

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 Euro Corporate Bond

Product name: Euro Corporate Bond

Publication date: 16 September 2024

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**: __%
- 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**

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.



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

The environmental and/or social characteristics promoted by the Fund are as follows:

- To reduce the impact of the Fund on Climate Change (relative to the appropriate broad market benchmark);
- To increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores (relative to the appropriate broad market benchmark).

The Fund has designated ICE ILIM Sustainable Euro Corporate Bond Index (the "Index") as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

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

The indicators used to measure the outcomes of this approach are:

Reduce the impact of Climate Change

- > Reduction in carbon intensity of the portfolio versus the appropriate broad market benchmark.

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

> Reduction in fossil fuel involvement of the portfolio versus the appropriate broad market benchmark.

Increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores (relative to the appropriate broad market benchmark).

> Reduction in the overall ESG risk scores versus the appropriate broad market benchmark.

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

Yes,

The Fund aims to reduce negative impacts to the environment and society. These negative impacts are also called adverse impacts, whereby the most significant adverse impacts are referred to as principal adverse impacts (PAI).

Where possible and feasible and in line with the nature of the investments, a number of adverse impacts are structurally and systematically considered as part of this Fund's investment decision making. This consideration occurs before making investment decisions and thereafter as part of the Investment Manager's ongoing monitoring and management of that investment, where an investment is made.

The Investment Manager consider the following key PAIs in the Investment Manager's decision making: Impact on climate change:

> Greenhouse Gas Emissions

> Carbon footprint

> Exposure to companies active in the fossil fuel sector Impact on society:

> Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

> Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

Investment decisions result in more capital allocation to companies with improved PAI indicators as a result of the ESG data integration.

The Fund's annual financial statements will disclose how PAI have been considered on sustainability factors.

Further details on the principal adverse impacts can be found at www.ilim.com.

No



What investment strategy does this financial product follow?

This Fund is passively managed and invests in Euro-denominated investment grade large cap corporate bonds. The Fund aims to perform in line with the Index. The Fund follows a proprietary benchmark index designed by the Investment Manager to enhance exposure to positive Environmental, Social and Governance (ESG) factors and reduce investment exposure to carbon risk as set out by the Paris Climate Agreement. Qualifying bonds must have a maturity of greater than one year, a fixed coupon schedule and a minimum amount outstanding of EUR 500 million. Only bonds which are investment grade based on a composite rating are included in the Index. The fund promotes environmental and social characteristics alongside other factors.

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's Responsible Investment Framework is incorporated where possible into the index which the Fund tracks. For the bond exposures, the following approach is applied within the Index which is detailed in the Investment Manager's Responsible Investment Framework as follows:

1. The Index excludes the securities of companies which exhibit poor behaviour (UN Global Compact Violators) and those involved in activities such as the manufacturing of Controversial Weapons and Tobacco.

2. The Index integrates security level ESG risk ratings and PAI indicators within the bond investments to ensure a material improvement in these aggregate characteristics compared to broad market benchmark. These enhancements are achieved by overweighting securities that rank favourably across these metrics and underweighting laggards. The desire to maintain high levels of diversification within the Index means that laggards are not eliminated entirely.

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

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 assess 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?

The Fund invests in Euro-denominated investment grade large cap corporate bond and may carry a small cash balance 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 to equal circa 100%.

