

This document is the pre-contractual disclosure required for the financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852. These regulations are part of new European requirements aimed at providing more transparency on sustainability in financial markets. For funds that promote environmental and/or social characteristics we are required to provide detailed sustainability related disclosures to prospective customers

Pre-Contractual Sustainability Disclosure for Emerging Markets Government Bond

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Emerging Markets Government Bond

Publication date: 16 September 2024

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective : __% <ul style="list-style-type: none"> <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 sustainable investments with a social objective : __%	<input 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 __% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that 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 type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments
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Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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

This Fund aims to provide an improvement in the environmental, social, governance ("ESG") and overall ESG scores. The Fund is passively managed and its objective is to reflect the performance of 50% J.P. Morgan ESG Government Bond Index Emerging Markets Global Diversified EUR Unhedged and 50% JP Morgan ESG EMBI Global Diversified Index (the "Index"). This Index is an environmental, social and corporate governance ("ESG") version of the respective parent benchmarks. The administrator of the Index, J.P. Morgan Securities LLC, uses ESG data provided by Sustainalytics and RepRisk to apply an ESG scoring and screening methodology to score each constituent of the GBI-EM, to tilt toward issuers ranked higher on ESG criteria and green bond issues and to underweight and remove issuers that rank lower.

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

The Fund targets an improvement in the overall ESG score of the Fund in comparison to the appropriate broad market benchmark. The Fund tilts toward issuers ranked higher on ESG criteria and green bond issues and underweights and remove issuers that rank lower.

The indicators that the Fund uses to measure the attainment of the environmental or social characteristics promoted are:

- Overall ESG Score
- Country Risk Score
- Country Carbon Intensity Score

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?

N/A - The fund promotes E/S characteristics, but will not make any 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?

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

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

N/A- the Fund does not commit to making 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:

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

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, anticorruption and antibribery 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 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 Fund does not explicitly target Principal Adverse Impacts (“PAIs”) in the investment process because the PAIs definitions and methodology have limited scope for investment in sovereign debt.

No



What investment strategy does this financial product follow?

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

This Fund is passively managed and invests in emerging market sovereign and quasi-sovereign bonds and is a medium risk fund. The Fund aims to perform in line with the Index. Qualifying bonds must have a maturity of greater than six months, a fixed coupon schedule and a minimum amount outstanding of USD 250 million. The Fund follows a benchmark index designed by JP Morgan to enhance exposure to positive ESG factors and improved exposure to green bonds.

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 Fund is passively managed and its objective is to reflect the performance of 50% J.P. Morgan ESG Government Bond Index Emerging Markets Global Diversified EUR Unhedged and 50% JP Morgan ESG EMBI Global Diversified Index (the "Index").

The Benchmark integrates issuer level ESG scores into the emerging market local currency sovereign bond universe to deliver an improvement in these aggregate characteristics compared to the broad market benchmark. This is achieved by overweighting securities that rank favourably across these metrics and underweighting laggards. The desire to maintain high levels of diversification within the Fund means that laggards may not be eliminated entirely. The methodology explicitly excludes United Nations Global Compact violators and any issuer ranked in the bottom quintile of ESG scores.

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

N/A – there is no committed minimum rate to reduce the scope of investments.

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

The Investment Manager utilises independent third party data providers to make assessments on governance practices in the companies which the Investment Manager invests. The Investment Manager assesses good governance practices in investee companies through a number of measures which include:

- > ESG Risk scores
- > alignment with the UN Global Compact
- > involvement in severe controversies.

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



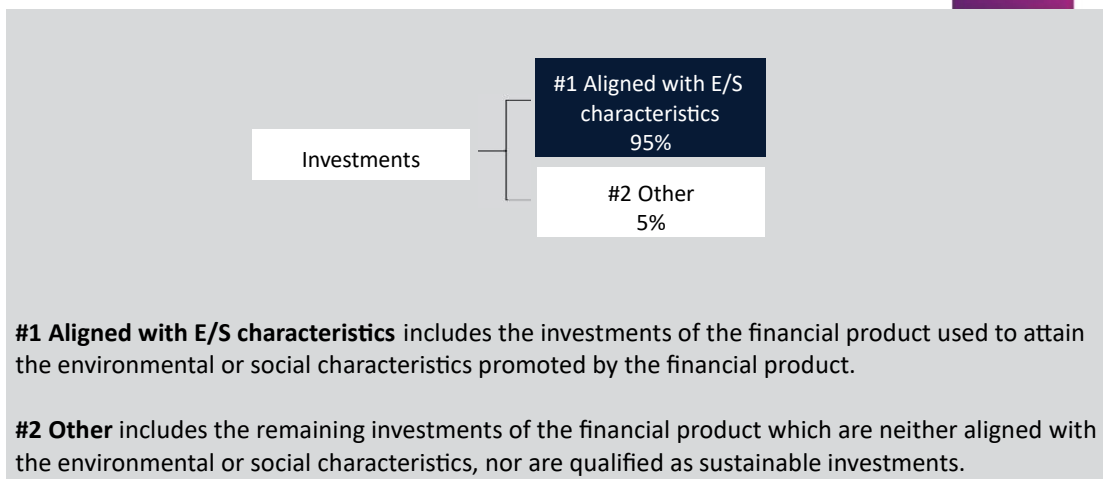
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The fund invests in 50% emerging market local currency sovereign bonds and 50% emerging market hard currency sovereign and quasi-sovereign bonds. It may also hold cash for liquidity purposes. At least 95% of investments are expected to be allocated to assets which promote E/S characteristics and up to 5% may be allocated to "other" investments which may comprise of a small cash balance for liquidity purposes or fixed income derivatives. However, in normal market conditions, the Investment Manager expects the investments used to meet the environmental and/or social characteristics is equal to circa 100%.

