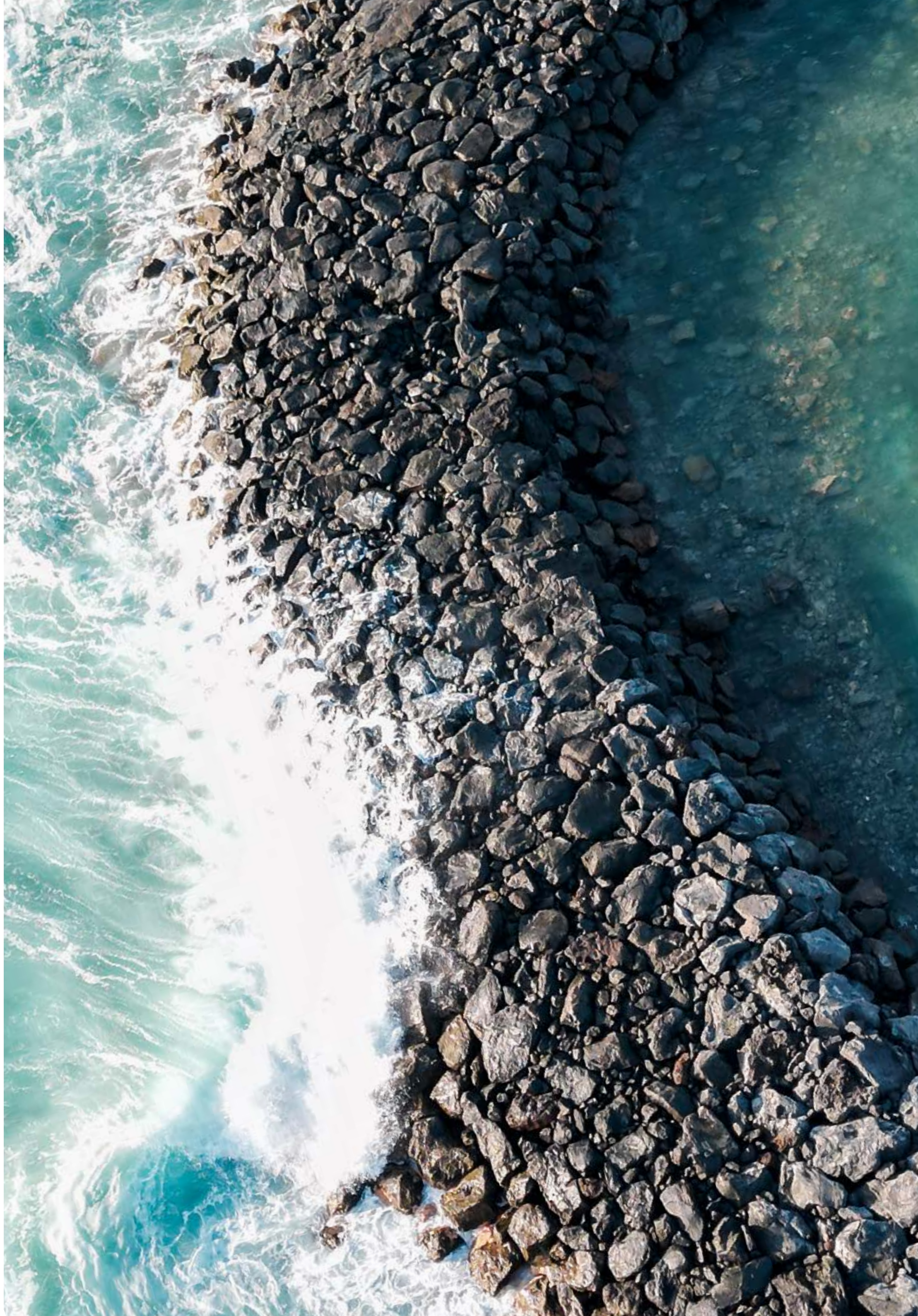
Allianz
Global Investors

Shaping sustainability, delivering change

Sustainability and Stewardship Report 2023



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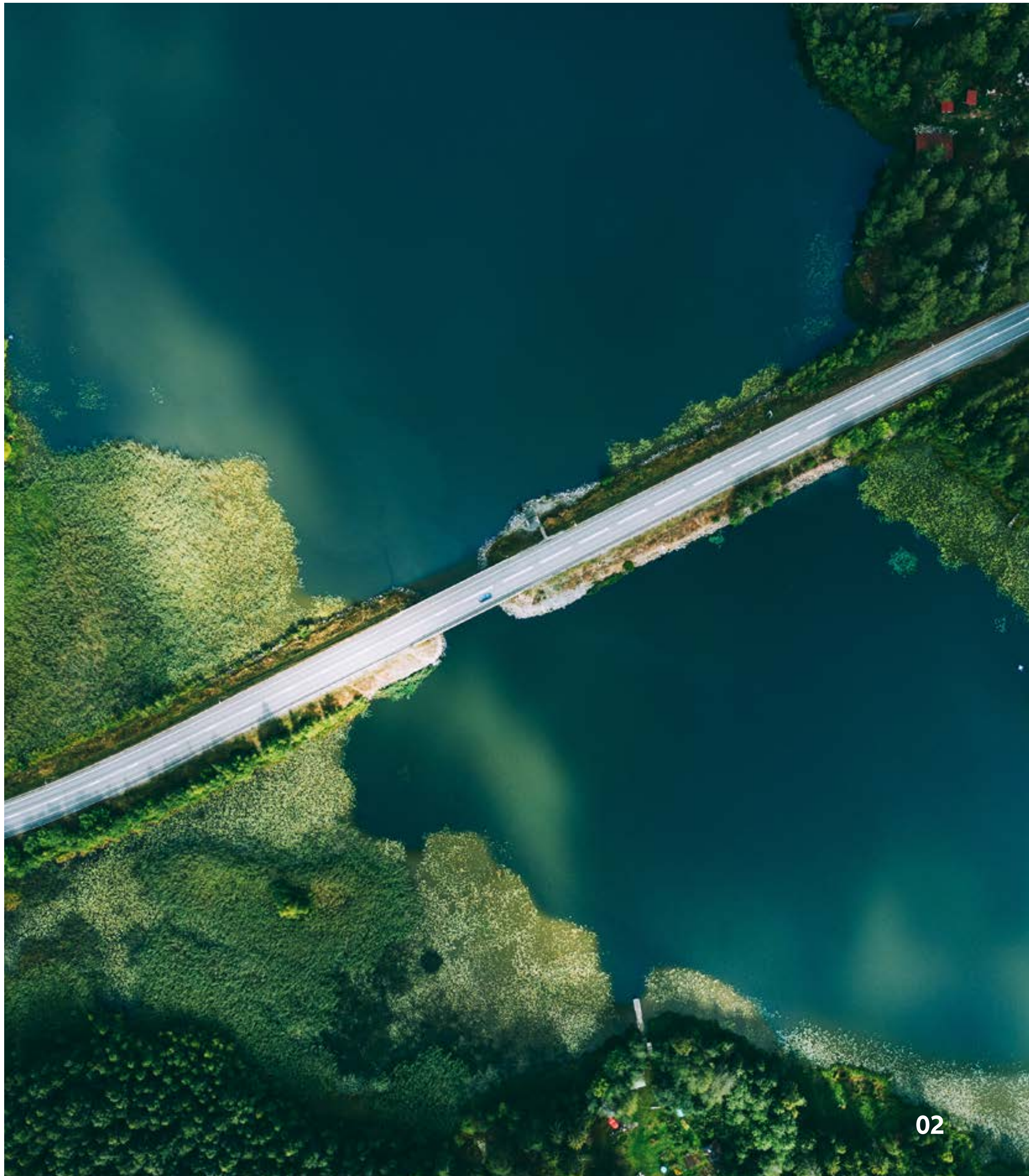

"In 2023, questions arose around the purpose and value of sustainable investing, leading to a welcome reframing of concepts, such as ESG. In this context, we have continued to focus on providing our clients with pragmatic solutions to shape sustainability, aiming for real-world change."

Matt Christensen
Global Head of Sustainable and Impact Investing

01.1 Introducing Allianz Global Investors

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Allianz Global Investors (AllianzGI) is an active investment management firm and part of Allianz Group. We seek to elevate the investment experience while protecting and enhancing our clients' assets over the long term.

We have more than 600 investment professionals and 500 relationship managers working across 20+ locations worldwide. We manage EUR 533 billion of assets for institutions and individuals across the globe.

AllianzGI offers a diversified range of active investment strategies across four main pillars – Equities, Fixed Income, Multi Asset and Private Markets – in Europe, Asia Pacific and the Americas.

With this footprint, we combine expertise across public and private investments in developed and emerging markets with advisory services delivered by our specialist risklab team. This diversified offering enables us to help clients align their sustainability values with their investment objectives.

Providing value for clients means securing and protecting their long-term wealth. Hence we seek to identify long-term growth opportunities that align with our vision of a sustainable future and our clients' objectives. We are also committed to customised client service and global and local market knowledge and insights.

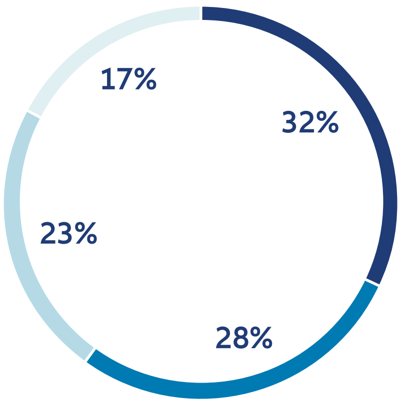
We began our sustainable investing journey 25 years ago and published our first Responsible Investing Report in 2018. During this period, sustainability has become an integral part of the AllianzGI investment philosophy. In addition to covering our investment activities and commitment to active stewardship with our stakeholders, our sustainability reporting incorporates a focus on corporate sustainability. We highlight our work to embed environmental, social and governance (ESG) practices in AllianzGI's business operations and how we engage with our communities and society.

Our shift towards demonstrating tangible change and real-world impact is at the core of how we generate value for clients, which is reflected in our 2023 reporting. This journey echoes the purpose of our parent company Allianz Group, "We secure your future", which prioritises tackling climate change, delivering social impact and ensuring sustainable growth.

This Sustainability and Stewardship Report showcases our sustainable investment and corporate sustainability approach and capabilities. It is also intended to renew our admission to the UK Stewardship Code, one of the most important external accreditations of our stewardship activities.

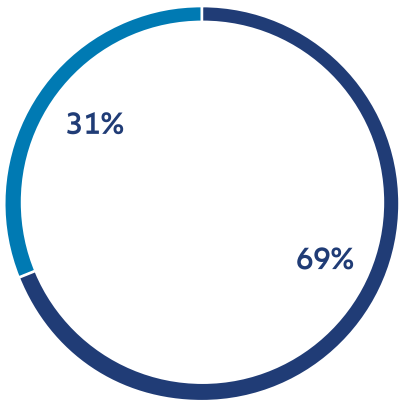
Assets under management (AUM): EUR 533 billion[1]

By asset class



- **Fixed Income** EUR 170 bn
- **Multi Asset** EUR 149 bn
- **Equities** EUR 125 bn
- **Private Markets** EUR 90 bn

By retail/institutional business



- **Institutional** EUR 366 bn
- **Retail** EUR 168 bn

Find out more

Read more about our approach to sustainability and explore our latest research on our website, where you will find key policy documents and reports, including our latest Task Force on Climate-related Financial Disclosures (TCFD) Report.

For information on Allianz's sustainability commitments and performance, please refer to the Allianz Group Sustainability Report 2023.

1 Data as at 31 December 2023. Total assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies are responsible vis-à-vis clients for providing discretionary investment management decisions and portfolio management, either directly or via a sub-advisor. This excludes assets for which Allianz Asset Management companies are primarily responsible for administrative services only. Assets under management are managed on behalf of third parties as well as on behalf of the Allianz Group. Any differences in totals are due to rounding. Diversification does not guarantee a profit or protect against losses.

01.2 About this report

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Our Sustainability and Stewardship Report 2023 comprises four sections, plus appendices, which reflect our commitment to sustainable investing, active stewardship and corporate sustainability.

UK Stewardship Code indexing

Throughout the report, we mark content that specifically addresses the Principles of the UK Stewardship Code. A full index is included on pages 95–96.

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Report scope and boundaries

The contents of this report relate to all AllianzGI activities and locations. All measures, activities and figures refer to the 2023 fiscal year (1 January 2023 to 31 December 2023) unless otherwise stated.

Robust review and assurance

The credibility of our sustainable approach, as reflected in our internal processes and external reporting, is crucial to ensure trust in our company. AllianzGI reviews its sustainable policies at least annually or more frequently if material changes to the regulatory or market environment occur that may require adjustments in the jurisdictions in which we operate. As a result of this process, in 2023 we developed a new biodiversity policy and further strengthened our proxy voting policy, including additional sustainability aspects.

A dedicated Sustainability Governance Committee is responsible for overseeing processes, products and methodology. The committee ensures processes are efficient, consistent and enforced by the our Executive Committee (ExCo) when it comes to sustainable activities.

AllianzGI's ExCo reviewed this Sustainability and Stewardship Report 2023. In doing so, the ExCo considers the report to provide a fair and balanced view of our approach to sustainable investing and stewardship activities, as well as corporate sustainability initiatives.

Corporate Sustainability Reporting Directive (CSRD) alignment

Our parent company, Allianz Group, will be required to comply with CSRD regulations by the financial year 2024. As an Allianz entity, AllianzGI has begun collecting and reporting data for the financial year 2023 to Allianz in line with European Sustainability Reporting Standards requirements for selected indicators.

01.3 What sustainability means to us

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01.3.1 Sustainability across our business

Today, when the only constant is change, our ambition is to consistently deliver tangible sustainable outcomes for our clients and other stakeholders.

To drive sustainable growth through investing, we believe it is essential that sustainability is embedded and institutionalised within AllianzGI. Our success, as both an active investor and a responsible business, depends on it. We therefore focus on three dimensions of sustainability:

1. Generate strong investment returns while meeting sustainable objectives

Together with our clients, employees and other stakeholders, we aim to drive lasting change by using our expertise, influence and impact focus across the investment value chain. In doing so, our active strategies enable us to approach this goal with a long-term perspective and align with our clients' time horizons and market-shaping trends.

2. Sustainable product growth and best-in-class business conduct

We have focused on the development of sustainable investment products across all asset classes that we believe can significantly drive increased revenues and net cash flows into the future, in line with our long-term investment outlook. Our company values – excellence, integrity, respect and passion – describe how we aim to conduct our business. They underpin our ambition to be sustainable across all of our activities and in our stewardship approach. As an example of improved business conduct and reinforced governance, we conducted an in-depth review of our marketing materials to increase transparency and consumer protection for the benefit of our clients, in line with regulation, such as the UK Financial Conduct Authority's Consumer Duty.

3. Foster a fulfilling work environment for our employees

We motivate our people by fostering a merit-based, values-driven and inclusive culture, while also providing office and hybrid working arrangements with the right technology and support. We are striving to enhance the workplace experience for our employees in all locations, focusing on shared office space – where appropriate – and flexible workstations to enhance collaboration.

Our most recent annual employee satisfaction survey saw engagement at its highest level for eight years. Serving our clients well and motivating our employees to excel will position AllianzGI to grow sustainably and deliver strong results over the long term.

01.3 What sustainability means to us

01.3.2 Governance and resources

01.3.2.1 Sustainability governance structure

In 2023, we evolved our sustainability governance to further bolster our operations and resilience, and future-proof the organisation for the fast-changing regulatory environment. This included two major developments – establishing a dedicated Sustainability Governance Committee and introducing a new, independent Governance & Business Analytics function (see Section 4.3).

We have established clear lines of responsibility for sustainability that enable effective oversight and accountability to take place:

- The **Executive Committee (ExCo)** is the central governance and decision-making body for AllianzGI and its committees, including those focused on sustainability issues and commitments. The ExCo is responsible for establishing and deploying AllianzGI's strategy.
- The **Sustainability Governance Committee (SGC)** oversees corporate and product sustainability approaches, including the management of reputational risks. It is responsible for all overarching sustainability-related topics, including sustainability frameworks relating to strategy, risk management and data frameworks. The SGC is responsible for the overall consistency of frameworks across asset classes. It oversees sustainability and corporate sustainability indicators as targets for AllianzGI. It has reporting obligations to the Legal, Compliance and Risk Committee and the ExCo.
- The **Investment Executive Committee (IEC)** is the decision-making body for the management of the firm's investment platform and has responsibility for all sustainability-related topics within investments.
- The **Global Proxy Voting Committee** determines our global voting policy and handles conflicts of interest. Any major issues or changes are discussed by the Sustainable Investing Working Group[2] and reported to the IEC.
- The **Legal, Compliance and Risk Committee** supports a strong compliance culture and acts as an oversight body on behalf of the ExCo with regards to significant legal and compliance and risk issues relating to all operating entities.

In addition to our current governance structure, we have several working groups that are dedicated to sustainability for investments, as well as corporate positioning. Topics include reputational risk, high-quality sustainable investing, stewardship standards, ESG data, sustainable methodologies, net zero and decarbonisation across asset classes. These working groups inform and make recommendations to the IEC/SGC and the ExCo to support the decision-making process.

The Global Head of Sustainable and Impact Investing is a member of the IEC and reports to the Global Head of Investments, who is a member of the ExCo. This anchors sustainable and impact investing at the top of the organisation.

AllianzGI consists of several operational entities, and additional lines of responsibility exist at the AllianzGI GmbH level. The GmbH Management Board is responsible for the overall strategy of AllianzGI GmbH as well as its corporate and sustainable investing strategy. It reports to the supervisory board, which receives regular updates on AllianzGI GmbH's business strategy from the Management Board. This includes a section on strategic updates regarding sustainability.

Sustainability governance structure

2 The Sustainable Investing Working Group ensures that high-quality sustainable investing standards are applied across the firm and allows for cross-asset class topics to be considered. It is also a forum for sharing best practices.

01.3 What sustainability means to us

The Board of Management at Allianz SE is ultimately responsible for all matters relating to sustainability and is supported by the Group Sustainability Board. Allianz also has a Global Sustainability function that supports the Sustainability Board in integrating sustainability into the business. The Sustainability Committee was created within the Supervisory Board of Allianz SE to drive sustainability strategy integration and implementation.

Linking sustainability with remuneration

AllianzGI's International Management Group – comprising senior functional heads from across the firm – has sustainability embedded within its goals through company-wide global solidarity goals.[3] A specific sustainability goal introduced in 2021 targets sustainability achievement, which is measured by the delivery of above-median signatory scoring for Principles for Responsible Investment (PRI) results. Achievement of the global solidarity goals influences the firm-wide remuneration pool.

Some AllianzGI functions are also embedding sustainability considerations into team and individual goals. For instance, the investment platform has implemented goals that specifically reflect the way sustainability is integrated into each fund[4] and focus areas of each team.

01.3.2.2 Sustainability resources at AllianzGI

We have more than 45 dedicated sustainability experts across Europe and Asia, with an average of 12 years' experience. They drive our approach to sustainability and help us shape sustainable pathways for clients. Clearly established lines of responsibility for sustainability within AllianzGI enable effective oversight and accountability.

1. Sustainable and Impact Investing team. Part of our investment platform, comprising the following teams:

- **Sustainability Strategists** – participate in sustainable product strategy, design custom sustainable investing solutions for clients, and gather insight on the latest sustainability-focused industry and market trends.
- **Sustainability Research and Stewardship** – responsible for providing thematic, sector and issuer research, as well as driving our active stewardship approach and proxy voting across asset classes.
- **Impact Investing and Private Markets Impact teams** – manage private equity and private debt impact offerings and blended finance vehicles, and oversee a market-leading impact framework that aims to ensure credible impact delivery in private markets.

2. Sustainability Standards and Analytics. Part of the Governance & Business Analytics function, and reinforces our governance in relation to regulatory and reputational risk and strengthens the segregation of duty, comprising:

- **Sustainability Standards & Integration** – ensures consistent and appropriate processes across the firm to meet good governance and sustainable finance regulation requirements.
- **Sustainability Methodologies & Analytics** – uses ESG data and advanced technology to develop sustainable investing methodologies and solutions.

3. Sustainable Investment Advisory – risklab. This capability provides our clients with specialist advice and solutions aimed at helping them meet the sustainable goals that exist within their overall investment strategies.

3 Solidarity goals are corporate goals specific to AllianzGI that include, for example, financial targets, client service metrics and employee engagement targets.
4 For the avoidance of doubt, whenever using the term sustainable product/fund in this publication, AllianzGI refers to a product or fund classified as Article 8 or 9 under the EU Sustainable Finance Disclosure Regulation as a minimum criterion.