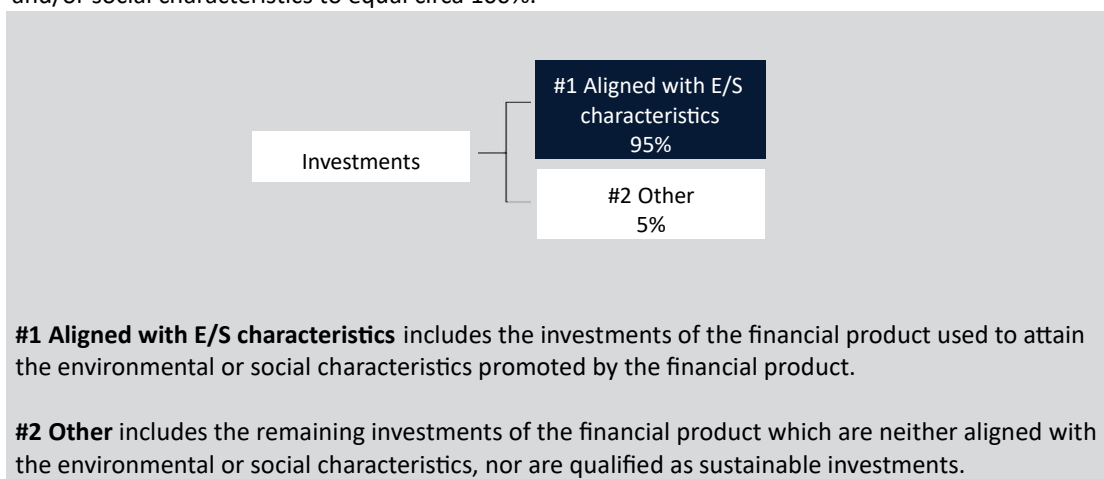
Asset allocation describes the share of investments in specific assets.

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.

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.

Enabling activities directly enable other activities to make a substantial contribution to an



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

Although the Fund promotes environmental and social characteristics, as at the date of this document, it is expected that the minimum proportion of investments aligned with the EU Taxonomy criteria will be 0% of the net assets of the Fund.

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

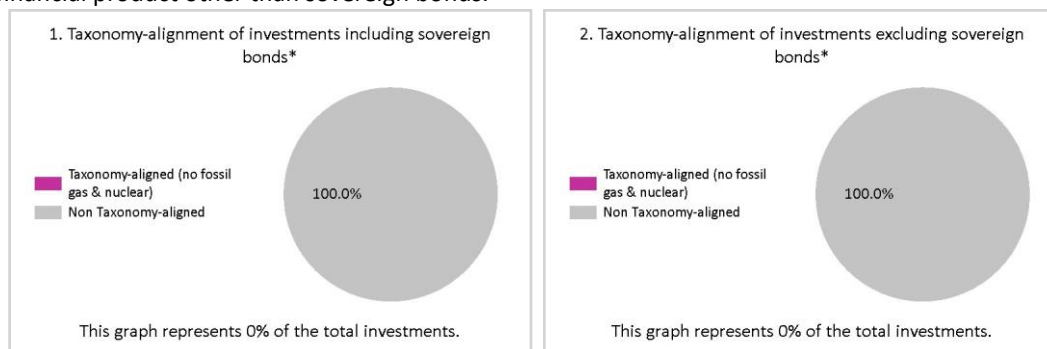
- Yes
- In fossil gas In nuclear energy
- No

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.

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



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 will invest in Euro-denominated investment grade large cap corporate 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



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?

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

The Index has been designated as the reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes. The Fund follows a passive indexation strategy and aims to replicate the Index. The Index is created by the Investment Manager in co-ordination with the benchmark provider, ICE, and is designed to promote the environmental and/or social characteristics of the Fund.

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 the Investment Manager in co-ordination with the benchmark provider, ICE, and is designed to promote the environmental and/or social characteristics of the Fund. 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 indexation strategy of the Fund, the Fund aims to replicate the constituent weights of the reference benchmark.

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

The Fund follows a passive indexation strategy and aims to replicate the reference benchmark. 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 promotes environmental and/or social characteristics due to the integration of ESG data. The broad market index, ICE BofA Euro Large Cap Corporate Index, does not consider the promotion of environmental and/or social characteristics and is weighted based on market capitalisation. The Index is based on the constituents of the broad market index. Through a rules based methodology designed by the Investment Manager and applied by the benchmark provider to the broad market index, the designated index is formed.

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 under the index code "ERIS".

Website address: <https://indices.theice.com/>



Where can I find more product specific information online?

More product specific information can be found on the website aibliffe-fundcentre.saolassuranc.ie