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.



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 Fund



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or lowcarbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

Although the Fund promotes environmental and social characteristics (Article 8 under the Sustainable Finance Disclosure Regulation) the Fund does not align with the EU Taxonomy criteria)

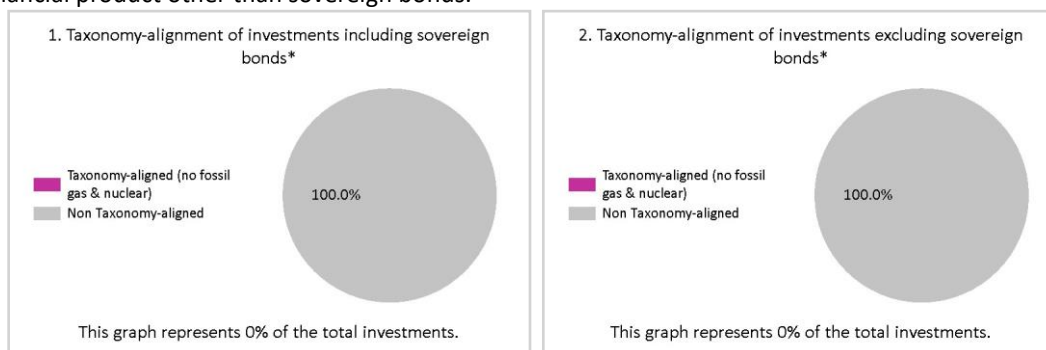
Does the financial product invest in fossil gas and/or nuclear energy-related activities that comply with the EU Taxonomy¹?

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

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which lowcarbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in purple 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.



* 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?

N/A

¹Fossil 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 objectives - 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 is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

N/A - The Fund does not intend to make any investments in sustainable investments with a social objective



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

The Fund invests in emerging market sovereign and quasi-sovereign bonds. The Fund may also invest in cash, fixed income derivatives such as future contracts and also currency derivatives such as currency forwards. Fixed income derivatives may be used to maintain or manage exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling transferable securities. The Fund will not generate synthetic short positions for investment purposes using financial derivatives. Given the nature of derivative investments, no minimum environmental or social safeguards can be applied. For cash holdings, no cash is held with banks which are on ILIM’s exclusion list.



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

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?

The Index has been designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes. The Fund follows a passive management strategy and aims to deliver returns in line with the Index. The Index is created by the benchmark provider, JP Morgan, and is designed to promote environmental and/or social characteristics.

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

The Index is created by JP Morgan and is designed to promote environmental and/or social characteristics. It is a rules-based benchmark which integrates ESG data to ensure the reference benchmark is continuously aligned with the environmental and/or social characteristics promoted by the Fund. Through the passive management strategy of the Fund, the Fund aims to replicate the constituent weights of the Index.

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

The Fund follows a passive management strategy and aims to track the performance of the Index. As a result, the investment strategy of the Fund is aligned with the methodology of the Index on a continuous basis.

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

The designated index is based on the constituents of the broad market index. Through a rules-based methodology applied by the benchmark provider to the broad market index, the designated index incorporates environmental and/or social characteristics by integrating ESG data. This is achieved by overweighting securities that rank favourably across these metrics and underweighting and removing laggards. The broad market index does not consider the promotion of environmental and/or social characteristics and is weighted based on market capitalisation.

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

The methodology pertaining to the reference benchmark is available at the below website link:

<https://www.jpmorgan.com/insights/research/index-research/composition-docs>



Where can I find more product specific information online?

More product specific information can be found on the website aiblfe-fundcentre.saolassurance.ie