01.3 What sustainability means to us

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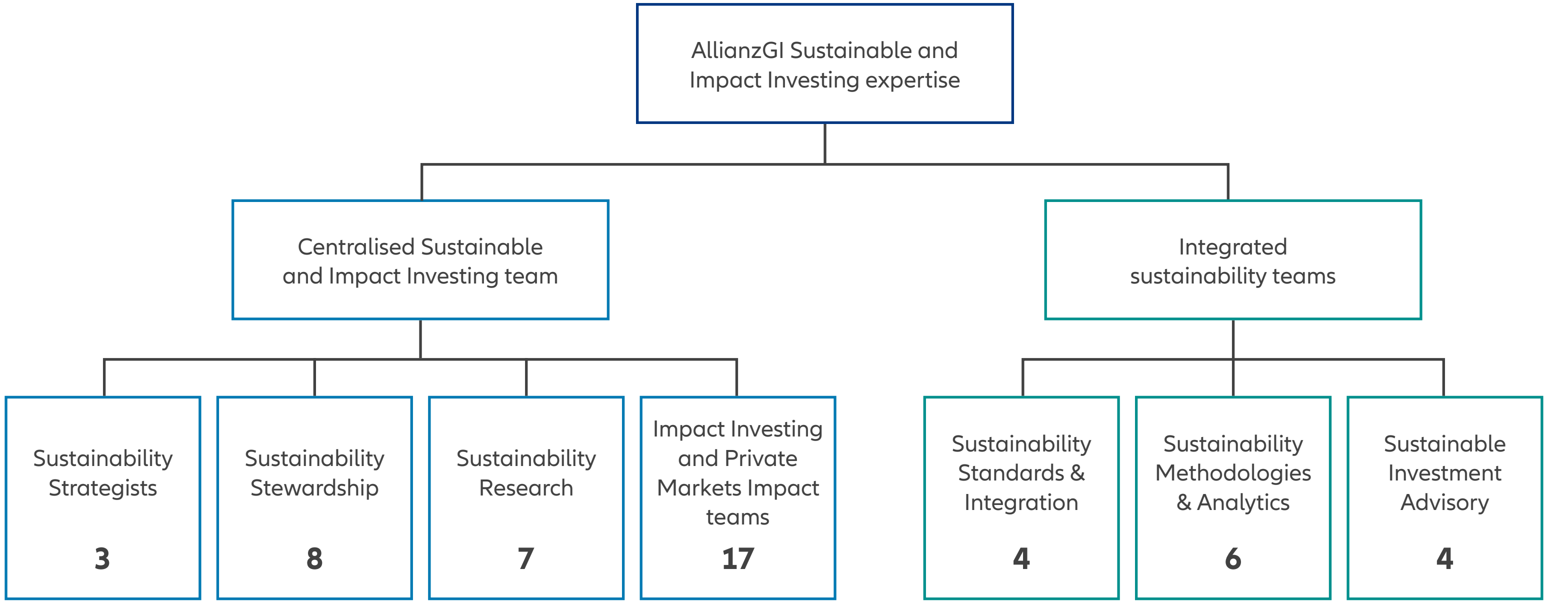
Expanding our knowledge

Members of the Sustainable and Impact Investing team have a diverse range of professional backgrounds, including finance, investment, legal, environmental and sustainability. Gender balance is considered as part of the overall design and recruitment of the team, and we continuously assess staff training needs; several members have participated in the CFA UK Level 4 Certificates in Investing in ESG, as well as Climate and Investing. Additionally, staff have helped to develop the content of some of the CFA courses, including most recently the course on impact investing. Overall, our commitment to learning and development helps to widen the spread of specialised knowledge relating to climate and impact concepts. In turn, this means we can be more effective in deploying relevant expertise across activities, such as engagement.

Resources dedicated to sustainability



Figures refer to number of employees in each function. As at 31 December 2023.

01.4 A year of achievements

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"As an active long-term investor, we believe positioning sustainability at the core of our business offers significant opportunities for our clients, supports the goals of our other stakeholders and puts us on a sustainable footing for the future. This year, we have made progress on all fronts."

Tobias Pross
Chief Executive Officer

The ambition to become a "sustainability shaper" remains our guiding principle, and we structure our work around three pivotal themes – climate change, planetary boundaries and inclusive capitalism.

In 2023, our specific focus areas included net zero (climate change), biodiversity (planetary boundaries) and human rights (inclusive capitalism) amid challenging regulations and a volatile market context. The "ESG backlash", largely from the US, but also touching on Europe, was a response to the overpromising of sustainability over a short-term horizon and the relative underperformance of certain sustainable funds industry-wide. Our approach is guided by pragmatism and we welcome a renewed focus on the original function of ESG in identifying risk materiality.

Key 2023 developments include:

Sustainable investment product range extension. Our focus on providing guidance on sustainable investment solutions is part of a wider commitment to clients as we look to meet growing client demand and develop strong and enduring relationships. We now have over 200 sustainable funds, classified as Article 8 or 9 according to the European Union (EU) regulation, and accounting for 61% of our total mutual fund AUM.

New investment approaches. Capitalising on our successful key performance indicator (KPI) approach targeting decarbonisation, we introduced two new sustainable investment approaches in 2023. Our ESG score approach targets a higher weighted average ESG score in comparison to the benchmark and is applied to emerging market strategies. Our KPI sustainable investment share approach directly leverages our proprietary methodology to identify sustainable investments, according to the EU's Sustainable Finance Disclosure Regulation (SFDR), and meet increasing client demand.

Private markets under the spotlight. Our new SDG Loan Fund successfully mobilised USD 1.1 billion in investor capital to advance the United Nations Sustainable Development Goals (UN SDGs) in emerging and frontier markets, using an innovative "blended finance" model.

Launch of our first social-focused equity strategy. Contributing to our inclusive capitalism theme, we have launched a fund that targets companies with superior performance on social issues, such as human capital, supply chain management and employee rights.

Proprietary sustainable investing data platform. Our in-house digital sustainability platform – the Sustainability Insights Engine (SusIE) – was launched in 2022 as an internal tool to enable ESG-informed investment decision-making. In 2023, SusIE added a new module to provide engagement activity updates to our investment teams and highlight targeted outcomes for investee holdings that can add important perspectives to investment decision-making.

> **See page 26 for more information on SusIE.**

01.4 A year of achievements

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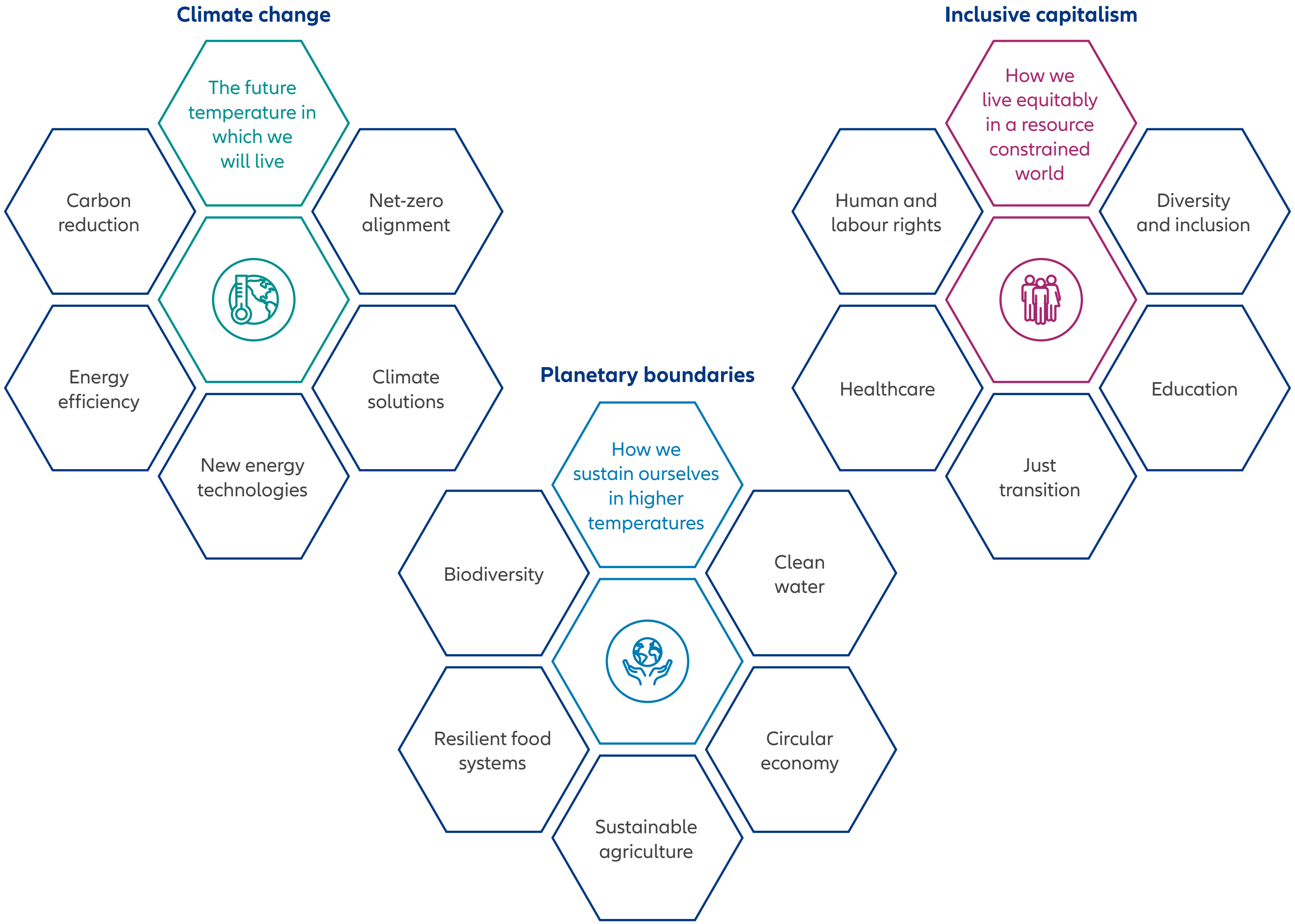
Applying our research. Across our three pivotal themes – climate change, planetary boundaries and inclusive capitalism – we prioritised our activities around the sub-themes that are most critical to our clients, and where capital allocation is essential for the most urgent issues (see diagram). We utilise these themes to guide targeted engagement and research and identify the most material risks and opportunities within our investments across asset classes.

As part of our thought leadership programme, 17 research and stewardship insight articles, covering priority topics across the three themes, have been published by our Research team. Research resources also focused on the firm's dedicated sustainability blog – Sustainability Now. The blog was launched in March 2023, and by year-end we had published over 25 posts, providing insights for our clients and other stakeholders.

See our sustainability blog here.

Sub-topics across our three pivotal themes



01.4 A year of achievements

2023 key figures[5]

45+ professionals
dedicated to sustainability.

EUR 89bn AUM
in risk-focused strategies.
EUR 199bn AUM
in sustainability and impact-focused strategies combined.

202 sustainable products
(2022: 177); converted 20 mutual funds to a sustainable investing approach and launched five new sustainable funds.

14% of overall AUM
with a greenhouse gas (GHG) emissions reduction target committed to the Net Zero Asset Managers initiative.

Engaged with
374 companies
and voted in **9,137 shareholder meetings.**

Greenwich Quality Leader
for institutional investment management – 13th consecutive year in Germany and sixth year in continental Europe.

100% achievement
of all environmental KPIs for our own business operations (based on 2025 targets).

ExCo 50:50 gender-balanced

Expanded stewardship activity.
Active stewardship continues to be a core action across our product strategies. In 2023, we engaged with 374 companies across 32 locations. We participated in 9,137 shareholder meetings, representing 95% of all votable meetings. Demonstrating our focus on active ownership and holding management to account, we voted against, withheld or abstained from at least one agenda item at 71% of all meetings globally, and opposed 22% of resolutions. As part of our commitment to be more vocal around our engagement strategy, we started to selectively pre-announce our voting intentions, focusing our efforts in 2023 on labour rights and greenhouse gas emissions, which is a further step towards our more activist stewardship strategy.

New biodiversity policy.
In 2023, we published our biodiversity policy statement, making the topic more structural in bringing together our research and stewardship activities for tackling biodiversity risks and incorporating the policy into investment strategies.

Reinforced governance and training.
Responsible and transparent governance is crucial to enable the creation of sustainable value for all of our stakeholders. We have therefore added further sustainability expertise outside our centralised Sustainability team, with 10 sustainability experts now part of the Legal, Compliance and Risk function. By June 2023, all AllianzGI employees worldwide had passed our new sustainability training, demonstrating our commitment to developing sustainability know-how across our organisation.

5 Source: Allianz Global Investors, as at 31 December 2023.

01.5 Our ambition for 2024

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Many of our clients want their investments to bring a positive difference to the world, in addition to seeking attractive returns. This is why we expect to see even more sustainable investing in 2024 and onwards, with the future orienting towards impact investments.

01.5.1 Our view of the market

Sustainability is an increasingly dominant aspect of investing and it is constantly evolving. We see three macro trends shaping the sustainability outlook for 2024 and beyond:

1. The political agenda could pack a delayed punch

With more than two billion voters in 50 countries heading to the polls – accounting for over 50% of global GDP[6] – 2024 is expected to be a significant year for elections.[7] These elections will take place during an ongoing cost-of-living crisis, precarious geopolitics, the politicisation of climate or "green" agendas and potentially record temperatures.

The political agenda risks delaying the financing and implementation of transition plans that could result in a higher probability of a "delayed transition" scenario, as described by the Network for Greening the Financial System,[8] where significant catch-up investment is needed to limit warming to below 2°C.

The climate impacts of a 2°C world could be volatile in both scale and location, with implications for economic growth, risk modelling and the finance needed to achieve a delayed transition.[9] AllianzGI is already providing advisory analysis on the potential impact on client portfolios in terms of the drag on returns under different climate scenarios reflecting increased systemic risk.

2. Biodiversity takes centre stage

While biodiversity has typically attracted less attention than climate change as an environmental concern, 2024 could be the year when it gets the attention it deserves. There is growing recognition of the interconnectedness of the two issues, and the targets set at the COP 15 biodiversity conference will help put biodiversity at the top of the sustainability agenda.

There are, however, obstacles to overcome. Many businesses lack a thorough understanding of their dependencies on ecosystems – in particular through their supply chains – and how to manage both the risks and opportunities. In addition, companies that are more advanced and wish to build their resilience remain restricted by the lack of data to support standardised metrics for conservation management.

Frameworks and regulations will play a key role in overcoming these challenges and helping to integrate biodiversity into finance. Therefore, AllianzGI joined the Task Force on Nature-related Financial Disclosures (TNFD) in 2023, endorsing its ambition to reduce nature-related risks to business and finance.

The TNFD framework aims to improve the assessment and data availability for biodiversity and is set to become an integral part of the financial system, with the first companies due to report in 2024.

Furthermore, CSRD, which requires large corporates to report as of 2025 for the fiscal year 2024, stipulates the inclusion of information on biodiversity. AllianzGI welcomes the growing alignment between the TNFD and CSRD that will help accelerate the integration of biodiversity into investment processes. We expect these trends to stimulate further client interest and new product development.

6 Source: Brunswick Group, Eight key elections to watch in 2024, September 2023.
7 Source: WEF, 2024 elections around the world, December 2023.
8 Source: Network for greening the financial system, NGFS Climate Scenarios for central banks and supervisors, June 2021.
9 Source: IMF, Further delaying climate policies will hurt economic growth, October 2022.

01.5 Our ambition for 2024

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3. From the "transition of regulation" to the "regulation of transition"

The arrival of the UK's Sustainability Disclosure Requirements (SDR),[10] discussions on the ASEAN Taxonomy,[11] and the recent consultation on the EU's SFDR[12] have prompted the first stages of building on core elements of promoting sustainable finance.

The concept of transition finance[13] is steadily being formalised within sustainable investing frameworks. We view this as critical, since transitions reach across ESG, climate, sustainability and impact investing.

Furthermore, the notion of moving from "brown" to "green" has stronger resonance around the world than the opaque concept of simply being "green". The launch of a consultation on transition finance strategies by the Glasgow Financial Alliance for Net Zero (GFANZ) in September 2023 marked a significant development.[14]

Through investment initiatives, such as the Emerging Markets Climate Action Fund (EMCAF)[15] and our involvement in the One Planet SWF Network,[16] we have already been developing transition strategies in our private markets business. Moreover, we are reviewing ways to build and propose credible transition finance strategies in public markets, using data and methodologies developed in recent years.

"We see an appetite for forward-looking climate measures from the market and are pleased to offer our clients an innovative KPI to assess the net-zero transition of their investments."

Thomas Roulland
Head of Sustainability Standards & Analytics

10 Source: FCA, Sustainability disclosure requirements, November 2023.
11 Source: ASEAN, ASEAN taxonomy for sustainable finance, December 2023.
12 Source: ESMA, Final report SFDR Delegated Regulation amending RTS, December 2023.
13 Source: OECD, Guidance on transition finance, December 2023.
14 Source: GFANZ, GFANZ launches consultation on transition finance strategies and measuring the impact on emissions, September 2023.
15 Source: Allianz Global Investors, Emerging Markets Climate Action Fund (EMCAF), December 2023.
16 Source: One Planet SWF Network, December 2023.

01.5 Our ambition for 2024

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01.5.2 Our direction of travel

These trends reinforce our commitment to sustainability. Regardless of political outcomes in 2024, we will continue to offer concrete solutions and tools that support our clients' sustainability ambitions, play our part in driving the transition agenda across our industry and prioritise building a sustainable business.

01.5.2.1 Assessing the most important elements of sustainability

Within sustainable investing itself, we see the shift to climate impact and "ESG 2.0" as the two most important current trends.

1. From climate change to climate impact

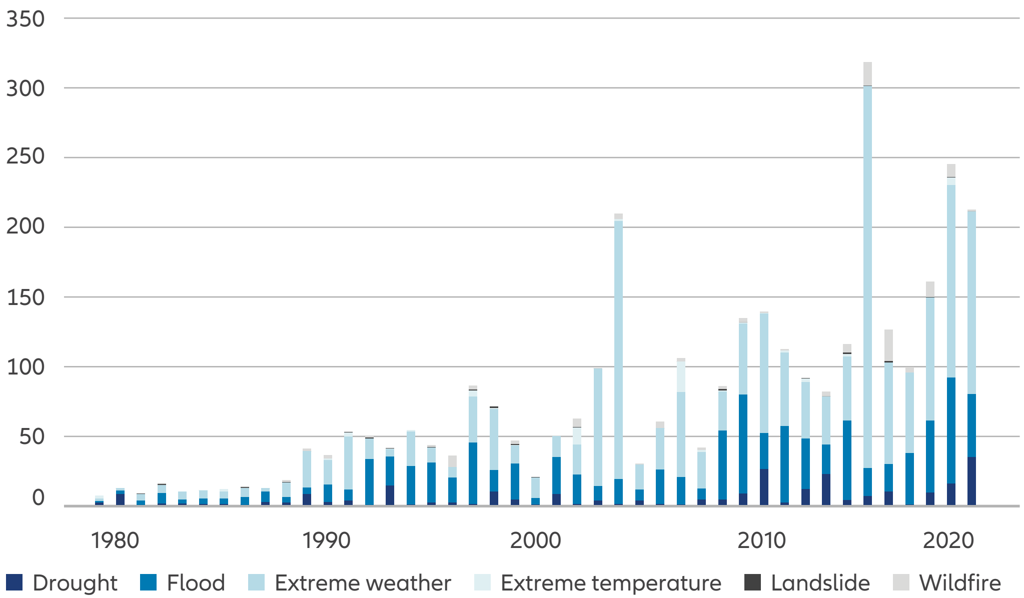
As weather-related events grow more frequent and severe, climate concerns are set to shift from a distant 2050 concept to a nearer-term priority. While academic studies have modelled the increases in temperature and emissions related to climate change, they have been less effective at determining the impact of these increases. It is estimated that property losses from natural disasters due to climate change could increase by over 60% by 2040.[17] There remains a sizeable insurance protection gap for these events.[18]

The most far-reaching physical risk relates to water. The World Resources Institute estimates that 44 countries face "extremely high" or "high" water stress levels by 2040,[19] with significant risk materiality for both populations and business. An increased focus on climate impact could prompt several changes:

- **Formalised climate or physical risk assessment in portfolios**. Although it is at a relatively early stage, we expect a swift evolution and adoption of physical risk methodological frameworks and climate risk-specific data from external providers.
- **Improved climate and physical risk disclosures**. Companies are providing high-quality responses to the Climate Disclosure Project climate and water questionnaires, and we expect this to become the norm as investors demand this level of detail within public disclosures.[20]
- **Increased scrutiny on sovereign financial planning and disclosures**. Higher temperatures also place additional burdens on already stretched healthcare services[21] and biodiversity risks are rising within the global supply chain.[22] Evolving climate impacts could shape policies over the coming years.

Climate and physical risks are already a core element of our engagements, but we continue to look at ways to develop physical risk data and methodologies within our SusIE digital platform, which feeds our investment advisory and front office tools.

Global damage costs from weather-related natural disasters, 1980–2022 (USD billion)



Source: World in Data, December 2023.

17 Source: Columbia Climate School, With Climate Impacts Growing, Insurance Companies Face Big Challenges, November 2022.
18 Source: AON, Global Catastrophe Recap, October 2023.
19 Source: Statista, Where water stress will be highest by 2040, March 2023.
20 Source: CDP, Guidance & questionnaires, December 2023.
21 Source: Allianz Global Investors, Health is wealth, October 2023.
22 Source: Allianz Global Investors, Defining the rules of engagement to protect biodiversity, June 2023.

01.5 Our ambition for 2024

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2. ESG 2.0: focus on materiality

ESG has become a highly divisive term. It was first formalised as a risk materiality concept in 2004,[23] but then suffered mission creep as it became increasingly associated with imposing values and "doing good". In addition, ESG scores of the main data providers were criticised for being opaque. We believe ESG will return to its original purpose, where high-quality, innovative data capture will allow impact and dependency risks to be robustly quantified. Our approach to risk materiality spans three stages:

Thematic materiality

At a top-down level, we identify sectors that have the highest impact or materiality on our three core sustainability themes of climate change, planetary boundaries and inclusive capitalism (see table below).

