Fund (min. 2.00%).



#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?**

Not applicable



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

The Taxonomy-aligned investments include debt and/or equity in environmentally sustainable economic activities aligned with the EU Taxonomy. The minimum percentage of investments aligned with the EU Taxonomy is 0.01%. Taxonomy-aligned data was 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 reflect data in sovereign bonds. There is currently no recognised method of determining the proportion of Taxonomy-aligned activities in sovereign bond investments.

The Taxonomy-aligned activities in this disclosure are based on the share of revenue. Pre-contractual figures use turnover as a financial measure in line with regulatory

requirements and are based on complete, verifiable or up-to-date data for CapEx and/or OpEx being even less available as a financial measure.

Taxonomy-aligned data is only in rare cases data reported by companies in accordance with the EU Taxonomy. The data provider has derived 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 ¹?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The Fund does not seek Taxonomy-aligned investments in fossil gas and/or nuclear energy. Nevertheless, it may happen that, as part of the investment strategy, it also invests in companies that are also active in these areas. Further information on such investments are disclosed in the annual report, where relevant.

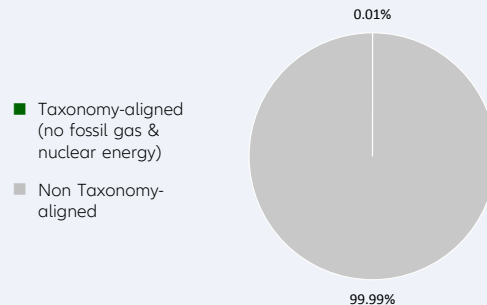
Taxonomy-aligned activities are expressed as a share of:

- **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
- **operating expenditure** (OpEx) reflecting green operational activities of investee companies

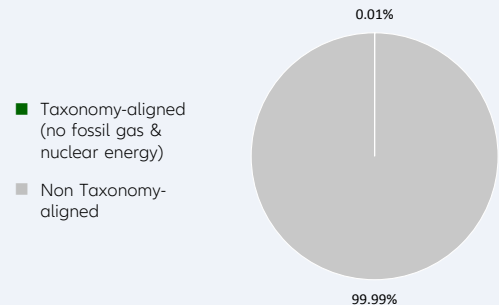
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas 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 should be noted that this Fund does not have a mandatory minimum quota for investments in sovereign bonds. As such, this Fund may (but is not required to) have a sovereign bonds exposure. As there is no mandatory minimum quota for investments in sovereign bonds, this graph does not generate any additional added value compared to the graph on the left.

* For the purpose of these graphs, "sovereign bonds" include all sovereign exposures.

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

The Fund's Investment Manager does not undertake to split the minimum Taxonomy orientation into transitional and enabling activities and its 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?

Taxonomy-aligned investments are considered to be a subcategory of sustainable investments. If an investment is not Taxonomy-aligned because the activity does not or is not yet covered by the EU Taxonomy or the positive contribution is not substantial enough to meet the screening criteria of the Taxonomy, such an investment can still be considered an environmentally sustainable investment if all the criteria are met. The Investment Manager does not commit to a minimum of environmentally sustainable investments that are not aligned with the EU Taxonomy. The overall share of sustainable investment may also include investments with an environmental objective in economic activities that are not considered environmentally sustainable under the EU taxonomy and while the Fund is unable to commit to a minimum share of environmentally or socially sustainable investments, such investments can be freely allocated under the total public commitment of the Sustainable Investment Fund (min. 2.00%).



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 defines sustainable investments based on internal research, which uses, among others, the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy as reference frameworks. The Investment Manager does not commit to a minimum of socially sustainable investments, as the SDGs include both environmental and social objectives. The total proportion of sustainable investments may also include investments with a social objective and while the Fund does not commit to a minimum proportion of environmentally or socially sustainable investments, such investments may be freely allocated to the total public commitment of the Sustainable Investment Fund (min. 2.00%).



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

Investments in cash, target funds or derivatives can be included under “#2 Other”. Derivatives can be used for efficient portfolio management (including risk hedging) and/or investment purposes, and target funds to benefit from a specific strategy. There are no minimum environmental or social requirements for these investments.



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 reference benchmark has been defined for measuring whether the environmental and/or social characteristics promoted by the Fund are attained.

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?

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable



Where can I find more product specific information online?

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