Sectors with high materiality/impact for selected thematic topics

Net-zero alignment[24]	Biodiversity	Human rights
Automobiles & components	Chemicals	Aerospace & defence
Banks & financial services	Consumer durables & apparel	Construction, building materials
Capital goods (including aerospace & defence)	Food & beverages	Consumer durables & apparel
Chemicals	Forest products	Electrical equipment & machinery
Construction materials	Mining	Energy
Containers & packaging	Oil & gas	Food, beverage & tobacco
Food & beverage	Transportation	Information technology
Energy	Utilities (electric & water)	Metals & mining
Forest products		Retail & food retail
Real estate		
Technology hardware		
Transportation		
Utilities		

Source: Allianz Global Investors Sustainability Research and Stewardship teams.

These mappings are the cornerstone of focused engagement and research, providing a high conviction on risk and opportunity assessments for sectors and individual companies.

Sector materiality

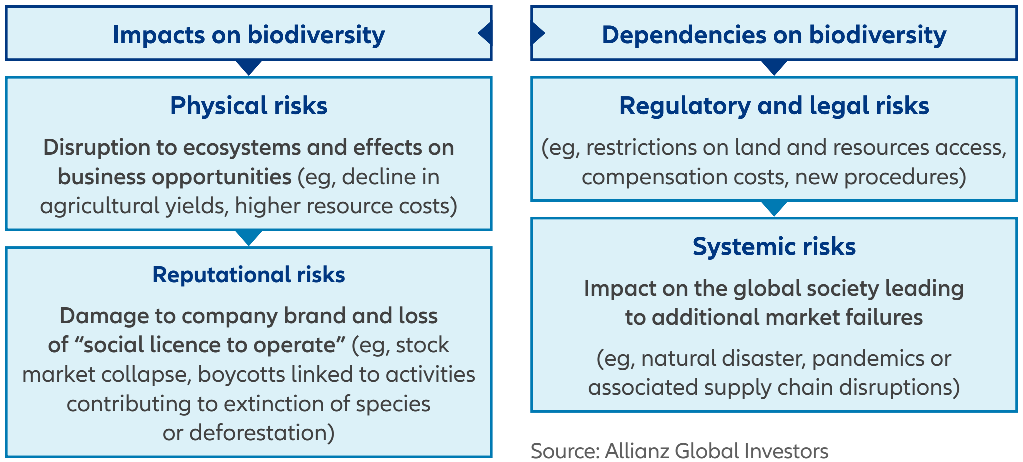
Our Sustainability Research team has developed sustainability sector frameworks for 24 broad industry classifications in collaboration with our other research teams and investment sector specialists. The frameworks include a proprietary sustainability materiality matrix, where materiality – high, medium or low – is assessed for our four pillars: environmental, social, corporate governance and business behaviour.

This materiality mapping guides our research and engagement (including recommended engagement questions). Its sub-factors will be aligned to specific data and feed AllianzGI's new Proprietary Sustainability Rating (PSR), which will be introduced at a later stage.

Company materiality

We continuously review the best data (in terms of both quality and coverage) to assess individual entities. The "ESG profile" available in SusIE continues to expand, featuring risk, controversy, sustainability, carbon, climate and other data, alongside our sector-related scoring system. We also recognise the "double materiality" drivers of risk, which are explained below and illustrated in relation to biodiversity. We not only include risks from direct impacts and dependencies within our analysis, but also systemic risk considerations.

The double-materiality of biodiversity-related risks



Source: Allianz Global Investors

23 Source: UNEPFI Who cares wins, 2004.
24 Source: Net-zero alignment share (NZAS) is a proprietary AllianzGI KPI, assigning entities with one of five net-zero preparedness assessments.

01.5 Our ambition for 2024

Principle 4 6

"Sustainable investing has multiple facets. Our role is to help clients navigate the shifts in regulation and other emerging developments, while offering a range of pragmatic and differentiating solutions suited to their situation and ambitions."

Edouard Jozan
Head of Distribution Europe

Overall, we believe our approach to ESG is a reminder for clients of the original purpose of ESG, which is to better assess risk materiality across multiple dimensions. Data is key, and we are excited about the future for new data capture techniques, including artificial intelligence (AI) and machine learning, and the potential for more forward-looking data.

01.5.2.2 Prioritising innovative investment solutions and client advisory

Guiding clients through a rapidly evolving regulatory environment

Our goal is to help clients implement investment solutions that fit their own values framework while adhering to the highest quality standards. This is part of our fiduciary duty.

Institutional clients have seen rising regulatory pressure around the disclosure of sustainable investment activities, particularly in the EU. There is also a bigger drive to align investment activities with specific values and long-term sustainability convictions. Consequently, our clients are looking for a strong partner in capturing opportunities, such as aligning with carbon reduction commitments in anticipation of changing regulatory norms or assessing which activities they may wish to finance or divest.

Our track record in sustainable investing and the breadth of our resources allows us to share knowledge and best practices with our clients to support them in setting their sustainability objectives and finding the most appropriate investment solutions.

This typically means analysing the sustainability features of their current portfolios, assessing the impact of different sustainable investing approaches and helping clients to formulate their sustainability objectives, with the goal of supporting the implementation and further enhancement of their chosen approach.

Example 1:

We recently supported a French insurance company in assessing the climate profile and biodiversity footprint of its portfolio. We assisted this institutional client in refining its exclusion policy and have initiated discussions on the incorporation of climate-related forward-looking requirements.

Example 2:

For a German corporate client, we assessed the impact of the application of a relative carbon intensity approach on its mandate. Following the assessment, the client decided to apply the envisaged carbon intensity approach, which will lead to a reduced carbon intensity footprint of the mandate in the medium term.

AllianzGI's risklab advisory team is a core part of our overall offering to institutional investors. With 60 advisers globally, risklab helps our clients meet their investment goals through specialist advice and solutions. In 2023, we continued to enhance our sustainability-specific capabilities within risklab, most notably through new advances in portfolio simulation that allow us to quantify the risks of climate change at a portfolio level

> See page 19.

01.5 Our ambition for 2024

Principle 6

Expanding our KPI-driven approach

While the last two decades were dominated by ESG scores, we now see clients seeking transparent, measurable and tangible KPIs for sustainability.

Increasingly this will mean addressing client requests for customised solutions. In addition to being easy to understand, KPIs can align investor and portfolio manager objectives into a single metric. With distinctive expertise in sustainability data, we aim to lead the way in developing and activating innovative sustainability metrics, for example:

- **Climate change – launched in 2022**. KPIs may include net-zero transition, share of renewable energy used and non-CO2 GHG emissions.
- **Planetary boundaries – planned for 2024.** Thematic, biodiversity-focused KPIs may include deforestation, marine biodiversity, waste reduction and recycling share, water efficiency, sustainable raw material sourcing, and species abundance and ecosystem services dependencies.
- **Inclusive capitalism – planned for 2024**. Diversity and inclusion KPIs may include gender equality, female empowerment and employee satisfaction and wellbeing.

Our KPI-based approach and carbon intensity metrics covering climate change set out our direction of travel. The ability to offer more KPIs around biodiversity and inclusive capitalism will be critical in a new era of tailoring solutions to meet evolving client needs.

The market push towards KPIs will allow asset managers to differentiate on the basis of their sustainability data strategy as well as their research capabilities. This will enable them to evolve data capture independent of the current reliance on purchased data, drive real-time insights supported by technology, and apply a complete risk assessment to an entity's entire value chain. With this improved measure of sustainability risks, managers will be able to better diversify them through investment. Looking ahead to 2024, we think technology-led innovation, such as our SusIE digital platform, will create new opportunities for competitive advantage.

Finding a solution with impact

At COP 28, it was encouraging to see the evident interest of many stakeholders in developing and scaling new technologies and solutions to accelerate mitigation and adaptation to climate, planetary and social risks. This is where the fast-emerging impact investing market can play a significant role.

The rapid growth of impact investing reflects its importance in addressing the most important environmental and social challenges of our time, while delivering on financial returns. Our focus is on generating a positive impact through direct and indirect investments across private equity and debt, including blended finance vehicles.

Impact investing is well suited to private markets, where smaller stakeholder groups and project-based investments can enable specific and measurable outcomes. To contribute to the evolving industry debate, we published a white paper in 2023, reflecting on our own impact investing in private markets.[25]

We think some of the long-held concerns about achieving a market rate of return in impact investing are diminishing as the opportunities expand. However, a key challenge to scaling up impact through public markets lies in the measurement and evaluation of impact. Through our impact investing experience in private markets (recently demonstrated through the SDG Loan Fund collaboration with FMO and Skandia[26]) and the framework outlined in the white paper, we continue to review how best to develop credible and robust public market impact strategies.

01.5.2.3 AllianzGI as a corporate citizen

Corporate sustainability is a cross-functional endeavour at AllianzGI. It is embedded into functions as diverse as real estate management, culture and engagement, HR, and legal and compliance.

Empowering employees is key to operating as a responsible business, and bringing positive impact to the communities around us and wider society. In 2023, we focused on encouraging and supporting colleagues to become more active in our sustainability journey through a corporate citizenship programme that is coordinated, systematic and strategic. This provides local and global opportunities to contribute to the sustainability of our firm in addition to the continuous progress achieved across our own operations. The consistency and structure of this programme reinforces our commitment to being socially accountable to all stakeholders alongside our ambition to be an environmentally sustainable business.

25 Source, Allianz Global Investors, Investing for meaningful impact in private markets, July 2023.
26 Source, Allianz Global Investors, SDG Loan Fund mobilizes USD 1.1 billion of investor capital, November 2023.

02 Sustainable investing

"Investing with a sustainability orientation is essential for the future of our industry. In preserving and growing our clients' assets, we must think and act for a future where a changing world and climate impacts will be important inputs for risk management."

Deborah Zurkow
Global Head of Investments

02.1 Delivering change

2023 milestones

Actively managing greenhouse gas (GHG) intensity

as a key performance indicator (KPI), along with seeking attractive returns, has now been rolled out to over 40 of our funds.

Enhancing our ESG reporting

with more information around carbon statistics and information covering regulatory-driven parameters, such as taxonomy alignment share[27] and sustainable investment share.[28]

Implementing our **impact framework** across a range of private market asset classes.

Further building on our firm-wide **Sustainability Insights Engine (SusIE)** with a new engagement module and document library.

Strengthening our **firm-wide sustainability knowledge** by rolling out mandatory training to all employees in 2023.

Publishing our first **biodiversity policy statement** in September 2023.

27 Percentage of a fund's AUM aligned with requirements of the EU taxonomy for sustainable activities.

28 Portfolio commits to a minimum weighted sustainable investment share (as determined by the EU Sustainable Finance Disclosure Regulation) of at least 20% and exposure to issuers not meeting the Do No Significant Harm principle is limited.

We continue to see clients moving beyond managing environmental, social and governance (ESG) risks and towards the expectation that their investments are aligned with sustainable outcomes, such as supporting the pathway to net zero. Some clients have already moved one step further towards impact investing and are asking for measurable social or environmental benefits from their investments, as well as financial returns.

As the possibilities expand, our commitment to sustainability does not change, but the way we think about it does. Given the diversity of investors' objectives and requirements, our sustainable investing products are built around a broad range of approaches that are adaptable to different levels of ESG incorporation and client preferences. Our capabilities seek to enhance our clients' investment decisions while helping create benefits for wider society. This is all part of our commitment to being a "sustainability shaper".

Our focus on leveraging our capabilities to deliver tangible change has continued to drive the evolution of our sustainable investment activity.

02.1.1 Guiding and supporting clients with risklab

Risklab is AllianzGI's advisory and solutions team that supports clients to achieve sustainable investment goals. Its capabilities also cover asset allocation, risk management, private markets, wealth management and digital solutions-related objectives.

We assess our clients' sustainability ambition levels by discussing best market practice. As a core feature of our offer, we help clients gauge the sustainability profile of their portfolios alongside financial risk-and-return characteristics. This is the basis for our advice on how to improve the sustainability profile of an investment portfolio and/or achieve specific sustainability goals, such as making progress on a decarbonisation path or increasing the positive environmental or social contributions of the portfolio. We aim to understand our clients' goals and then show alternative ways of achieving them.

Throughout, we provide transparency on the implications of each pathway to support well-balanced decisions.

02.1 Delivering change

We are seeing more climate awareness from clients because climate risk can now be modelled, and its portfolio effects quantified, with greater accuracy. For example, new advances in simulation make it possible to quantify sustainability risks rather than simply applying a qualitative rating. This is helping respond to the ESG pushback in some markets, with risklab's advances in 2023 helping to provide clients with the transparency, clarity and long-term view they need.

Climate Navigator

Risklab's new Climate Navigator capability offers analysis that helps investors think about future climate scenarios and quantify what they mean in terms of expected returns, as well as extra financial impacts. We can now simulate asset class returns for traditional and sustainable investment approaches – and therefore expected portfolio returns – in different Network for Greening the Financial System (NGFS) scenarios, helping clients to position themselves for these scenarios. This allows investors to take a forward-looking perspective on asset class returns in likely climate scenarios. Because Climate Navigator encompasses both traditional and sustainable investment approaches, it can form the basis for a decision on which approach to take to prepare the portfolio for climate change.

Portfolio-level sustainability

More investors are looking to incorporate sustainability considerations at the portfolio modelling level. We can apply actionable advice to help them achieve this goal by simulating sustainability-related actions that would impact their portfolio. For example, we can simulate what it would mean if a sustainable investing approach is changed for an whole portfolio approach in terms of the portfolio's sustainability considerations, carbon footprint and controversies, or financial considerations such as yields.

Comparing traditional and alternative sustainable investment approaches via risklab

We can demonstrate to a client how different sustainable investing approaches affect both the sustainability and financial performance of a portfolio.

We simulate one scenario in which the investment benchmarks incorporate typically accepted (traditional) exclusions, and one that uses a Best-in-class approach to identify issuers that are better prepared for a climate transition.

For example, we can show investors that a carbon intensity reduction can be achieved by adopting an exclusionary or a climate transition (but not a Best-in-class) approach and that each approach has different implications for the portfolio composition. Throughout, we work with our Portfolio Management team to ensure that both approaches can be implemented in practice.

02.1 Delivering change

SARAH modules

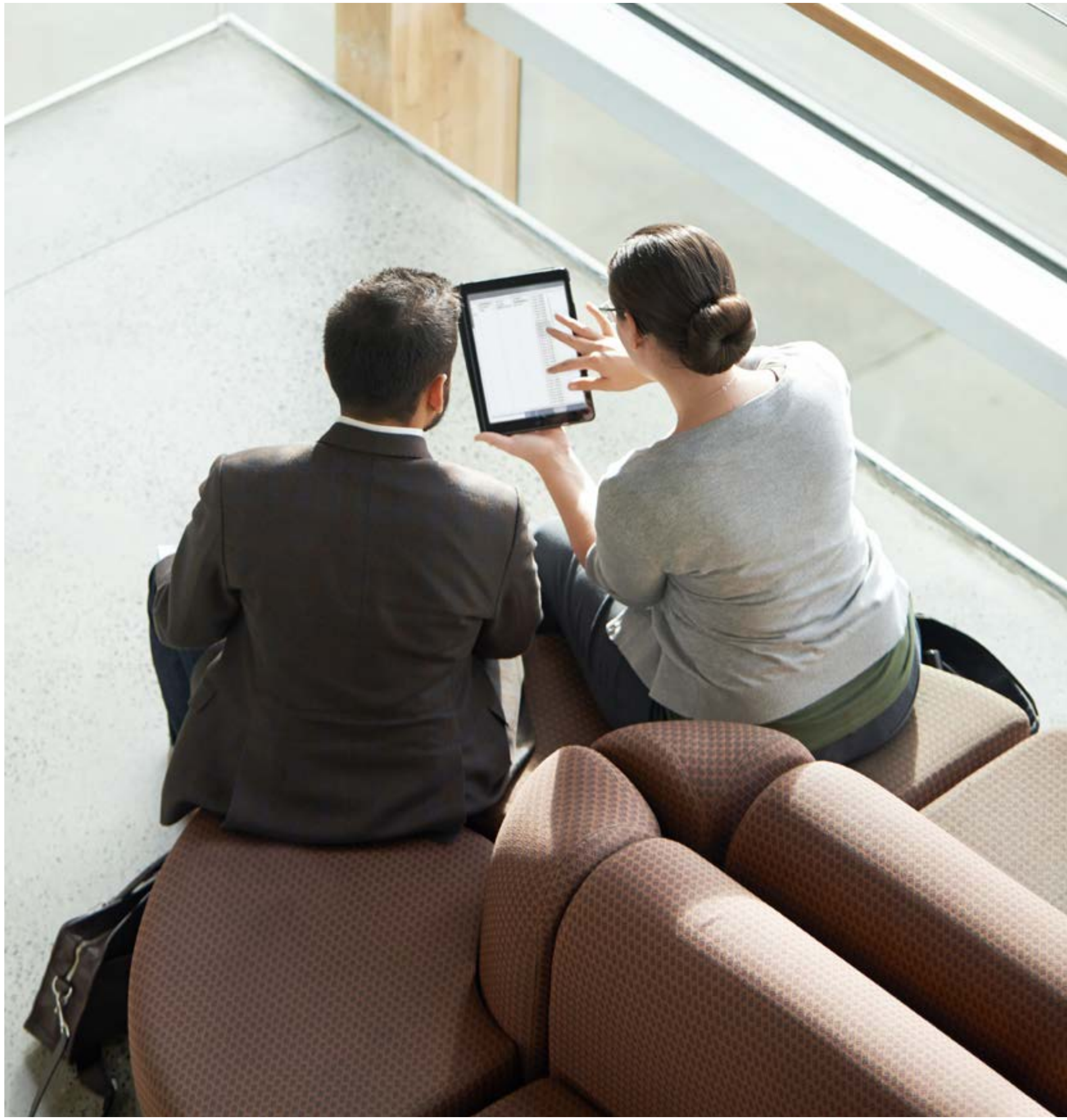
Two new modules have further enhanced the capability of SARAH, our Sustainability Analytics Research and Advisory Hub. These include implied temperature rise as an analytical and simulation capability, as well as climate value at risk (CVaR) that can quantify the impact of different NGFS climate scenarios on the portfolio in terms of physical risk, policy risk and technology opportunities.

02.1.2 Supporting clients

Every year, our engagement activities are further embedded within AllianzGI through stronger collaboration between dedicated stewardship and investment professionals. During regular client meetings, we discuss stewardship activities and gain important insight into the engagement themes clients would like us to prioritise. For certain portfolios, we hold dedicated feedback meetings to discuss the decarbonisation pathway of the portfolio and the outcomes of engagement and voting. The climate strategies of companies are a particular focus of these meetings, as well as deep-dive conversations on our approach to biodiversity or human rights. For transparency and information purposes, we produce monthly reports that contain an overview of engagement activities at the portfolio level. These reports include a breakdown by engagement topic, region and sectors.

We publish our global proxy voting statistics, including an insightful assessment of voting trends, on our website annually. We also provided clients with insight on our voting policy, voting processes and decisions, as well as an outlook on the upcoming annual general meeting (AGM). During these conversations, we collected feedback on where our processes and transparency could be enhanced. Feedback was used to inform our proxy voting policy review.

For several consecutive years, AllianzGI has been recognised for its excellent service quality in institutional investment management by Coalition Greenwich. We repeated this achievement in 2023, when we were named as Quality Leader in both Continental Europe and Germany, showcasing our institutional clients' satisfaction with our service quality. This includes our relationship management capabilities, ability to understand clients' goals and investment and risk management skills, as well as our credibility and the quality of our reporting.



02.2 Sustainability research

Principle 7

Sustainability research is a cornerstone of our active investment approach. The team conducts proprietary research to monitor ongoing and identify emerging sustainability issues, and translates findings into investor-relevant insights to share with our investment professionals. The Sustainability Research team looks at three interconnecting perspectives – thematic, sector and issuer research – all with a joined-up approach.

02.2.1 Thematic research

Thematic research is organised across our three pivotal themes: climate change, planetary boundaries and inclusive capitalism.

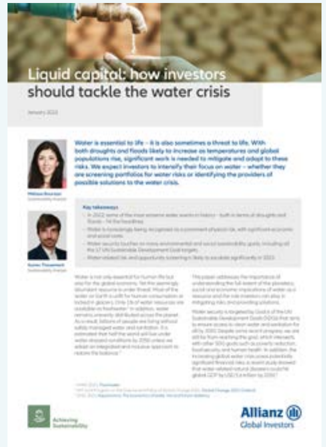
This research informs our experts' consideration of investments in these themes by providing a clear understanding of underlying sustainability topics. The Research team shares insights internally and externally through papers and publications.

In 2023, we published 10 in-depth research papers, a selection of which is below:

- Renewable energy: the 2050 remix
- Deforestation: getting to the root of the problem
- Liquid capital: how investors should tackle the water crisis
- Power of 3: why Scope 3 emissions matter
- Human rights – the weakest link in supply chains? (in collaboration with the Stewardship team)

We extended our knowledge-sharing channels through the new AllianzGI blog: Sustainability Now. This new channel allows for more timely insights into evolving developments on single strategic themes or across themes with close interdependence. Examples of blog posts include:

- Biodiversity: essential to people and planet
- Health is wealth?



02.2 Sustainability research

Principle 7

02.2.2 Sector research

We view sector research as the glue between thematic and company research, and we continue to develop our proprietary sustainability sector frameworks for 24 sectors. The sector frameworks summarise key sustainability metrics that are common to all sectors, and include in-house views on materiality for 16 factors and a thorough analysis by our sustainability analysts. This framework supports investment decisions, drives engagement dialogues with companies and provides inputs to our proprietary sustainability rating system.

Structural improvements to the sector frameworks in 2023

- For all 24 sectors, we improved the granularity of material emissions data and introduced our proprietary net-zero alignment share KPI.
- Among the 16 factors, we introduced specific flags on the highest human rights-related risks.
- Some high materiality factors within several high-profile sectors require a deeper dive. In 2023, we developed new deep-dive sections for six sectors (eg, pollution and waste management for the paper and plastic packaging sector) and continue to roll out these sections in 2024. They focus on a specific topic, explain the materiality in more detail, outline leading and lagging practices and provide detailed engagement guidance.

02.2.3 Issuer research

Our issuer analyses focus on the most impactful investee issuers in terms of holdings, the highest-profile issuers in a sector, those most relevant to our core themes, and controversies or where data providers disagree. Each issuer review is structured along the pillars of human rights, environment, social, corporate governance and business behaviour, comprising qualitative research and a proprietary scoring system. We have adapted approaches for the two types of issuers: corporates and a second group comprising sub-sovereigns, supranationals and agencies. The Research team runs ad-hoc issuer reviews triggered by emerging developments, controversies or diverging signals from external assessments. We completed over 250 issuer sustainability analyses in 2023.

In collaboration with the Sustainability, Methodologies & Analytics (SMA) team, we have streamlined the data and metrics used in issuer analyses, aligning to the "ESG Profile" in SusIE. In addition, the team has reinforced its own internal systematic monitoring of controversies, resulting in a more comprehensive and granular dashboard. This provides invaluable guidance on where to direct our research and engagement focus.

02.2.4 Connecting top-down with bottom-up

The interconnectedness of the thematic, sector and issuer research layers provides us with conviction and consistency in our views and helps identify the cause-and-effect links to policy, data, methodologies and engagement – see page 24. Beside fostering collaboration, it ensures we can capture changing data and emerging new trends in rapidly evolving market segments, including regulatory, scientific and technological advancements.

This approach also informs our stewardship initiatives and is critical in articulating a transparent and coherent rationale for investment professionals and our client offering.

02.2 Sustainability research

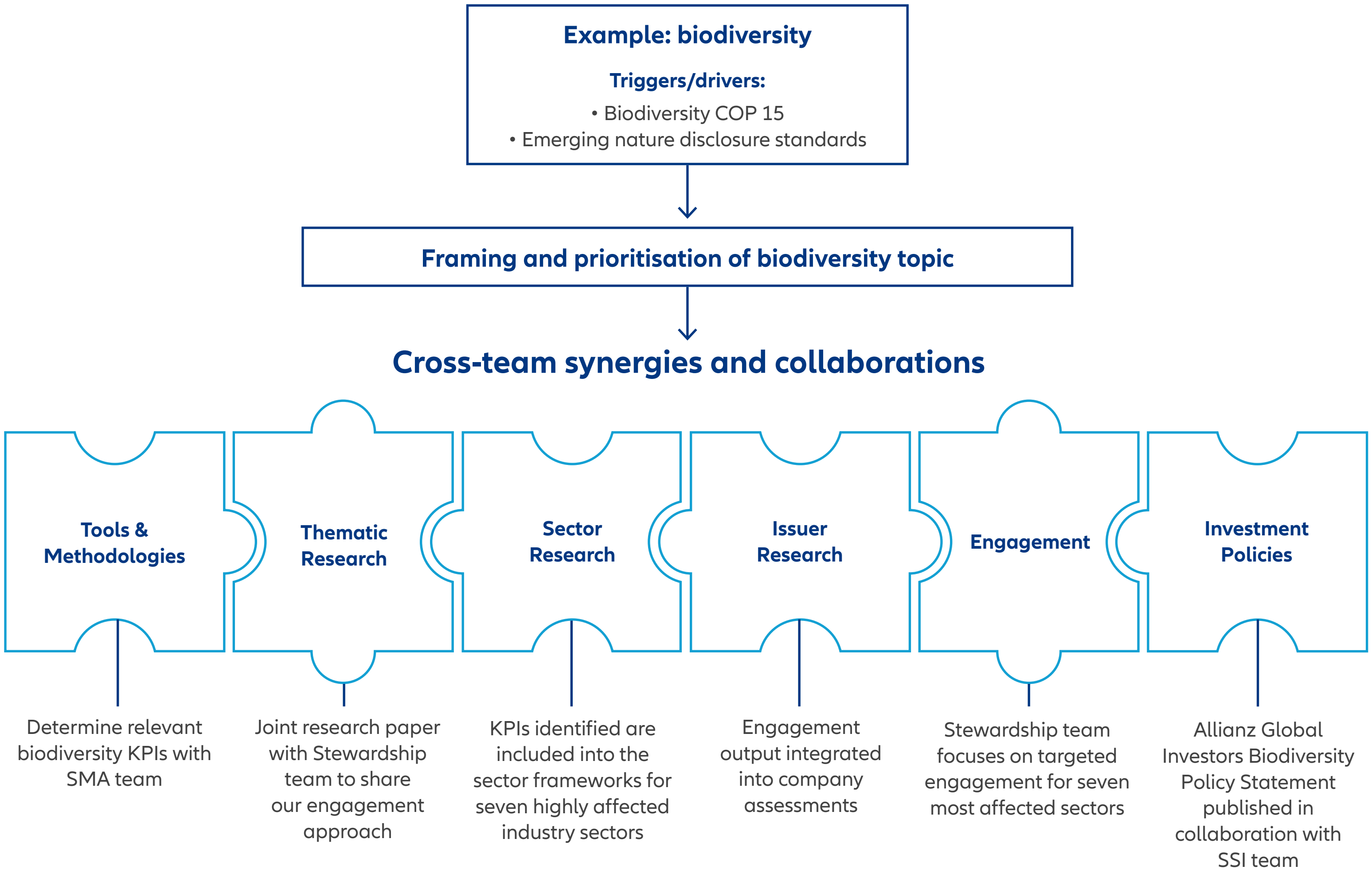
Principle 7

The Research team strategy and roadmap are built around the interconnections between the Sustainability teams and across the investment platform. This is driven by a collaborative approach to priority topics, as illustrated by the outputs from our focus on biodiversity shown on the right.

Fully scoping sustainability themes enables us to identify and assess specific impact and relevance to different industries. Detailed thematic understanding has been critical in our classification of the materiality of sustainability factors for each sector. This process also provides an efficient way to focus on the most relevant factors for our issuer assessments.

At the same time, our issuer research helps us to monitor evolving practices in different sectors, allowing us to frame leading and lagging standards in our sector frameworks, which can inform our understanding of standards at a thematic level.

Example of how we collaborate on biodiversity



Key: SMA – Sustainability, Methodologies & Analytics team SSI – Sustainability, Standards & Integration team

02.3 Sustainability methodologies and analytics

Principle 4 5 8

Throughout 2023, we continued refining our methodologies to better manage risks for our clients in a time of rapid change within the data, market and regulatory landscape. Sustainability is a complex topic; fortunately, proprietary tools such as SusIE are helping our clients to benefit from the ongoing enhancements in identifying and measuring portfolio risks. We recognise change will continue to be a constant in sustainability, which is why we continue our long-term commitment to invest in a robust infrastructure to support clients in meeting their investment goals.

Our Sustainability Methodologies & Analytics (SMA) team is responsible for our sustainability data strategy, the proprietary sustainability rating methodology used in the SRI Best-in-class approach (see page 34) and the development of the analytics dataset for climate change, planetary boundaries and inclusive capitalism. They also focus on KPI target-setting and SDG measurement. Ultimately, the team empowers sustainable investment decisions through data-driven insights with SusIE.

02.3.1 Leveraging ESG data

We believe ESG data is critical in achieving strong conviction across all styles of sustainable investing.

We use multiple third-party providers and complement this with internal information derived from our own investment and sustainability research processes. The long-term plan is for our proprietary tools and research to be the primary driver of our ESG insights and investment decision-making. For instance, the materiality assessment from our sustainability research is a core input for our proprietary sustainability rating system.

Another key challenge during the year has been responding to highly tailored client requests, such as multi-provider sustainability exclusions or biodiversity risk exposure assessments. At the same time, this is an opportunity to work with new providers, themes and methodologies. Indeed, we accelerated our work on biodiversity and are now working on aligning with standards around natural capital data availability, such as the Taskforce on Nature-related Financial Disclosures (TNFD).

How we select and monitor data providers

Our selection process for third-party data providers highlights data capture, raw data points, data coverage, data transparency, and quantitative and qualitative methodologies. We also assess how the data is documented and the resources available for client support.

Selected data is sourced from providers directly into our internal cloud-based "data lake" managed by our Data & Technology team. Each dataset has an "identity card" and is subject to a mandatory quality control process prior to onboarding.

This information is collected by internal stakeholders identified as data owners and data stewards. They oversee, implement and document the controls applied on data flows and deliveries.

They might alert users to sudden coverage drops or data inconsistencies compared with expected values (eg, where the carbon footprint data is inconsistent with the actual reported data of the corporate). These issues can then be examined and resolved.

With the support of our Data & Technology team, we monitor how the data quality evolves over time (eg, coverage, expected values, format of deliveries) to capture any potential integrity issues.

We continuously monitor the quality of key service providers through robust service level agreements or operating memoranda, as well as frequent meetings. In addition, our independent risk management function reviews the monitoring procedures of these key service provider relationships and ensures alignment with our key vendor and outsourcing provider policies.

02.3 Sustainability methodologies and analytics

Principle 4 5 8

Reinforcing our focus on the application of high-quality, actionable ESG data, Matt Christensen became a board member of the GRESB Foundation in 2023. The foundation is an independent, not-for-profit organisation that sets global standards for assessing the ESG performance of real estate, infrastructure and other assets.

02.3.2 Value added through sustainable methodologies

Regulatory needs

Regulation continues to evolve and has been a key driver of our sustainability risk management. During the last year, we have created additional KPIs for pre- and post-trade checks, but with a standardised and automated approach. This means we can meet the client and market demands for accurate and consistent proof points, coupled with the respective methodology supporting them. We supported clients in understanding the EU taxonomy sustainable investment share requirement and ESG risk monitoring in Asia.

We review methodologies at least annually and, as more information is disclosed, we are strengthening our ability to precisely classify what is, or is not, a sustainable activity, as determined by the EU taxonomy, to ensure we advertise our products responsibly and in line with regulation.

Net-zero focus

The topic of climate provides another concrete example where we see a growing demand for risk management approaches targeting decarbonisation or net-zero aligned strategies. As such, one of our key developments was to successfully roll out an innovative net-zero alignment share methodology aimed at increasing investments in companies that are already net-zero aligned or aligning towards a net-zero pathway. This methodology, based on the net-zero Investment Framework from the Institutional Investors Group on Climate Change (IIGCC), is also leveraging recognised and accepted standards.

Supporting sustainability disclosures

This was the first year in which we disclosed an SFDR Principal Adverse Impact (PAI) statement.[29] While challenging to achieve, this marked an important transparency milestone, given its focus on our evaluation of the PAIs of our investment decisions on sustainability factors. In 2024, we will focus on aligning with the coming Corporate Sustainability Reporting Directive, as well as with market practices that are still evolving for a number of the PAIs.

02.3.3 SusIE empowering analytics

Introduced in 2022, SusIE is a key enabler of active investment decisions on sustainability across asset classes, feeding front office tools and interfaces with consistent ESG data. Today, SusIE is the global sustainability tool for AllianzGI, used by investment experts, product specialists, risk management and other stakeholders. This contributes to our market differentiation on how we tackle sustainability, leveraging our expertise via a powerful proprietary engine that delivers added value for our clients.

Wide range of external ESG datasets complemented by in-house research

Our multi-provider-based strategy for ESG data ensures that we benefit from a broad spectrum of data inputs. SusIE processes, computes and transforms data from more than 10 third-party vendors into standardised datasets using cloud data storage. This includes automated checks of pre- and post-data processing to ensure high-quality standards and data integrity across the value chain.

SusIE is also the main portal for accessing proprietary sustainability scores with transparent and granular indicators.
In 2023, SusIE will also distribute in-house research – thematic, sector and company research – from our sustainability research and stewardship analysts. External and internal insights contribute to the real integration of sustainability in our active investment decisions.

29 Allianz Global Investors Principal Adverse Impact Statement, 2023.

02.3 Sustainability methodologies and analytics

Principle 4

New engagement module

We continued to enhance and develop SusIE, adding two new modules: an engagement module to promote and strengthen our stewardship activities and a document library, which is a central hub for sustainability-related documents such as research publications, methodologies and policies.

Leveraging SusIE's new engagement module allows stewardship analysts, portfolio managers and investment analysts from each asset class to centralise the recording of sustainability engagement information and stewardship activities. Information, such as general context, corporate executives contacted, topics discussed with the companies and documents related to the engagement, is all made available for each engagement discussion. The ability to link different engagements and follow-up discussions allows better tracking. In addition, SusIE offers internal report functionality for our portfolio managers, displaying metrics related to engaged investee companies and enabling users to filter between themes discussed and dates.

Exclusions and regulatory analytics under the spotlight

SusIE supports the analysis and implementation of EU taxonomy and EU sustainable investment shares. It allows our portfolio managers to select the best-performing companies – in accordance with these EU guidelines – from their investment universe, but also to consider any breach of governance principles and/or harming risks.

Negative screening is commonly used for ESG integration by clients, and we have designed a dedicated exclusion policy module to provide comprehensive transparency for our investment experts on companies that do not comply with international standards, international regulations, clients' guidelines and/or AllianzGI sustainable convictions.

Centralised access to engagement information via SusIE

02.4 Climate-related risks and opportunities

Principle 4

Climate change is anticipated to have a significant impact on worldwide economies and the various areas in which AllianzGI operates. We have identified a wide range of transitional and physical risks and opportunities associated with climate change across short, medium and long-term timeframes. We base our approach to climate-related risks and opportunities on the understanding that they could have significant financial implications, thereby influencing our corporate, operational and investment endeavours. We recognise that these climate-related factors may increasingly affect the value of our portfolios as time progresses.

As an asset manager, we deeply integrate sustainability considerations, especially concerning climate change, into every aspect of our investment approach, processes, product development and business operations.

Integrating climate risks and opportunities in investment processes

We continue to build our expertise in identifying, defining and measuring these climate-related opportunities and risks. This is critical to our ability to help guide our clients on the possible outcomes of individual investments, portfolios or even broader asset classes. A high level of connectivity between policy, data, research and stewardship, and collaboration with Investments, Distribution, Legal and Compliance and other functions, provides the platform for:

- Offering climate investment solutions to clients supported by thorough research and methodologies.
- Ensuring policies are robust and current, such as our Coal Exclusion Policy.
- Collaborating with investment teams and asset owner clients to decarbonise portfolios.
- Engaging with companies to establish interim targets and facilitate progress towards driving real economy transition.

For more information see: Climate Policy Framework and annual TCFD report on our website.

Climate strategy and clients

As a member of the Net Zero Asset Managers initiative (NZAMi), in managing our clients' assets, we are shaping the pathway towards net-zero GHG emissions by 2050 in line with global efforts to limit warming to 1.5°C as outlined in the Paris Agreement.[30] In so doing, we enable our clients to reflect climate risks and opportunities in their holdings:

1. Alongside mainstream strategies, we offer climate thematic and impact-driven opportunities, such as green bonds, climate transition equity and private markets renewable energy investments. These specialised assets can help to align an asset owner's portfolio with climate transition targets.
2. Risklab offers comprehensive portfolio analyses, which include GHG emissions, transition scores, physical risks, implied temperature rise and exposure to fossil fuels.
3. In addition, risklab's Climate Navigator provides a forward-looking approach for measuring the impact on expected future asset class returns, based on macro as well as company-specific changes across NGFS climate change scenarios.
4. We develop tailored climate-related investment solutions, answering specific institutional client needs to align their portfolios while considering coal exclusions, transition exposure and/or emissions reduction.

30 Source: United Nations Climate Change, The Paris Agreement, December 2015.

02.4 Climate-related risks and opportunities

Principle 4

Decarbonisation targets

We want to be as transparent as possible regarding our climate-related profile, including investment-related climate metrics. We submitted our first NZAMi interim targets at the beginning of 2022, covering listed equity, corporate debt, infrastructure equity and infrastructure debt. These targets reflect those set by Allianz in 2021 for its proprietary assets as a member of the UN-convened Net-Zero Asset Owner Alliance (NZAOA).

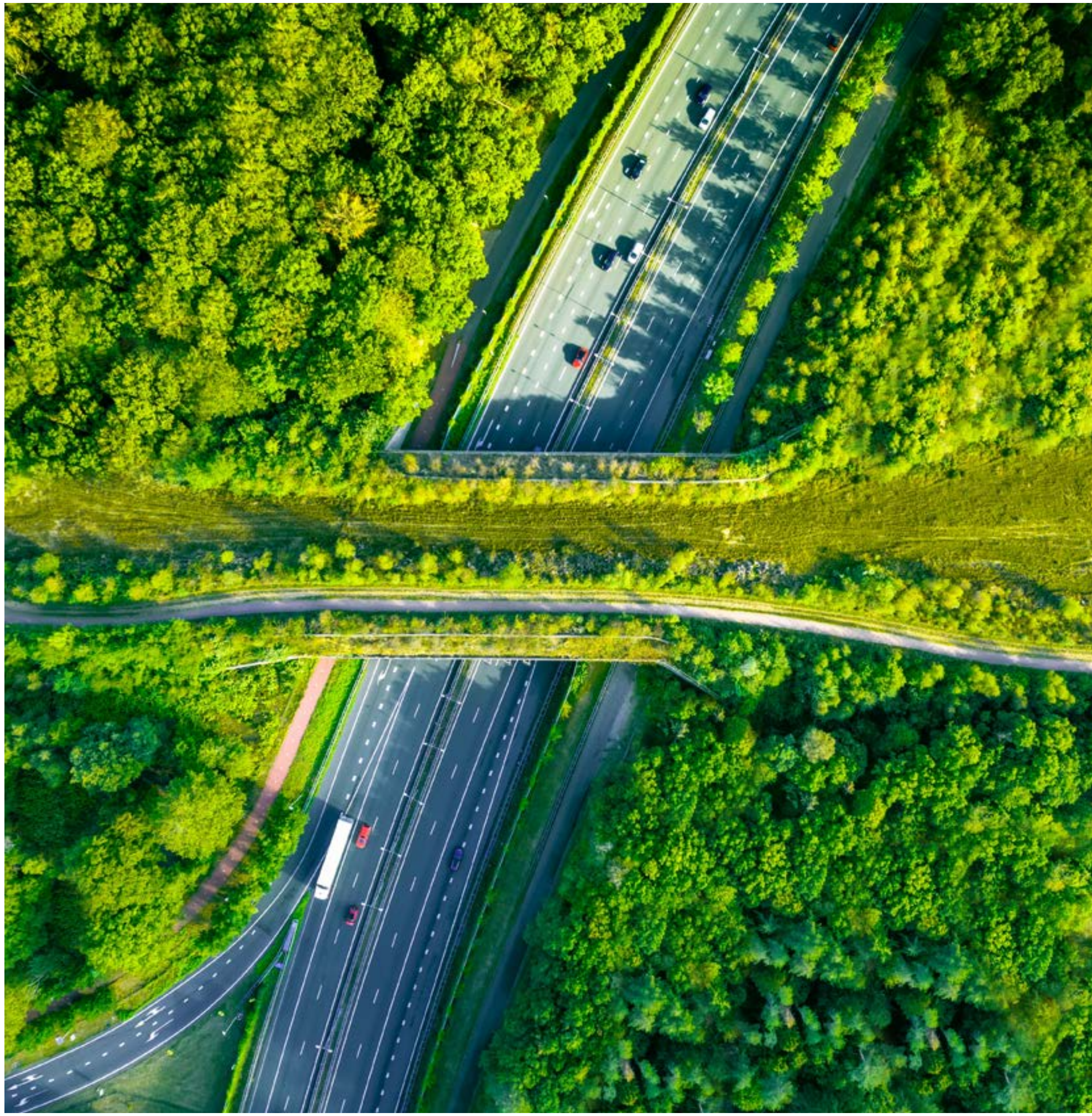
See the Allianz Group Sustainability Report 2023.

For AllianzGI, assets in scope of the targets represent 14% of overall assets under management:

- **Listed equity and corporate bonds** – 25% GHG reduction, Scopes 1 and 2, by the end of 2024 (baseline year: 2019).
- **Infrastructure equity** – 28% GHG reduction, Scopes 1 and 2, by the end of 2025 (baseline year: 2020).
- **Infrastructure debt** – our target is to grow the share of low-emitting and EU taxonomy-eligible assets.

We will continue to increase the scope of our assets and set intermediate targets for our third-party client assets. We will also actively engage with institutional clients and distributors to integrate net-zero objectives in their investments and into our mutual funds. We aim to review our targets and progress annually.

We use a variety of indicators across different lines of business to monitor, assess and steer climate-related aspects of the economy. Our measured investment-related carbon footprints (Scopes 1 and 2) are based on the issuers' carbon emissions data from data providers.



02.5 Sustainability risk management

Principle 4 7

At AllianzGI, we believe sustainability risks have the potential to negatively influence the investment performance of portfolios. Therefore, we consider sustainability risks in our investment processes across all of the assets we manage globally. All of our investment strategies are ESG risk-assessed, so that investment teams can monitor ESG risks as part of the investment process, although they do not necessarily actively incorporate ESG risks and opportunities into their investment decisions.

We apply portfolio and individual security level analysis across all assets to ensure transparency on ESG risks and Principal Adverse Impacts (PAIs). Sustainability risk factors can materialise along any of the three dimensions of ESG investing. We consider sustainability risks to be potential drivers of financial risk factors in investments, such as market price risk, credit risk, liquidity risk and operational risk, but they can also be drivers of market-wide and/or systemic risks (eg, climate change). We follow the EU SFDR definition of sustainability factors and sustainability risks:

- Sustainability factors: environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
- Sustainability risks: environmental, social or governance risk factors that, if they occur, could cause an actual or a potential material negative impact on the value of the investment.

In line with European regulation, we consider the sustainability risks and PAIs of prospective and active investments.

- For publicly-listed asset classes, we have implemented a dedicated tool to systematically monitor and assess sustainability risks: portfolio managers receive a warning message from the trading system when investing in a security from an issuer with a sustainability risk, so that they are aware of potential sustainability risks ahead of making the investment decision. Furthermore, we perform a regular portfolio screening of sustainability risks, providing transparency to portfolio managers on the sustainability risk profile of their respective portfolios.

  Additionally, through active stewardship, such as targeted corporate engagement and proxy voting, our investment professionals aim to mitigate and improve the sustainability risks of listed corporates.
- For private markets asset classes, ESG risks are considered throughout the investment process and ongoing asset management activities. In many cases, they are specifically screened along sustainability risk guidelines or by using minimum exclusion lists, as defined by Allianz's ESG Risk Framework.

Further detail is given in our Sustainability Risk Management Policy Statement and Principal Adverse Impact Statement.

02.6 Sustainable investing categories

Principle 4 7

We provide investment solutions with differing levels of sustainability incorporation. Our product range caters to clients' sustainability objectives and preferences. These categories also provide transparency on the SFDR characteristics of our products (which will evolve as the direction of the SFDR is clarified).

AllianzGI's product offering[31]

Conventional	ESG risk-focused	Sustainability-focused	Impact-focused
	EUR 89bn	EUR 199bn combined	
Objectives Financial returns and active risk management	**Objectives** Financial returns and material E, S and G risk considerations	**Objectives** Financial returns and sustainability objectives and values	**Objectives** Financial returns and measurable sustainable outcomes
	Qualifying approach Integrated ESG	**Qualifying approaches** SRI Best-in-class KPI-based approach Multi Asset sustainability blend ESG score approach	**Qualifying approaches** Impact (Art.9) SDG-aligned: Fixed Income | Multi Asset | Private Markets (Art.9) SDG-aligned: Equity (Art.8)
Classified as not sustainable Article 6* only		Classified as sustainable Article 8*	Classified as Article 8 or 9*
Firm-wide exclusions		Sustainable minimum exclusions	

ESG risk assessment: identification and consideration of sustainability risks and adverse impacts

Active stewardship: company engagement and proxy voting

Source: Allianz Global Investors, November 2023. ESG: Environmental, Social and Governance. SRI: Sustainable and Responsible Investing. KPI: Key Performance Indicator. For illustrative purposes only. Exclusions apply to direct investments. ESG risk-focused category (also known as the integrated ESG investment approach) is not considered sustainable according to EU Sustainable Finance Disclosure Regulation. Sustainable or impact investing private markets strategies apply the Allianz ESG Integration Framework exclusions. Allianz Global Investors supports the UN Sustainable Development Goals (UN SDGs). *According to EU SFDR regulation.

31 Note that "sustainability-focused" and "impact-focused" are Allianz Global Investors product categories. Reference to a fund being within them does not indicate that fund has a "Sustainability Focus" or "Sustainability Impact" label under the United Kingdom's Sustainability Disclosure Requirements (SDR).

02.6 Sustainable investing categories

Principle 4 7

Increasing the transparency of SFDR Article 8 funds

While SFDR is a key pillar of the EU sustainable finance agenda, there are diverging perceptions among asset managers and regulators as to what triggers the classification of Article 8. We seek to go beyond the minimum regulatory requirements for our Article 8 classified product range as part of our commitment to offering investors a high standard of sustainable investment products. The investment strategies we classify as Article 8 that are distributed to retail clients will generally have two binding elements: our sustainable minimum exclusion policy and one of our sustainable investment approaches.

Each binding element is measurable and reportable, providing transparency and clarity to our clients. We believe this approach reduces the gap between what sustainable products can achieve and the expectations of clients.

- The first binding element enforces exclusion criteria related to weapons, coal, international norms and standards (including the UN Global Compact) and tobacco.
- The second binding element consists of one of our qualifying approaches for our sustainability-focused or impact-focused product categories.

See chart on page 33 on our "two binding elements" approach.

We apply the two binding elements to our sustainability-focused and impact-focused funds. They ensure credible sustainability delivery, which we take seriously in our role as a sustainability shaper. This also means the materiality of our harmonised approach is in line with regulatory objectives, and allows measurability and reportability for a high level of transparency.

02.6.1 ESG risk-focused[32]

Within our ESG risk-focused category, we offer strategies that apply the integrated ESG investment approach. This integrates material ESG risk considerations into mainstream investment analysis, without constraining the investment universe, and requires the portfolio manager to provide a rationale for holding companies that have been flagged for possible material E, S and G risks. It is viewed across the industry as an enhanced risk management approach that adds another risk analysis dimension to existing investment processes and can be applied to any asset class.

The portfolio manager is free to either divest or continue to hold "risky ESG" companies in a portfolio, if the expected return justifies the risk. Active stewardship activities (dialogue with investee companies and proxy voting) may also be considered to mitigate risks. Our investment professionals managing these strategies have access to an increasing depth and breadth of ESG risk perspectives for investee companies through SusIE to identify and offer opinions on possible idiosyncratic risks.

ESG in private markets

ESG is an increasing factor in all of our clients' decisions. In private markets, our focus remains on further enhancing our ESG practices in this area. Our Private Markets teams have delivered ESG frameworks that set out their approach to integrating ESG, and they continue to make use of the tools provided by the Sustainability team, including sector frameworks. We also supported industry initiatives to improve ESG standards.

Fund naming guidelines

At the end of 2023, the European Securities and Markets Authority (ESMA) outlined new guidelines for fund names using ESG or sustainability-related terms. The aim is to ensure that specific minimum standards are adhered to when using terms such as "sustainable" or "sustainability"; in particular, products require a specific link to sustainable investments. While we have taken action to ensure our products are in line with the supervisory briefing, the terms "sustainable" or "sustainability" encompass a broad range of funds across the industry with various degrees of ambition level. Ahead of the introduction of these guidelines, we have initiated a strategic project to review our fund names.

32 ESG risk-focused category (also known as the integrated ESG investment approach) is not considered sustainable according to EU Sustainable Finance Disclosure Regulation.

02.6 Sustainable investing categories

Principle 4 7

AllianzGI applies two binding elements to its sustainability-focused and impact-focused funds

1st binding element

Sustainable minimum exclusion list

- **Weapons**
- **Coal**
- **International standards**
- **Tobacco**

2nd binding element

One of the following approaches

Sustainability-focused Article 8	Impact-focused Article 8 or Article 9
SRI Best-in-class	Private Markets SDG-aligned (ie, blended finance)
KPI – GHG intensity	Private Markets impact
Multi Asset sustainability blend	Public Markets impact (ie, green bond)
KPI – SI share	SDG-aligned
ESG score approach	

Two binding elements ensure **credible sustainability delivery**, which we take seriously in our role as a **sustainability shaper**

Materiality of our harmonised approach is in line with regulatory objectives

Measurability and reportability for **high level of transparency and clarity**

Source: Allianz Global Investors, November 2023. For illustrative purposes only. Exclusions apply to direct investments. SRI: Sustainable and Responsible Investing. KPI: Key Performance Indicator. GHG: Greenhouse Gas Intensity. SI: Sustainable Investment. ESG: Environmental, Social and Governance. AllianzGI supports the United Nations Sustainable Development Goals (SDGs).

02.6 Sustainable investing categories

Principle 4 7

02.6.2 Sustainability-focused[33]

Our sustainability-focused product offering aims to achieve financial returns for clients while following sustainability objectives and values. Strategies in this category apply a dual-layer approach: a set of sustainable minimum exclusions, plus one of the following approaches:

Sustainable and Responsible Investing (SRI) Best-in-class

Our SRI Best-in-class approach extends mainstream fundamental research by analysing financially material and non-material ESG factors. "Best-in-class" is a term used where investors select from the remaining investment universe those corporate issuers that perform better within their sector with respect to ESG aspects. The portfolio construction is geared towards a superior ESG quality by applying sustainable minimum exclusions (negative screening) and best-in-class considerations (positive screening) using scores on the investment universe. These ESG screens guide security selection towards companies with best-in-class or improving ESG quality compared with their peers, while excluding companies linked to, for example, coal, tobacco, weapons and controversies that may bring significant financial and/or reputational risks.

The general philosophy and process of applying the SRI Best-in-class approach are identical across listed asset classes globally. Portfolios use our proprietary ESG ratings to identify outperformers in each industry with regards to ESG performance. Our proprietary sustainability rating methodology spans the different asset classes and is based on four pillars:

- **Corporate governance:** We assess corporate issuers' internal structure and governance to improve risk management, analyse audit and control mechanisms to prevent abuse and mitigate risks, and analyse shareholder rights and anti-takeover measures. For sovereign bond issuers, we evaluate systems used to prevent and fight corruption and government capacity to introduce necessary reforms.
- **Environment:** We assess issuers' direct and indirect environmental impacts, risks, approach to environmental responsibility and development of environmental solutions. We assess sovereigns' ability to address environmental issues based on their political and legal frameworks.
- **Social:** We review the extent of issuers' workplace health and safety, dialogue with employees and relationships with suppliers. We consider general social policy when assessing sovereigns, with a focus on topics such as healthcare and education.
- **Business behaviour:** We assess the relationships between issuers and their supply chains, customers and communities along with the impact of their products and services on society and respect for market regulations and fair business practices. These criteria do not apply to sovereign bond issuers.

Specific processes are introduced to consider asset class specificities. For instance, a tailored process for certain fixed income products assesses sovereign bond issuers based on a proprietary emerging-markets ESG framework that screens out the bottom 10% of countries on the E, S and G pillars. Multi Asset products can be split into two categories: sustainable advanced (where more than 70% of assets need to be sustainable) and sustainable complete (where more than 90% of assets need to be sustainable).

KPI-based approach

Our KPI-based approach targets measurable, monitored and reported KPIs to track ESG results that are significant enough to drive sustainability within the investment process of a portfolio. This approach can quantify the sustainability feature of a portfolio and regularly report outcomes. It allows us to choose between two objectives. First, to outperform a reference investment universe or benchmark, or a defined threshold on at least one environmental or social KPI. And second, to achieve an ongoing year-on-year improvement against a chosen environmental or social KPI.

After implementing a GHG intensity KPI, we introduced a sustainable investment share KPI according to EU SFDR. This requires that products exhibit a certain and meaningful share of sustainable investments while limiting the exposure to issuers that significantly harm environmental and/or social objectives. Our goal is to continuously expand the list of available KPIs.

> **See Section 01.5.**

33 Note that "sustainability-focused" and "impact-focused" are Allianz Global Investors product categories. Reference to a fund being within them does not indicate that fund has a "Sustainability Focus" or "Sustainability Impact" label under the United Kingdom's Sustainability Disclosure Requirements (SDR).

02.6 Sustainable investing categories

Principle 4 7

02.6.3 Impact-focused[34]

Increasing numbers of investors are setting their sights beyond pure financial returns – and even beyond ESG screening-based approaches, including risk management. We support investors who want to see a positive change for the planet and society – measured against specific goals, such as the UN Sustainable Development Goals (UN SDGs) – while generating a financial return.

Impact investing strategies

Our impact-focused strategies across public and private asset classes enable clients to maximise their exposure to positive environmental and social outcomes defined by three core beliefs:

- **Intentionality:** The intention of a strategy and its investments is to contribute to measurable positive social and/or environmental value while delivering financial returns.
- **Evidence-based:** Impact investing needs to use evidence and data, where available, to drive intelligent investment design, thereby increasing confidence that the investment would contribute to social and environmental benefits.
- **Measurement and management:** The impact will be measured and managed on a "best efforts basis" and reported to validate each strategy.

AllianzGI's impact investments can be accessed through private markets (eg, private equity impact fund of funds) or public markets (eg, green bonds). Impact-focused strategies extend to our blended finance approaches, where capital from commercial investors is combined with development capital and public sector funds to generate environmental and social outcomes, especially in emerging markets where commercial investors benefit from de-risking.

02.6.3.1 Impact-focused investing in public markets

UN SDGs

UN SDG-aligned strategies often adopt a thematic investment approach. We invest in companies that exhibit a certain level of contribution towards one or more of the UN SDGs. Our assessment is both quantitative and qualitative, and a quarterly report highlighting SDG contributions on an individual strategy level is available. Our approach applies a set of sustainable minimum exclusions, as well as the E, S and G factors of investee companies being analysed. In addition, PAIs are analysed to avoid companies with poor ESG practices and those that cause significant harm.

AllianzGI applies a proprietary SDG framework that maps company activities to specific SDGs and checks for good governance and alignment with environmental and social objectives.

AllianzGI's SDG-aligned funds often follow our thematic investment approach, built on a solid understanding of secular drivers and the ability to identify companies with long-term potential. We believe these companies have greater growth potential, are more resilient to macroeconomic and political volatility and benefit from regulatory tailwinds. In 2023, we launched our first systematic SDG-aligned global equity strategy, which provides our investors with the benefits of broad diversification while addressing multiple SDGs.

Seeking out key enablers of the SDGs

We actively select companies based on a combination of fundamental research and the analysis of the contribution of each company to the SDGs, seeking out what we believe to be the most promising companies within a topic. SDG-aligned investing funnels capital towards companies that we call "key enablers" – companies that are providing solutions to the world's greatest challenges. In addition, we prefer to allocate to companies that provide goods or services that allow others to reduce or minimise their footprint and therefore have a multiplier effect. They not only manage their own footprints, but have a potentially much larger positive effect on others.

Green bonds

As defined by the International Capital Markets Association, green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible green projects, which are aligned with the four core components of the Green Bond Principles.

Green bonds can support the pathway to a more sustainable future by mobilising capital markets to deliver environmental benefits. On a worldwide scale, green bonds have proven to be a multifaceted model for success, attracting a growing number of investors seeking sustainable, low carbon investment opportunities.

34 Note that "sustainability-focused" and "impact-focused" are Allianz Global Investors product categories. Reference to a fund being within them does not indicate that fund has a "Sustainability Focus" or "Sustainability Impact" label under the United Kingdom's Sustainability Disclosure Requirements (SDR).

02.6 Sustainable investing categories

Principle 4 7

Our green bonds strategy follows a sustainable investment objective to mobilise capital to support the transition to a low carbon society, preserve natural capital and adapt to climate change. This approach favours the reallocation of investments through a less carbon-intensive economy.

Read more about the Green Bond Principles here.

Our investment in green bonds unlocks key enablers of energy and climate transition. For example, we invest in companies that develop large offshore wind farms, implement solutions to lower the impact of carbon-intensive freight activity or promote the circular economy through recycling.

02.6.3.2 Impact-focused investing in private markets

Increased frequency of major environmental events and social movements has raised awareness that capital can – and should – play a role in addressing environmental and social issues. As a field, impact investing has grown steadily in the past decade, with the total market size estimated at more than USD 1.1 trillion, according to the Global Impact Investing Network.[35]

Our Private Markets Impact team aims to deliver tangible real-world impact through direct and indirect private equity and debt investments and blended finance vehicles.

In 2023, Matt Christensen and Diane Mak, Head of Impact Strategy, were named in New Private Markets' inaugural list of the top 50 global influencers, who are shaping the future of sustainable private markets investing.

Measuring and managing impact

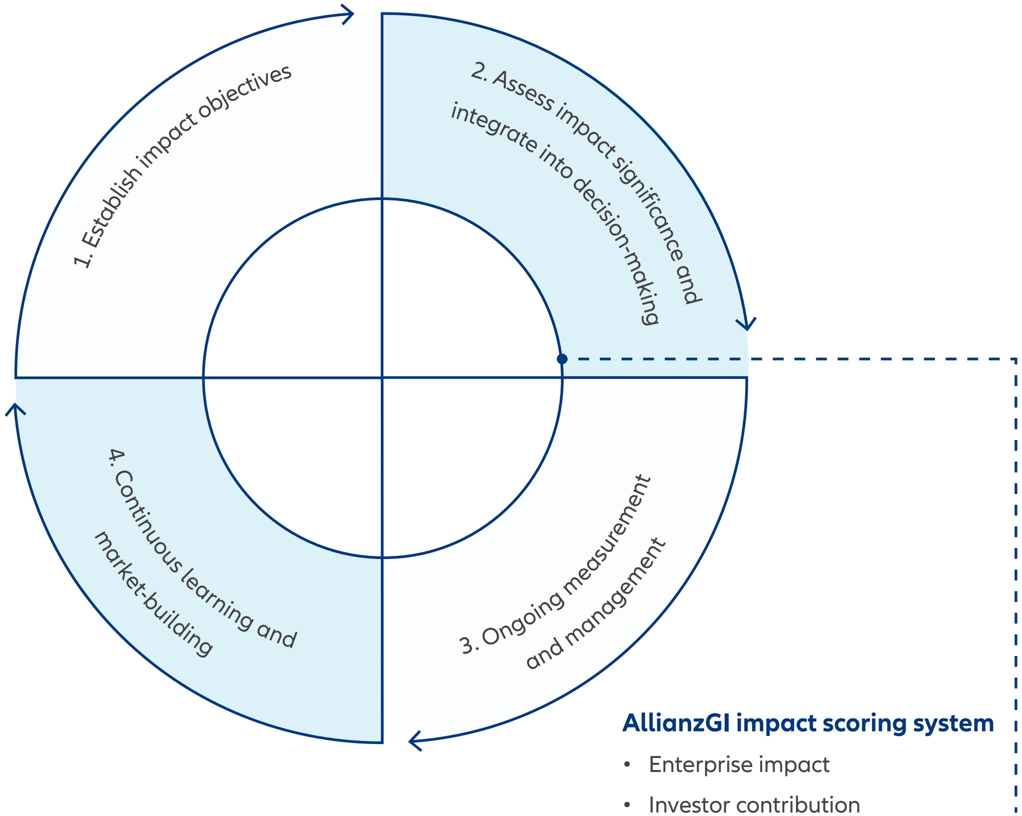
As capital is increasingly allocated to impact investing in private markets, measuring and managing impact in a robust and credible way is essential. Defined frameworks for doing so can be built into the investment process.

The AllianzGI impact framework facilitates the due diligence and selection of investments that contribute to significant positive impact, as well as the measurement and management of impact over the investment lifecycle.

In 2023, we added sustainability typologies, which complement the existing impact framework by providing clarity around the types of impact that we expect investments to generate. The typologies are outlined in our July 2023 white paper. We hope that, by clearly defining our expectations for impact under each typology, we are both shaping expectations for clients and outlining to the market how we define impact investing.

We align our approach to measuring and managing impact with industry-leading principles and standards.

Key elements of the AllianzGI impact framework



AllianzGI impact scoring system

- Enterprise impact
- Investor contribution

35 Global Impact Investing Network, Sizing the Impact Investing Market 2022, October 2022.

02.6 Sustainable investing categories

Principle 4 7

How impact investing delivers change

In developed markets, we direct financing towards companies and products whose core business is focused on providing solutions to society's most challenging problems, while delivering targeted returns to investors. We leverage our impact framework to identify, measure and manage impacts.

In emerging markets, we use blended finance to mobilise large-scale capital towards investments that are in line with the SDGs. This enables institutional investors to access emerging markets through risk-tiered structures, many of which will have first loss protection to deliver a potentially attractive risk-return and sustainability proposition.

We have progressed from being a first mover in blended finance to delivering a broader pipeline of credible impact strategies across both emerging and developed markets and across asset classes.

Building our capability

During 2023, we built up our impact investing personnel, adding private credit and private equity professionals specifically dedicated to impact strategies. We additionally have impact specialists with expertise in impact strategy, due diligence, measurement and management. This enables co-creation across a specific asset class, its portfolio managers and the Impact Investing team.

Together with a third-party provider, we set up an impact data management system to improve the collation, analysis and monitoring of the impact KPI data that we collect from underlying investees. The system helps inform engagement with underlying portfolio companies and fund managers in terms of impact performance and enhances impact reporting to clients.

As investors are increasingly focused on non-financial returns and KPIs, our capabilities and strengths enable us to embed impact considerations across the investment cycle.

Increasing opportunity with blended finance

Blended finance is a technique used to attract large-scale commercial capital to emerging markets, with a focus on sectors that contribute towards social and economic growth, such as infrastructure, energy and agribusiness.

Blended finance generally includes a combination of commercial (or private) capital in a senior position and development (or public) capital in a junior position. The goal is to achieve an attractive risk-return profile for all stakeholders by blending public and development capital together with commercial capital into risk-tiered structures.

Blended debt

During 2023, we announced a USD 1.1 billion SDG Loan Fund. One of the largest blended funds in the market to date, it was jointly conceived by AllianzGI and FMO, the Dutch Development Bank. The fund benefits from multiple layers of de-risking, including a guarantee from the MacArthur Foundation, which enables us to mobilise large-scale institutional capital into the structure.

Blended equity

The Emerging Market Climate Action Fund (EMCAF) held its third closing at the end of 2023, with new commitments by the German Federal Ministry for Economic Affairs and Climate Action represented by German bank, KfW. A fourth closing is expected in March 2024, onboarding the UK government as an investor in the junior equity tranche of the fund and bringing the EMCAF total commitment size to around EUR 385 million. We expect the final closing for this fund, which has already made multiple investments, in Q4 2024. A recent investment is GEF South Asia Growth Fund III, a mid-market private equity growth strategy focused on financing companies active in climate mitigation, climate adaptation and environmental sustainability-related sectors in Asia.

We are developing a pipeline of impact strategies in both private debt and equity, and across developed and emerging markets. In 2024, we are launching an impact private credit strategy focused on developed markets, which will be one of the few pureplay impact debt strategies. It will fully leverage our impact framework and we aim for it to be classified as EU SFDR Article 9. A result of the co-creation across our Private Credit and Impact Investing teams, it will have both an environmental and social focus. In addition, we are in the process of developing an impact private equity co-investment strategy that also focuses on developed markets.

We continue to build our blended finance offering with a Paris-aligned debt fund focused on emerging markets. We will continue to engage with the broader impact investing ecosystem, which includes contributing to the development of the CFA UK Level 4 Certificate in Impact Investing, alongside industry impact convergence efforts.

02.7 Looking ahead: sustainable investing

Looking ahead: sustainable investing

Our priorities for the coming year are to:

Research and data

- Continue prioritising and framing focus topics in alignment with our 2024 outlook for key sustainability investment themes.
- Further evolve our issuer research to reinforce the interconnectivity with other teams.
- Deepen the collaboration between the Research and Stewardship teams to explore obtaining engagement insights from mainstream issuer research more efficiently.
- Expand the coverage of full sustainability profiles in our data platform, SusIE, and start an update cycle for those published in 2022.
- Further enhance our impact and ESG reporting to our clients.

Product development

- Extend the newly introduced KPI-based approach by implementing additional sustainability-related KPIs, such as net-zero alignment.
- Explore innovative climate transition concepts across asset classes to address our clients' preferences for tackling climate change.
- Launch an impact private credit strategy and an impact private equity co-investment strategy, both leveraging our impact framework, which clearly identifies investment targets that contribute to measurable, positive impact.
- Engage with the broader impact ecosystem to contribute towards industry standards.
- Continue to establish credible and more scalable ESG standards across our private market strategies.
- Further evolve our sustainability-focused investment product offering.

Guiding clients

- Build out our risklab biodiversity analysis and advisory and expand risklab international engagement in Japan, Taiwan, the Middle East and South America.
- Add more research to risklab's Climate Navigator to measure asset class volatility in different climate scenarios.
- Work on a framework to systematically advise investors on how to achieve net-zero and decarbonisation goals holistically across the asset allocation.
- Provide custom sustainable investment solutions that look to address a client's specific investment issues, for example by working to resolve conflicts between financial and sustainability performance.

03 Active stewardship

"Promoting robust standards and strategic conviction through stewardship is key to our mission of addressing some of the world's existing and emerging challenges. In 2023, we raised the number of targeted, thematic engagements, strengthened our engagement reporting infrastructure within our sustainability insights engine, and widened our escalation activities by pre-announcing our voting intentions."

Antje Stobbe,
Head of Stewardship

03.1 Developing our engagement strategy

Principle 2 7 9

2023 highlights

481 active engagements
(2022: 438)

Engaged in 32 locations globally
(2022: 28)

374 companies engaged
(2022: 355)

Source: Allianz Global Investors, as at 31 December 2023.

As part of our ambition to be a sustainability shaper, our engagement strategy takes an active ownership approach and follows an activist sustainability orientation. In 2023, we significantly built out our thematic and collaborative engagement and increased our engagement activity across all listed asset classes, with a particular focus on corporate credit. We also maintained our risk-based approach to engagement for large holdings.

With our investee companies, we address material topics of particular importance to us as a firm. We define clear engagement objectives and then assess whether companies have implemented our requirements. When necessary, we escalate concerns, for example by collaborating with other investors, and now also by pre-announcing votes and co-filing shareholder resolutions at annual general meetings (AGMs). We recognise the importance of co-filing to advance sustainability standards, despite declining levels of support for shareholder resolutions in the US over the last two years. During the year, we therefore stepped up our activity and have set out an internal process to facilitate co-filing. We expect to be able to report on concrete company engagement next year.

Thematic engagement: In 2023, we deepened and broadened our thematic engagement approach aligned to our three sustainability themes – climate change, planetary boundaries and inclusive capitalism. The focus of our thematic engagements was driven by topics where we observe particular interest from our clients or increased regulatory requirements, in particular net-zero alignment, biodiversity and human rights.

For example, our climate change work included a sectoral net-zero focus on large oil companies, utilities and financials. Within the planetary boundaries theme, we developed our proprietary biodiversity engagement framework (BEF) and engaged with 22 companies across different sectors. Under the umbrella of our inclusive capitalism theme, our engagement focus was on human rights in the supply chain, as well as gender diversity. Within these thematic focus areas, we prioritised engagements based on the size of our holdings per market or portfolio, and the priorities of specific clients or funds.

> **See section 03.4 to read more about our thematic engagements.**

Collaborative engagement:
During the year, we continued to work across our three sustainability themes and significantly stepped up our collaborative work. We joined or co-founded targeted collaborative engagement initiatives that resonate with our thematic focus and expanded our activities within existing initiatives. In 2023, Marie-Sybille Connan, Senior Stewardship Analyst, co-chaired the 30% Club Investor Group in France. We also co-founded the 30% Club Investor Group Germany, which is co-chaired by Antje Stobbe, Head of Stewardship, in its inception year. We intensified our work with the Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative (NZEI), as well as the Principles for Responsible Investment (PRI) Advance Coalition on Human Rights. We are also a co-founding member of Nature Action 100 (see page 58 for the complete list).

To scale our engagement and be more effective in the major markets in which we have holdings, we introduced a tool to assess the legal framework for broader collaborative engagement in 2023.

> **See section 03.5.**

03.1 Developing our engagement strategy

Principle 2 7 9

Engagement across all listed asset classes: The bedrock of our engagement activities comes from our heritage as an active equity manager. However, in recent years we have increased our fixed income engagement, facilitating dedicated dialogues for our corporate credit strategies.

In 2023, we worked intensively with our fixed income engagement ambassador group, meeting regularly with portfolio managers and credit analysts to discuss and align on engagements and coordinate engagement activity. Our strategy includes enhancing the engagement-specific skills of our investment professionals through dedicated training, which equips them to work on more engagement themselves. In 2023, this training reached approximately 80% of our equity investment professionals.

> See section 03.2.1.

We seek to communicate our stewardship approach externally to our clients and investee companies, for example, by publishing our convictions and stewardship outcomes in thought leadership pieces or blog posts. Policy engagement complements our approach where we believe that improved regulatory conditions and market standards could benefit our active stewardship work. The legal framework for collaborative engagement in Germany is an example.

> See sections 03.5 and 03.6.

Risk-based engagement: Our risk-based approach remains the basis of our engagement strategy and focuses on the material sustainability or governance issues that we identify. A larger share of these engagement meetings is dedicated to preparing our voting decision at general meetings where our Global Corporate Governance Guidelines guide our engagements. Targeting is closely related to the size of our exposure, whether per market or fund, or considering the total value of investment. The focus of engagements is determined by considerations such as significant votes against company management at past general meetings and sustainability issues that we identify as below market practice. Engagements can also be triggered by controversies connected to sustainability or governance.

This approach allows us to strike a good balance between environmental, social and governance (ESG) risk reduction in our portfolios and leading clients and companies on an inclusive and sustainable pathway to change. It also allows us to set clear engagement objectives from the outset. While our preference is to engage investee companies confidentially, we are prepared to escalate to engage publicly if we conclude that the confidential approach has gone as far as it can without delivering progress and our objective would be best served by escalation.

> See section 03.6.

Looking ahead

In 2023, we worked on an enhanced strategy aimed at involving more portfolio managers and analysts in engagement, and integrating stewardship more broadly into investment strategy and positioning. We will roll out this strategy in 2024.

03.2 How we engage

Principle 7 9

We apply a broad range of tools to our engagements, including one-to-one, group or collaborative meetings with chairpersons, board members, senior management, company secretaries and heads of specific functions, as well as written correspondence.

We differentiate between normal research and monitoring meetings as an active manager, and engagements where we actively seek to make an impact or target a specific outcome. The latter are, by default, classified and reported as engagement meetings. Our overall impact is much broader than is reflected by the numbers reported as we also actively engage through industry bodies and by conveying our stewardship stance to larger audiences at industry events.

We continuously review our engagement approach – both in terms of topics to be engaged and the form of engagement – to reflect client demand, economic and geopolitical trends and regulatory developments. Mounting climate change risks and our commitment to the Net Zero Asset Managers initiative (NZAMi) led us to step up our collaborative engagement activities, for example with the IIGCC Net Zero Engagement initiative (NZEI).

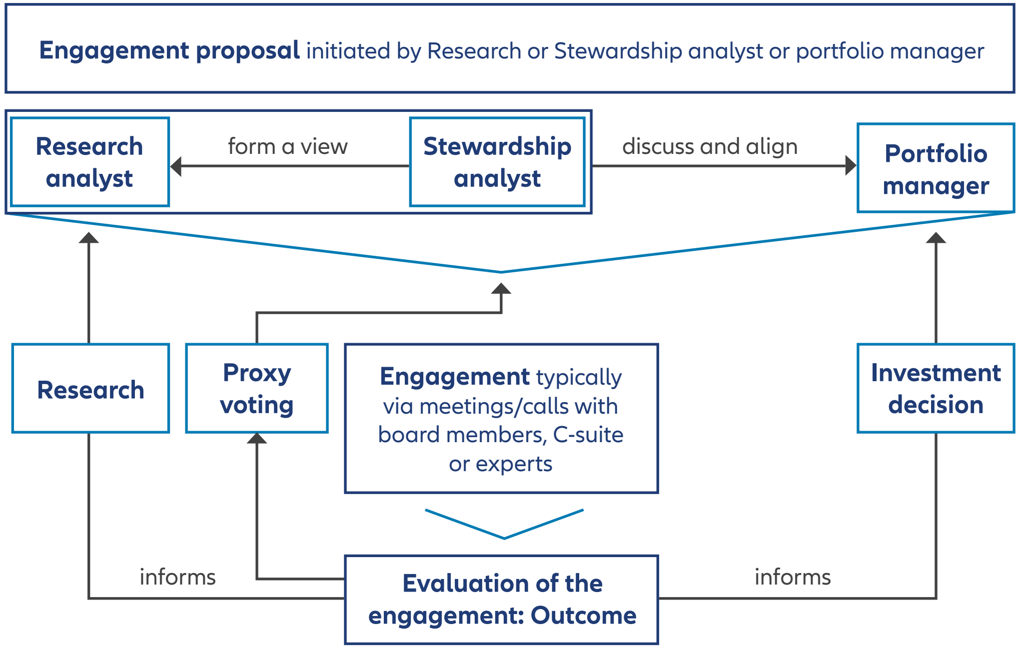
In 2023, we continued to work on data clarification requests with companies in line with regulatory requirements. This involved discussing sustainable investment share and principle adverse impact/Do No Significant Harm in the context of the EU sustainability regulation. In some cases, these interactions were the starting point for a more thorough engagement process. However, we do not classify them as such; nor do we include them in our engagement count, underlining our conservative approach to engagement reporting.

In 2023, our Research and Stewardship teams cooperated closely on our thematic areas of climate change, planetary boundaries and inclusive capitalism, working alongside the Sustainability Methodologies & Analytics team.

This level of collaboration enables us to have a more in-depth thematic or sectoral analysis and knowledge, which translates into effective engagement. In particular, it allows us to compare company performance more rigorously across a peer group and identify best practices and laggards. Collaborative engagements are also helping to strengthen our capability where it is needed.

While our stewardship professionals often lead engagements, members of the Research and Stewardship teams frequently discuss material sector-specific issues, thematic focus topics and analytical frameworks, eg, to evaluate climate votes. We frequently include relevant AllianzGI Investment team members alongside members of the Research and Stewardship teams to make engagement meetings as impactful and productive as possible by combining insights from all critical parts of our investment platform.

Collaborating across the investment platform to increase engagement impact



Source: Allianz Global Investors.

03.2 How we engage

Principle 7 9

Our investment views are influenced by the outcomes of engagements and outcomes are linked to the proxy voting process, forming a consistent stewardship approach. All engagement results are shared via our collaborative research and investment platform and can be accessed by our teams globally. In 2023, we developed and launched a dedicated engagement template within our data tool, SusIE, which is accessible to all investment professionals. This built on the framework introduced in 2022 and allows more comprehensive recording of our engagement activity, including outcomes and evaluation. It also facilitates quantitative and qualitative reporting for our clients. This engagement template is a cornerstone for the roll-out of our enhanced engagement strategy in 2024.

Our engagement approach is tailored to different funds, asset classes and geographies.

03.2.1 Fixed income engagement

Our engagement activities apply to all public market activities, comprising equity and fixed income strategies globally.

In 2023, we expanded our engagement activity for, and within, our Corporate Credit teams. Close to 5% of our engagements were recorded by fixed income investment professionals.[36]

In several other cases, we combined the expertise of the Stewardship, Equity and Fixed Income teams in joint engagement meetings and shared the outcomes via our collaborative investment platform. The coordination of engagement activities in fixed income is overseen by our fixed income engagement ambassador group. Building on the engagement training for fixed income held in Q4 2022, this group also discusses specific engagement topics, as well as outcomes and potential escalation strategies.

In addition to internal collaboration, we have continued to work with external organisations, such as the European Leveraged Finance Association (ELFA), where we are members of its ESG Committee and have had board representation since 2023.

We also continued to seek improvements in market practice, in particular around collaboration among investors within these asset classes. We participated in working groups, looking at how collaborative climate initiatives could increase focus on high-emitting private companies, and sought to understand how ELFA could support future engagement activity.

To shape change in market practice around fixed income engagement, we joined the IIGCC Bondholder Stewardship Working Group in 2022. Members work together to improve bondholder stewardship practices in a way that encourages high-emitting issuers to develop credible transition plans, accelerate transition activities, provide appropriate climate-related disclosure and adequately respond to climate change risks. In 2023, we contributed to the IIGCC Bondholder Stewardship Guidance, which provides corporate bondholders with a foundational framework to enhance their climate stewardship practices.[37]

For more information see: IIGCC Net Zero Bondholder Stewardship Guidance.

As an outcome of our work, we continued to strengthen our approach to engagements in fixed income and collaboration across asset classes. At the same time, we remain mindful that there should be a more nuanced approach to embedding sustainability in stewardship processes within fixed income, for example by taking into account time horizons, the nature of the underlying instrument and portfolio size.

36 Source: Allianz Global Investors, as at 31 December 2023.
37 Bondholders are not requested to take any specific actions based on this framework.

03.2 How we engage

Principle 7 9

03.2.2 Emerging market sovereigns

Our Emerging Markets (EM) Fixed Income team follows a specific engagement approach that uses an integrated risk factor modelling framework to assess non-financial risks that may impair counterparty creditworthiness. Engagement with EM sovereigns is a key pillar of our investment process. Our EM Fixed Income (EMFI) investment process fully integrates ESG considerations as set out in our EM ESG sovereign framework. This uses 20 publicly available indicators across the three E, S and G pillars from a variety of international institutions and think tanks, including the World Development Indicators, World Resources Institute, United Nations, UNESCO, World Bank, Freedom House and Transparency International, to quantitively assess EM sovereigns. This is complemented by qualitative analysis. Our EM ESG framework is public, with updates periodically shared on our website. It is maintained and updated every six months by our Sustainability Methodologies & Analytics (SMA) team.

The EMFI team meets regularly with sovereign issuers and raises ESG topics for engagement, which helps us to understand the factors driving ESG outcomes in a specific sovereign. Over time, we have found that the EM ESG framework helps us engage in more tailored and deeper discussions with the EM sovereigns in which we invest. Centring these discussions around reliable public data from reputable institutions helps us to conduct more meaningful and objective engagement discussions. In emerging markets, these discussions can otherwise be fraught with political and economic uncertainties and lack of data access. It also allows us to raise ESG issues that our clients care about and to clarify the standards that we consider essential for investing in a certain issuer in our sustainability-focused portfolios. Finally, engagement also helps us, as investors, to gain insight into both the mechanics and the incentives systems at play in specific sovereign policy areas.

We find that a collective and long-term approach to EM sovereign engagement is both important and rewarding. This has been our second year as a member of the Emerging Markets Investors Alliance (EMIA), a pro-bono industry association that gathers EM investors, NGOs and think tanks to advocate for better ESG outcomes in the EM sovereign and corporate issuers that we invest in.

We believe that EM sovereign engagement must adopt a long-term approach. Raising issues and monitoring change or, at a minimum, establishing a rapport over ESG issues with sovereigns are worthwhile endeavours and in line with our fiduciary duty towards our clients. For example, in areas such as fiscal and debt transparency, we often engage with finance ministries to better assess the fiscal balance risks.

In 2023, our ESG-related contacts with EM sovereign delegations included country visits to Central and Latin America, where we travelled to Guatemala, Panama, Costa Rica and El Salvador, and held calls with Uruguay and Jamaica. In the Middle East, we travelled to Saudi Arabia, Dubai, Sharjah, Oman, Bahrain and Kuwait. We also held London-based roadshows and virtual meetings with finance ministries, debt management offices and central banks.

Case study: Meeting with Brazil's Sustainable Government team

In September 2023, we hosted Brazil's Sustainable Government team. The Brazilian team presented an ambitious transformation plan towards higher ESG standards following the election of President Lula da Silva. Its six pillars are sustainable finance, research and development, bioeconomy, energy transition, circular economy and adaptation. Delegates also discussed the creation of a carbon-regulated market bill, which is expected to be approved in 2024.

During a discussion about Amazonian deforestation, the Brazilian representatives stated that illegal deforestation had been reduced by more than 50%, relative to the previous government, since the Lula administration took office. The target is zero illegal deforestation by the end of the decade. Key measures to achieve this include fining corporations that carry out illegal activities, destroying equipment used for deforestation and increasing the number of law enforcement personnel. The government is also working on an agenda to improve living conditions for indigenous populations who live in the Amazon. In November 2023, Brazil launched its first sustainability-linked bond. AllianzGI took part in the initial bond tender.

03.2 How we engage

Principle 7 8 9

03.2.3 Selecting and engaging with fund managers

In the context of engagement and fund-of-fund approaches, the research and selection of fund managers is a major focus for our Multi Asset team. Over the last two decades, we have developed and enhanced our fund research capabilities to independently and systematically select the most promising managers. We follow a stringent process and collate findings in a central shared database called MARS.

We continuously enhance our research and selection process to adapt to changes in the regulatory environment and fulfil our clients' requirements. As part of this, we undertake deep and comprehensive due diligence that encompasses fund manager interviews and an exhaustive questionnaire. Important considerations such as investment philosophy, team and research capabilities, portfolio construction, and sustainability efforts are evaluated and compared to competitive strategies.

Assessing sustainability capabilities and processes in a systematic way is crucial. When analysing a sustainable strategy, we look at factors such as the engagement approach, including proxy voting, engagement reporting and transparency.

While we are not allowed to compel retail fund managers to use our engagement guidelines, we do ask for details on proxy voting, the engagement process and portfolio composition. Our detailed questionnaire looks at whether there is a proxy voting policy in place, its guidelines, whether proxy voting is done internally or delegated to an external provider, and how the engagement process works. We request examples of previous engagement efforts.

For exchange traded fund (ETF) strategies, we meet with providers on a quarterly basis and discuss the provider's sustainable products and policies. This can be done by offering input on the evolution of sustainable screens and KPIs, and providing advice on which markets are well served by sustainable products.

The funds we recommend for investment are regularly screened for compliance with our standards, including sustainability aspects. We continue to improve and enhance this process by updating our questionnaire at least annually, or whenever there are changes in the regulatory environment, to offer our clients the most promising sustainable strategies.

03.3 Engagement in numbers

Principle 7 9

In 2023, we engaged with 374 companies on 481 occasions, mostly via virtual engagement meetings. This is an almost 10% increase in engagements compared to 2022, on top of an approximate 50% increase from 2021 to 2022, and reflects our continuous ambition to integrate stewardship outcomes into the investment process.

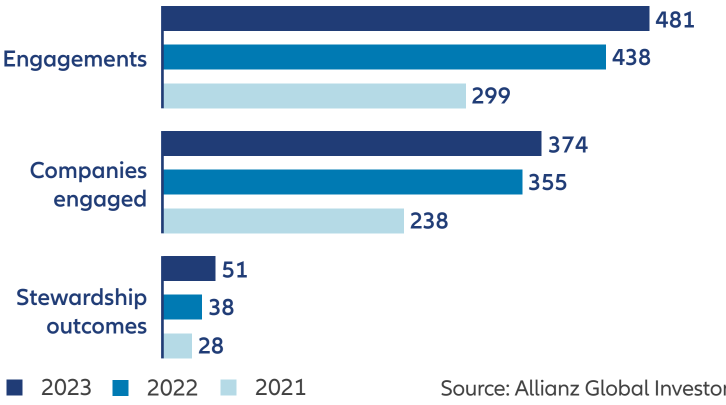
> See case studies starting on page 50.

Engagements covered 1,055 topics (2022: 996). We often engaged on more than one topic per company, and the year-on-year increase is driven by our continued reporting of more granular sub-topics.

In 2023, we completed 85 climate engagements related to our former Climate Engagement with Outcome programme.[38] These engagements entailed specific questions relating to the companies' climate strategy, incorporating governance, planetary and social oversights. A total of 25 of these were conducted through calls, and the rest through detailed responses with follow-ups, where necessary. They are included within our engagement statistics.

In addition, we signed or sent around 240 engagement letters via collaborative engagement initiatives that we joined or co-founded. They are not included within our engagement figures.

Continued expansion of our engagement activities in 2023



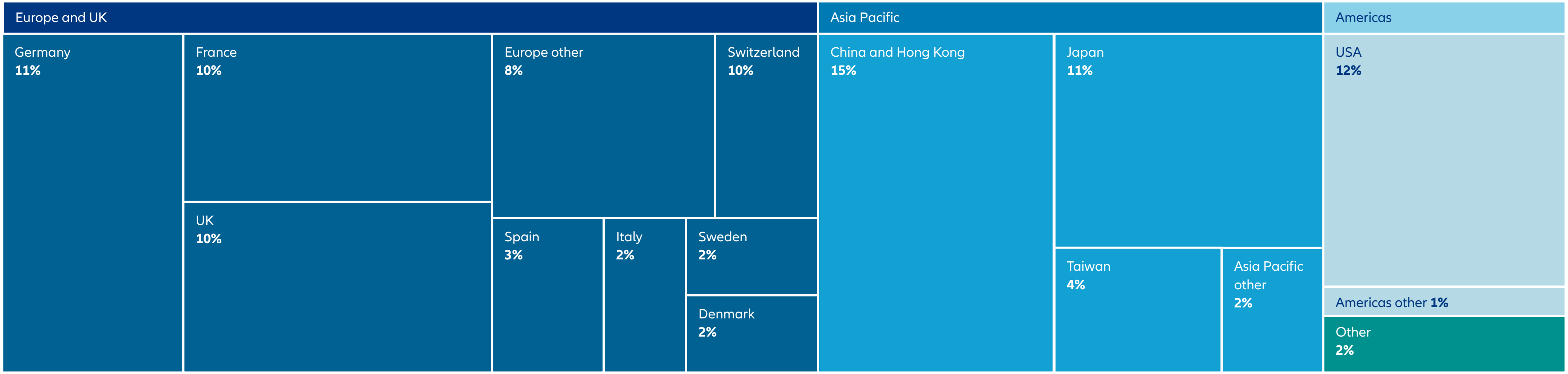
Source: Allianz Global Investors, as at 31 December 2023.

38 Our Climate Engagement with Outcome (CEWO) was decommissioned in early 2023 as we evolved our approach to climate transition encompassing data and measurability using KPIs.

03.3 Engagement in numbers

Principle 7 9

Percentage of engagements per location



Source: Allianz Global Investors, as at 31 December 2023.

Engagement by geography

The locations of engagements reflect the main markets we invest in and the size of individual holdings in those markets – both assets under management and relative share of the holding. As such, we target issuers globally, with a focus on Europe, the US and our major markets in Asia. We engaged in 32 locations globally in 2023 (2022: 28).

In Europe, we engaged most frequently with companies in Germany, France and the UK. In Asia, we continued to expand our engagements, with a particular focus on China, Hong Kong, Japan and Taiwan. We have a significant number of portfolio managers in Asia and dedicated stewardship resources, and have broadened and deepened our engagement approach in this region.

Sustainable investing is evolving across the Asia Pacific region. Our strong presence here includes dedicated sustainability expertise, enabling us to think both globally and locally in supporting our clients for a more sustainable future.”

Desmond Ng
Head of Asia Pacific

03.3 Engagement in numbers

Principle 7 9

Engagement by topic

Engagement activities in 2023 covered a broad range of topics. In 36% of cases, we spoke to companies about corporate governance, business conduct and transparency issues – a similar percentage to 2022. Our increased focus on environmental and social topics in line with our three guiding themes continued to be evident, with 73% of engagements touching on either topic (up from 69% in 2022). Where we did not see sufficient progress, or wanted to follow up on recent developments, we engaged more than once. This occurred with 21% of the companies engaged, slightly up from 19% in 2022.

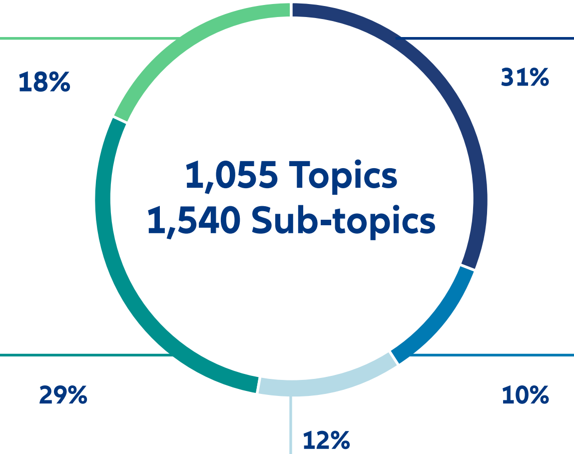
Outcomes recorded

We registered 51 stewardship outcomes where companies took steps that we had explicitly referenced during engagements (2022: 38). Some cases involved multi-year engagement. Executive remuneration and governance issues were the focus in around 70% of these cases.

Our engagement priorities per topic

Social risks & opportunities
- Employee engagement, diversity & inclusion
- Human rights & community relations
- Labour practices, gender/ethnic pay gap
- Employee health & safety

Corporate governance
- Executive compensation
- Board composition/independence
- Corporate governance practices



Environmental risks & opportunities
- Climate change & GHG emissions
- Physical impacts of climate change
- Biodiversity, deforestation & water management
- Environmental incidents

Strategy & business model
- Supply chain management
- Corporate strategy/purpose
- Product design, lifecycle management & circular economy
- Materials sourcing & efficiency

Other
- Transparency and disclosure
- Capital management
- Business ethics

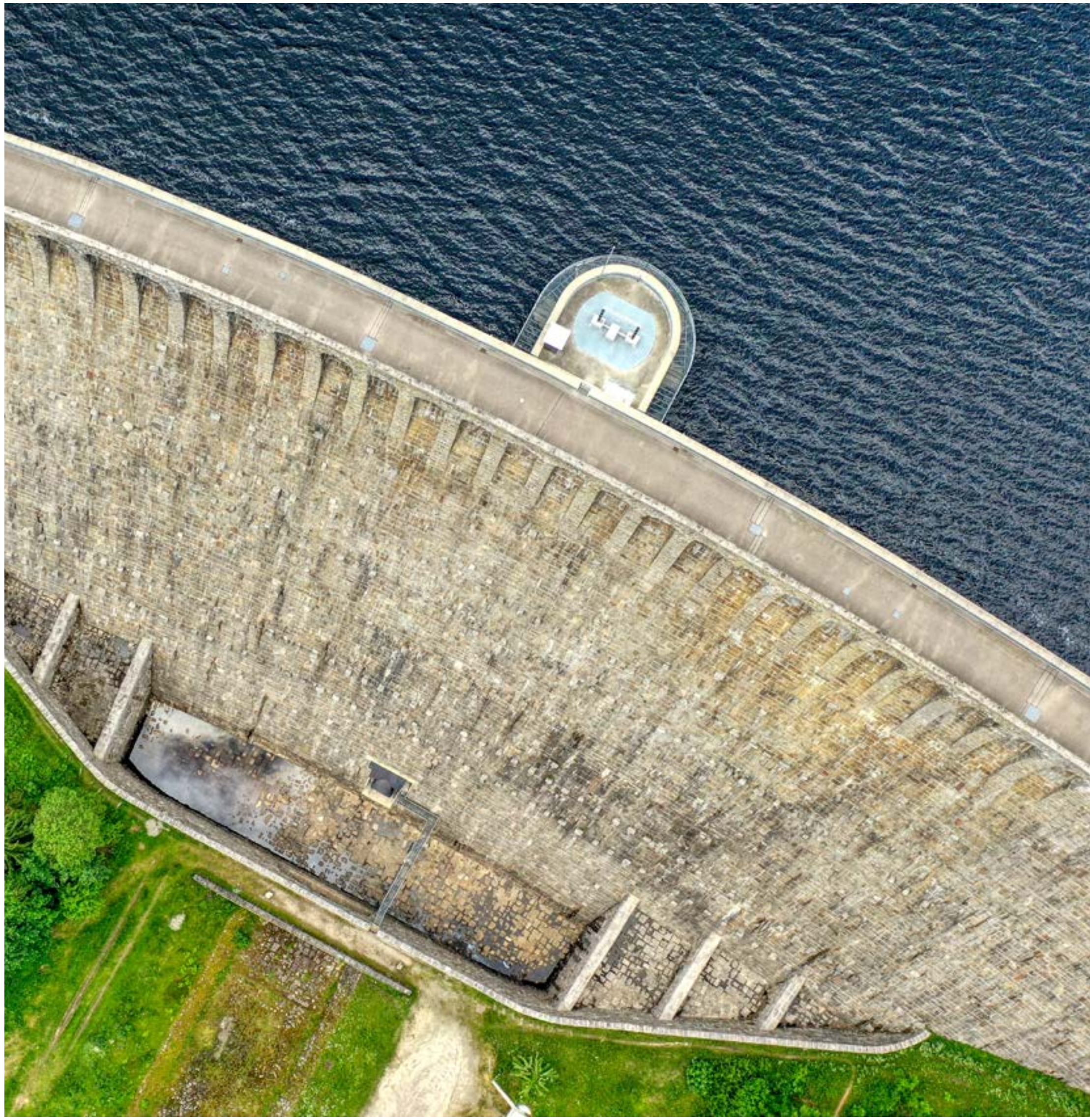
List of sub-topics is not comprehensive.
Source: Allianz Global Investors, as at 31 December 2023.

03.4 Engagement outcomes

Principle 7 9

In 2023, we deepened our work on thematic engagement across our three sustainability themes.

We have been developing "engagement frameworks" based on thematic research to form the analytical approach for our engagement in areas such as biodiversity and human rights. They include questions for use in conversations with companies and enable comparisons and benchmarking across companies. The projects described on the following pages highlight a selection of our engagement work, which has been complemented by thematic engagement projects on plastics, transition metals and gender diversity, as well as additional net-zero oriented engagement work.



03.4 Engagement outcomes

Principle 7 9

We published a research paper to explain our approach to climate action in the banking sector, and to share our insights more widely with other banks.

Climate change: banking on a greener future?

03.4.1 Thematic engagement: climate change

As a member of the NZAMi, we have committed to decarbonising our investment portfolios, while making sure that investee companies are playing an active role in energy decarbonisation and aiming to thrive in this transition. Companies' transition pathways are therefore a particular focus of our thematic engagement, which also reflects the increasing importance clients place on portfolio companies' decarbonisation targets. In 2023, we had 211 direct conversations with companies about climate change (2022: 217).

Within our climate thematic engagement stream, we continued our engagement projects on oil and gas majors and financials. This activity also informs our climate-related votes at general meetings. We also started a new thematic engagement project on the utilities sector, which we consider key to the energy transition. This project targeted equity and fixed income holdings and benefited from the contributions of our Equity Portfolio Management and Credit Research teams.

Case study: Engaging with utilities

We engaged with eight utility companies using Climate Action 100+ benchmark criteria, with the objective of being comfortable with their transition pathways. This first year of engagement provided several important insights. First, there is no "one size fits all" approach for utilities due to the diversity of their business models, which span power generators, municipals, pure network, pure renewable energy and integrated players. Second, politics and regulations have a critical influence on the direction of travel, something that was notable given the focus in 2023 on energy security and affordability. Finally, all companies highlighted the importance of scaling up investments in the grid to achieve net-zero plans – the lack of grid connections is a growing bottleneck for the development of renewables.

In the future, we will continue to monitor whether investee companies are on the right path by 2030 and can provide evidence of their complex, long-term transition plans. We will also continue to monitor their coal exit plans.

Case study: Assessing the climate preparedness of large banks

As we acknowledge the sector's central role in the transition, we continued our work to assess the climate preparedness of large banks. The banking sector is much more exposed to climate change risks through its financial activities than its operations, and has much to gain from financing a green transition that supports an economic transition. As scrutiny around climate transition strategies increases, structured engagement has a pivotal role to play in assessing banks' readiness to meet this challenge. We updated our bespoke research framework for analysing banks' climate strategies and guided our voting to provide a broader assessment of climate performance. Combining proprietary sustainability research with engagement has given us higher levels of conviction with respect to the climate preparedness of banks and related voting decisions.

03.4 Engagement outcomes

Principle 7 9

We summarised our biodiversity engagement framework and expectations of companies in our thematic paper.

Defining the rules of engagement to protect biodiversity.

03.4.2 Thematic engagement: biodiversity

Pressure on the private sector to accelerate the protection of nature and biodiversity has increased since the COP 15 Global Biodiversity Framework (GBF) agreement.[39] As an investor with high awareness of biodiversity loss, AllianzGI believes engagements with companies is essential to scope the risks and opportunities and drive change. We started our biodiversity engagement in 2022 and built out our proprietary engagement framework in 2023.

The sector-specific nature of biodiversity means there is no formulaic approach. Investors will need to understand the biodiversity issues associated with different business activities to be able to assess the performance of investee companies. To this end, we identified priority biodiversity issues to discuss with investee companies during engagements, as set out in our biodiversity engagement framework.

Case study: Biodiversity at a US agrifood company

We engaged a major US agrifood company to discuss its approach to biodiversity. We had previously engaged with the company on climate and believe that addressing biodiversity will help its climate strategy to be more comprehensive. The company recognises the importance of biodiversity and has started to assess it in all of its locations, as well as along its supply chain. We also discussed deforestation and regenerative agriculture in depth to understand how the company takes action to manage biodiversity. We will follow up on the progress of its biodiversity assessment, as well as its approach to deforestation and use of regenerative agriculture.

Case study: Engaging with a telecom company on legacy lead-sheathed cables

We engaged a US telecom company following press coverage alleging that lead-sheathed underground cables dating back to the origins of the industry had been causing lead contamination in sites and among workers. The engagement was initiated and led by the Fixed Income Research team, who consider this issue to be potentially material to investment. The engagement allowed the team to form an initial assessment on the extent of potential financial implications and the need for follow-up.

39 Convention on Biological Diversity, Global Biodiversity Framework Agreement, 2022.

03.4 Engagement outcomes

Principle 7 9

Priority biodiversity issues and relevant KPIs

The engagement framework illustrates our expectations of investees in five areas: sound governance, thorough assessments and metrics, strong commitment, comprehensive actions and transparent disclosure.

We discussed biodiversity in engagements with over 50 companies in sectors that have a high impact or dependency on biodiversity, including agrifood, paper and forestry, utilities, energy, chemicals, metals and mining.

Biodiversity engagement framework

Priority issues	Relevant sectors	KPIs for assessment	Biodiversity loss driver addressed
Regenerative agriculture	Agriculture & food, food retailers	• Target and capital allocation • Metrics to measure regenerative agriculture • Percentage of the supply chain/goods sourced from regenerative agriculture • Incentives for farmers to adopt regenerative agriculture	Habitat loss/land use change; climate; pollution
Deforestation	Companies with agricultural commodities sourcing (eg, wood, palm oil, soy, cocoa, rubber, beef)	• No-deforestation commitment • Percentage of sustainably sourced commodities • Percentage of supply chain or commodities sourced that are covered by a traceability system • Suppliers with no-deforestation commitment • Engagement with suppliers	Habitat loss/land use change; climate
Water	Food & beverage, metal & mining, textile, chemicals, water utility	• Water risk assessment • Percentage of operations in water stress areas • Water consumption reduction targets • Specific water management in water stress area	Resource depletion; pollution
Chemical and plastics pollution	Chemical, packaging, construction, retail, consumer goods	• Reporting pollutants • Reduction targets for pollutants • Recycling and reducing plastics with targets	Resource depletion; pollution
Land footprint	Metals & mining, energy, utilities, construction engineering	• Measure of biodiversity impact around land under operations • Location and areas of land disturbed • Resource depletion; pollution • Location and areas of land restored and conserved	Habitat loss/land use change

Source: Allianz Global Investors, 2023.

03.4 Engagement outcomes

Principle 7 9

We summarised our engagement approach and expectations of companies on human rights issues in supply chains in our thematic paper.

Human rights – the weakest link in supply chains?

03.4.3 Thematic engagement: human rights

A combination of global crises, high-profile worker rights violations and regulatory change has put companies in the spotlight in relation to ensuring workers are protected throughout the supply chain. In 2023, we made human rights a particular focus topic of our engagement and will continue to prioritise it in 2024.

Our proprietary framework for engaging with companies on human rights in supply chains draws from the OECD due diligence guidance for responsible business conduct and is based on the five pillars of human rights action that we look for in companies:

1. Human rights policy: a clear commitment regarding the respect of human rights at the company and across the supply chain, with a clear governance structure.
2. Risk assessment: a detailed and quantified risk assessment by country, organisation, activity and product.
3. Prevention, mitigation and remediation measures: these measures should be clearly identified in the risk assessment.
4. Performance tracking and monitoring: periodic audits of human rights performance using specific KPIs.
5. Communication and reporting: a full disclosure on human rights due diligence, including results of audits and remediation measures implemented.

For each of these five pillars, we developed relevant questions that all companies should be able to answer. They create a framework through which companies can demonstrate the materiality of human rights in their supply chains.

Sample questions from our human rights engagement framework

Human rights policy	Risk assessment	Prevention, mitigation and remediation measures	Performance tracking and monitoring	Communication and reporting
What does the company say publicly about its commitment with respect to human rights?	Has the company identified and disclosed its actual and potential human rights risks by type and correspondent risk level?	Has the company integrated human rights issues into its risk management and within suppliers' contracts?	Has the company implemented mandatory audits for all new suppliers?	To what extent is the company transparent regarding its human rights objectives and outcomes?

Source: Allianz Global Investors, 2023.

03.4 Engagement outcomes

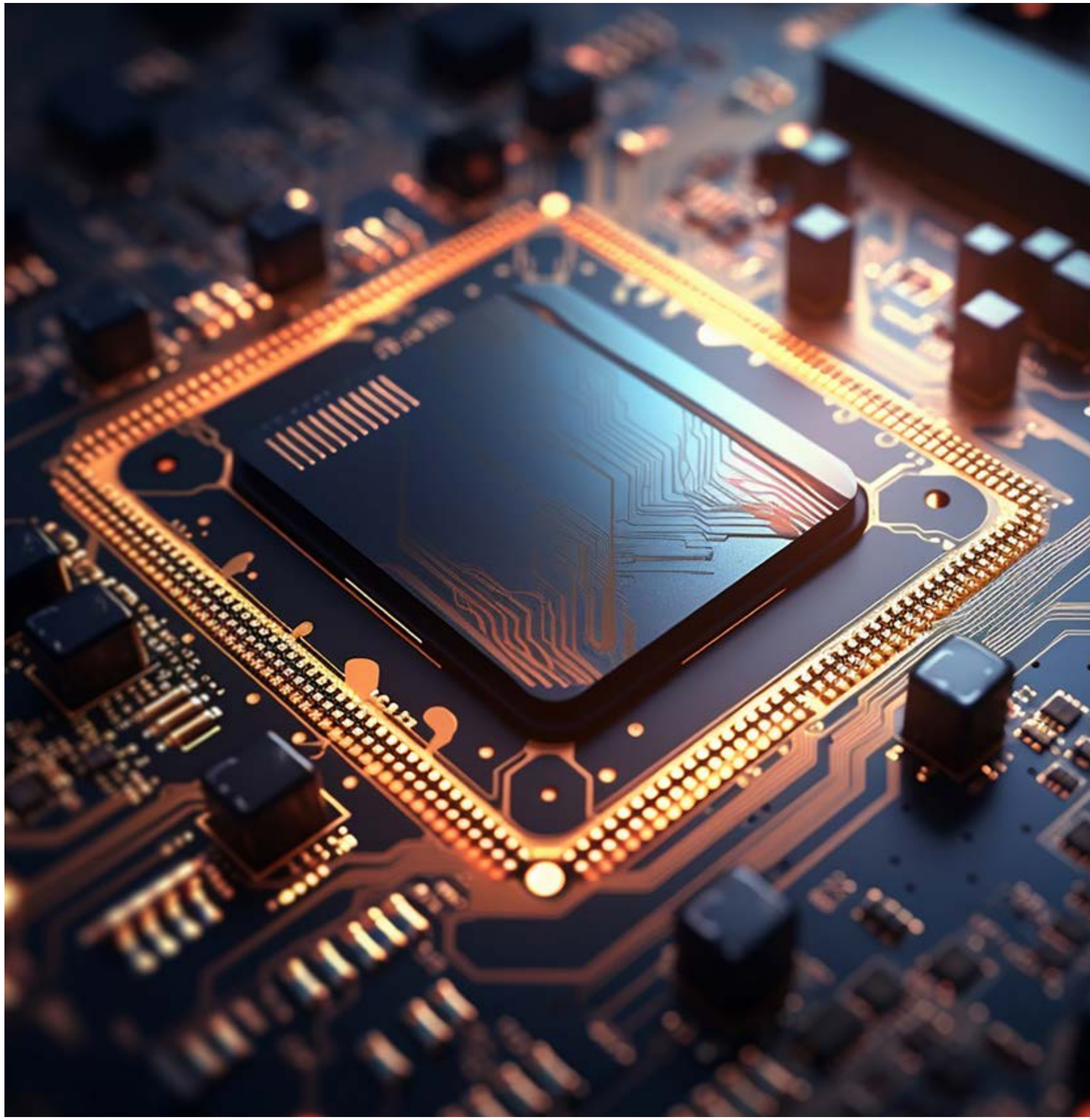
Principle 7 9

Case study: Labour issues in the electronics supply chain

In response to controversies concerning forced labour issues in its supply chain, we engaged with a Japanese electronics company on its governance and policies around the first three pillars of our human rights framework. During our discussion, we asked the company to formalise the review of its human rights policy and to provide more disclosure around its risk assessments. Although this engagement demonstrated that the company had sufficient processes in place, we took the view that they were not sufficiently formalised and highlighted this. We will monitor the company's progress in a follow-up conversation.

Case study: Assessing labour practices in China's Xinjiang region

Following allegations that some European car-makers were linked with forced labour in China's Xinjiang region, we engaged with one of the companies. The goal of the engagement was to encourage the company to carry out an independent audit of its Xinjiang plant, to credibly demonstrate that it was not employing forced labour. Several months after the engagement, the car-maker disclosed that its independent audit had found no evidence of forced labour. We appreciated the company's progress, despite the limited scope, and asked it to repeat the assessment more regularly in the future. This dialogue was of particular benefit to our fixed income holdings, and the credit analyst and portfolio manager were closely involved in the engagement.



03.4 Engagement outcomes

Principle 7 9

03.4.4 Increasing engagement in Asia

In 2023, we saw growing interest from clients in our active stewardship practices in Asia, where companies play a growing role in global supply chains and evolving regional regulation is embedding sustainability in corporate policies and practices. With a strategic focus on Asian markets, our Stewardship team works with local investment teams to further strengthen engagement with our core holdings, pursuing multi-year dialogues that target tangible outcomes:

- We focus on both ESG risk-based engagements and thematic engagements, such as biodiversity in the food and agriculture sector or climate engagements with banks.
- Our deep coverage of major Asian locations includes mainland China/ Hong Kong, Japan, Taiwan, South Korea and South-East Asian countries.
- We engage bilaterally with investee companies and collaboratively through global initiatives such as CA100+ or the PRI Advance coalition on human rights.
- We actively track policy and regulatory developments to strive for targeted and time-bound outcomes.

03.4 Engagement outcomes

Principle 7 9

Case study: Social risks at a Chinese metals and mining company

Owning and operating several mine sites globally, a Chinese metals and mining company is highly exposed to social risks. We engaged with it on several occasions during the past two years, in the form of bilateral engagements, collaborative engagements, on-site visits, and by hosting company board members at our offices.

We conveyed our expectations and advised on how to establish top-down governance on social risks, introduce targeted policies and actively implement third-party social audits. By the year-end, the company had established a dedicated board committee, led by the chairman, and was overseeing sustainability with a priority on human rights and community issues. It developed nine social-related policies and is making good process with completing social audits at more than five mine sites globally, with a commitment to transparency.

Case study: Assessing a bank's portfolio decarbonisation strategy

Given their materiality and impacts, the portfolio decarbonisation strategies of major banks have been a focus in Asia. We have been tracking the climate strategies of one Japanese bank since 2022, and after it was subject to a climate-related shareholder resolution at its AGM, we engaged with the company to assess its progress and to inform our voting decision. We noted that the bank had made progress in several areas: new sustainability KPIs linked to board members' compensation are on track; it is committed to publishing mid-term decarbonisation targets on eight key financed sectors, as recommended by the Net Zero Banking Alliance (NZBA), by October 2024; and it also plans to increase its sustainable finance targets. We appreciated the bank's climate progress, robust implementation and demanding ambitions. We therefore supported the management's recommendation to vote against a shareholder resolution at its AGM, and will follow it up in the coming year.

Case study: Nature-related performance at a Chinese dairy company

We have been engaging with a leading Chinese dairy company on nature-related topics since mid-2022 because of its influence on the industry, upstream suppliers and downstream customers. During several discussions, we conveyed global best practices and asked the company to improve on company-wide policies and sustainable sourcing, as well as the disclosure of biodiversity topics. It is encouraging to find that the company has established a dedicated forest protection policy with 2030 deforestation-free commitments and committed to publishing a TCFD-aligned biodiversity report and joining the Roundtable on Sustainable Palm Oil (RSPO). This progress has been reflected in an external ESG rating upgrade that makes the company one of the best performers in China. We will continue our dialogue and monitor outcomes in the coming year.

03.5 Collaborative engagements

Principle 7 10

Collaborative engagement with other investors increases our impact when shaping pathways to a more sustainable future. In some cases, it is the most effective way for AllianzGI to achieve engagement objectives for our clients.

It allows us to reach a larger set of our portfolio companies by joining forces with other investors, and is also important where we have major concerns, but only small holdings in investee companies. While we still led the majority of our engagements ourselves in 2023, we significantly expanded our collaborative engagement activities during the year and led or participated in 22 collaborative engagement meetings. We increased our memberships in various initiatives to increase our impact in line with our pivotal sustainability themes. This involved co-founding and joining new engagement initiatives, intensifying our work in others and forming ad-hoc coalitions, as needed. Some initiatives that we co-founded or expanded are as follows:

30% Club Germany Investor Group

We stepped up our engagement activities on gender diversity. Part of this was our co-founding in October 2023 of the 30% Club Germany Investor Group, together with five other asset managers. The Group aims to increase gender diversity on management boards and among senior executives, as well as improve the pipeline of female talent. We consider this an important initiative for our home market, as German companies significantly lag their wider European peers when it comes to female representation at executive level. We are co-chairing the initiative in its first year. As a first step, the Group sent letters to all DAX 40 and MDAX[40] companies to raise awareness of the engagement agenda. Engagement meetings will be scheduled in 2024.

The 30% Club France Investor Group

We continued our work on the 30% Club France Investor Group as co-chair. In this capacity, we engaged with the human resources officer of a materials company, who is also a member of the executive committee, to understand whether the company's gender diversity strategy will ensure equal career pathways for men and women. In a sector where women form just 23% of the workforce, we learned that the company has embedded gender diversity in its strategy, and that the concept is both embraced by leadership and "lived" by the workforce.

We welcome the fact that the company supports female managers as potential candidates to join the boards of subsidiaries and builds a pipeline of female executives. We will continue engaging with the company to monitor progress and compliance with the Rixain Law, which sets quotas for female representation in leadership positions at large corporations. This remains a challenge given the current composition of the company's workforce.

Nature Action 100

Launched in September 2023, Nature Action 100 (NA100) is a global investor engagement initiative that drives corporate action to reverse nature loss in line with the UN Global Biodiversity Framework. We joined NA100 as a founding participant and use it to enlarge our biodiversity engagement outreach and collaborate with our peers to advance biodiversity-related practices and reporting with investee companies. We have signed engagement letters for 93 companies, reflecting our equity and fixed income holdings across the 100 target companies. We are part of the engagement teams for three companies that will be engaged with in 2024. As with Climate Action 100+, NA100 plans to publish a benchmark analysis of target companies. We have provided feedback on the consultation for the NA100 benchmarking methodology based on insights from our own research and engagements.

40 The DAX 40 is a stock market index consisting of the 40 major German blue chip companies trading on the Frankfurt Stock Exchange. MDAX includes the 50 Prime Standard shares that rank in size immediately below the companies included in the DAX index.

03.5 Collaborative engagements

Principle 7 10

IIGCC Net Zero Engagement Initiative (NZEI)

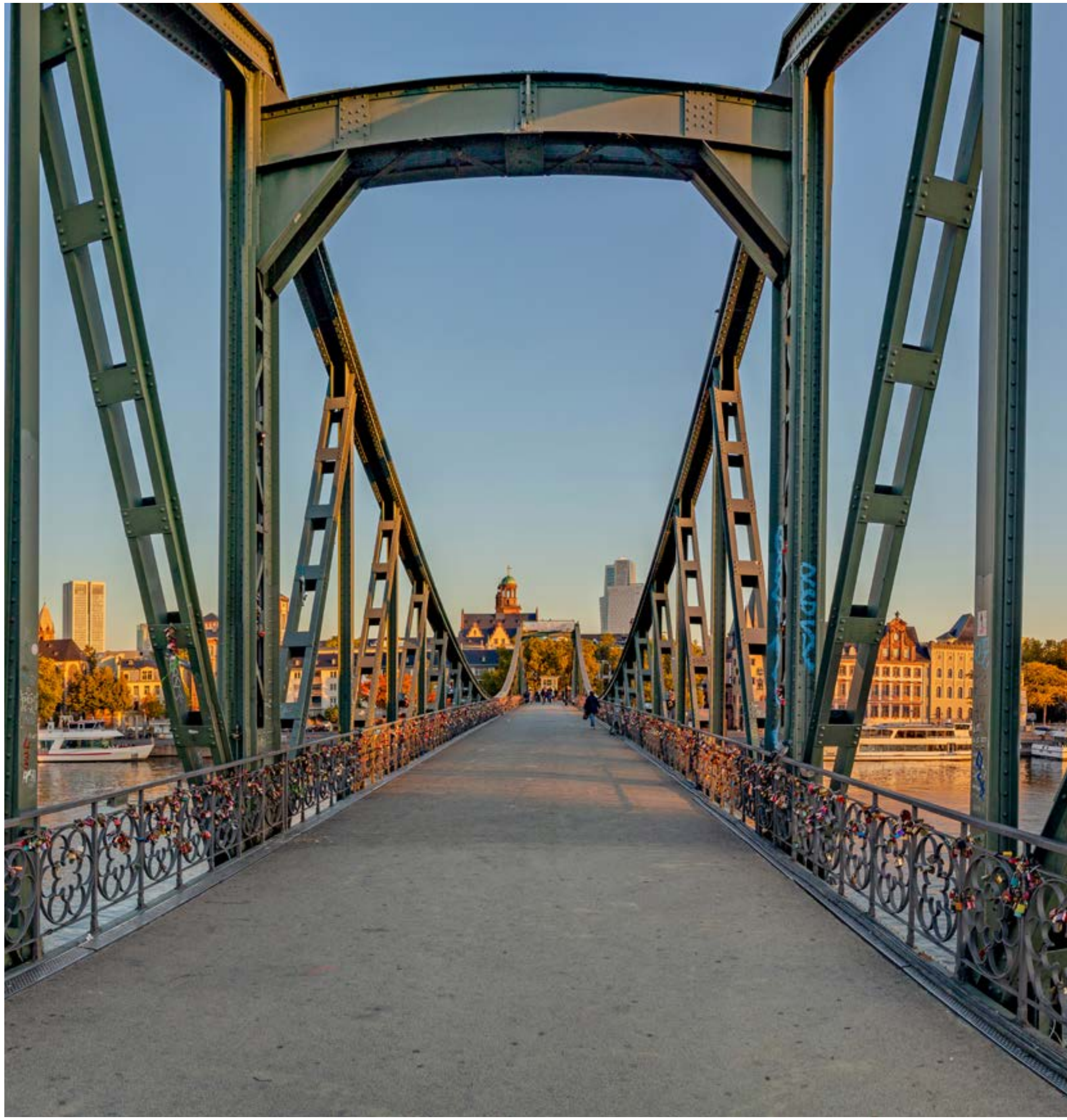
We joined the IIGCC NZEI to broaden our reach with respect to our climate engagement activities. The NZEI initiative extends the scope of engagement targets beyond Climate Action 100+ companies. We supported around 60 letters sent jointly with other investors to our portfolio companies. In addition, we participated in three engagement groups with other investors to challenge companies on their progress towards net-zero targets.

Full list of collaborative engagement initiatives in which AllianzGI is active:

- 30% Club France Investor Group
- 30% Club Germany Investor Group
- AIGCC
- Climate Action 100+
- Ceres Food Emissions 50
- Emerging Markets Investors Alliance
- FAIRR
- IIGCC
- The Investor Forum
- Nature Action 100
- PRI Advance coalition on human rights

Legal framework and policy engagement in Germany

In our home market of Germany, collaborative engagement is still in an emerging state due to a regulatory environment that is not clearly defined in relation to the implications of “acting in concert”. This means there is a certain degree of uncertainty among asset managers and owners as to the conditions under which they may cooperate in engagements. We continued policy work to seek clarity on this topic in 2023 via the Ministry of Finance’s Working Group on Sustainable Finance.



03.6 Industry engagement and commitments

Principle 4 7 10

Recent years have seen a continued increase in both sustainable finance regulation and the number of industry-wide sustainability initiatives.

This further underlines the recognition that market and systemic sustainability risks need to be addressed. We support this development, working to proactively shape industry initiatives and sustainability standards. Our advisory roles in relation to sustainable finance regulation exemplify our commitment. We have embraced new industry initiatives that are critical to our endeavours while discontinuing our involvement in others, thereby sharpening our focus on the most impactful sustainability efforts within our industry.

EU Platform on Sustainable Finance

Together with Allianz, we are a member of the EU Platform on Sustainable Finance, an advisory body to the European Commission since 2021. The platform assists the Commission in developing its sustainable finance policies, notably the development of the EU Taxonomy Framework. We particularly contribute to the work of the new Subgroup 1 on usability and data, which advises the EU Commission on (i) the usability of the EU Taxonomy, (ii) the usability of the wider sustainable finance framework and (iii) data science.

We are part of the first subgroup, which provided the Commission with a report on a compendium of market practices in 2023. Leading the group for input from investors, we also coordinated the response to the European Supervisory Authorities' consultation on a review of SFDR's technical standards, as well as the EU Commission's review on the general SFDR framework and its implications for and interactions with the broader Sustainable Finance Framework. The current platform's mandate runs until Q4 2024.

Industry consultations and other policy engagement activities

We engaged with national and international regulators, policy-makers and politicians on topics ranging from stewardship and net-zero commitments to regulatory framework consistency, implementation timelines and ESG ratings. Through these engagements, it is our aim to promote continued improvement of the functioning of financial markets, with a special attention to sustainability. For example, we are active in the Eurosif SFDR Advisory Group. One major outcome of this group was the response to the European Commission's SFDR L1 consultation. The chair of our internal Sustainability Governance Committee also chairs the Sustainable Finance Committee of the German Investment Fund Association BVI. Through our membership of the Asia Investor Group on Climate Change (AIGCC), we collaborated on a consultation on the Monetary Authority of Singapore's Guidelines on Transition Planning. These guidelines are designed to establish clear expectations for financial institutions, ensuring they develop robust transition planning processes.

Taskforce on Nature-related Financial Disclosures (TNFD)

In 2023, we took several steps to reinforce our commitment to protecting biodiversity. In May, we became a member of the TNFD Forum, reflecting our conviction that it can become a central framework for biodiversity. As part of our membership, we collaborate with other TNFD members to support systemic progress on planetary boundaries and biodiversity concerns – for example, by shaping new developments around nature-related financial disclosures and impact measurement.

GFANZ Asia Pacific Network

To further strengthen our aspiration to shape sustainability in Asia Pacific, AllianzGI joined the GFANZ Asia Pacific Network in 2023, which supports the expansion of net-zero finance in Asia-Pacific and helps to accelerate the region's transition to a net-zero economy. The initiative enables us to keep pace with market developments around the transition of the economy in the region. Given the region's significant economic growth, energy consumption and carbon emissions, the Asia Pacific Network plays a crucial role in addressing climate change.

03.6 Industry engagement and commitments

Principle 4 7 10

Japan Sustainable Investment Forum

In 2023, AllianzGI also became a member of the Japan Sustainable Investment Forum (Japan SIF), which is dedicated to promoting sustainable investment practices in Japan. It serves as a platform for investors, financial professionals and other stakeholders interested in integrating ESG considerations into their investment decisions and corporate practices. Japan SIF is part of a global network of Sustainable Investment Forums (SIFs) that work towards the development, understanding and advancement of sustainable and responsible investment practices across different regions and countries.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was established to improve and increase reporting of climate-related financial information. As a signatory, we have has actively reported on our approach to climate change and related risks since 2019. By publishing TCFD reports, we highlight our commitment to transparency, showcasing how we assess, manage and mitigate climate-related risks and opportunities. Ultimately, we remain convinced that TCFD-aligned practices contribute to a more resilient and sustainable global financial system, benefiting clients, investors and the planet.

A complete overview of AllianzGI's initiatives and memberships can be found in the appendix of this report.

03.7 Escalating engagement concerns

Principle 7 11

In our engagements, companies are not always adequately responsive to concerns raised or their actions do not give due consideration to the interests of minority shareholders. If we conclude that a substantial portion of our concerns cannot be resolved through standard interactions with investee companies, and we believe that an engagement has failed against the pre-defined objective, we consider escalation trajectories.

Our decision on escalation depends on the development of the engagement to date. We take into account the nature and magnitude of the unresolved concerns, the relevance of our holdings in certain funds and considerations around the scope to escalate to a more senior level within the company.

Initially, escalation typically involves requesting additional meetings with management. We could seek more intensive dialogue by requesting to speak with non-executive directors or the board chairperson. We prefer to address matters of concern directly with the board chairperson, lead or senior independent director or other non-executive board members. This provides direct unmediated input from the board on matters of concern. If we form the impression that direct interaction has been unsuccessful, we may decide to follow up in writing to the board.

While we vote against certain agenda items consistently in line with our voting policy, in some cases we vote against resolutions at shareholder meetings as a means of escalation. For example, we hold directors accountable if we do not consider a climate strategy ambitious enough to align with the Paris Agreement goal of keeping the global temperature increase well below 2°C; if we observe that companies are not responsive to shareholder concerns with respect to climate; or if management deviates significantly from their climate strategy without consulting shareholders.

We prefer to engage directly with companies. Where direct engagement does not progress satisfactorily or where our shareholding is insufficient for an effective escalation in our own right, we consider other options. These may include:

- Forming ad-hoc coalitions with other institutional investors on matters of concern.
- Joining collaborative engagement initiatives co-ordinated by investors, associations and other organisations seeking to address market or industry-wide concerns. In all cases we retain full discretion to exercise our rights, including voting.
- Expressing concerns through advisers to the company, for example, in merger and acquisition (M&A) situations.
- Pre-announcing our votes – thus making our voting decision public prior to the AGM.
- Co-filing/filing resolutions at shareholder meetings – as a way of enhancing key engagements.
- Reducing or exiting our investment position when appropriate (any decision to exit an investment position is taken at a portfolio level).

We consider making public statements in respect of individual companies as a last resort, when all other channels of dialogue have been exhausted.

We apply this approach broadly across our holdings globally, although portfolio considerations and local practice may affect our decision.

For fixed income holdings, escalation tools are, by nature, more limited as they do not extend to actions taken in the context of shareholder meetings. However, if we have holdings in both equity and fixed income funds, we may lead escalation measures across asset classes to be more effective.

In 2023, we decided to pre-announce votes for the AGMs of three companies for the first time. Pre-announcing our voting intentions reflects an escalation around themes that are important to us, and where our stake or engagement experience means escalating in this manner is appropriate as part of an active sustainability orientation. It helps to draw the attention of the market, clients and other companies to a particular issue or resolution in line with our pivotal sustainability themes. For the same reason, for the first time, we co-filed a shareholder resolution in 2023.

> **See also section 03.1.**

03.7 Escalating engagement concerns

Principle 7 11

Demonstrating active stewardship across major sustainability themes

Climate change Supported shareholder proposal regarding climate action transition plan at 2024 AGM	**Chevron**
Planetary boundaries Supported shareholder proposal regarding climate action transition plan at 2024 AGM	**Glencore**
Inclusive capitalism Supported shareholder proposal regarding assessment of workers' rights commitments	**Starbucks**

Case study: Pre-announcing our votes

As part of our continued engagement with a US oil and gas company, we met the company's sustainability lead and senior advisor within its ESG engagement team. It was a group meeting for the company to hear investor perspectives from Europe and understand investor views. A wide variety of topics related to climate change and the transition strategy were discussed, including Scope 3 targets. The company's position was some distance away from our view as a European investor. Unconvinced that the company was likely to develop a transition approach consistent with our expectations, we decided to escalate by pre-announcing our intention to support a shareholder resolution that requested the company to reduce its Scope 3 GHG emissions.[41]

Case study: Exiting our position due to insufficient risk oversight

Having been invested in a renewable energy company for several years, a number of governance issues became evident, which led to profit warnings and significant impairments. Engaging the management team led us to believe that the company's risk management processes had not been working as one would expect, including a lack of board oversight on the matter. Following additional research into the reasons for these developments, we arrived at the conclusion that the company had not yet taken sufficient measures to prevent such incidents from occurring in the future. As a result, we decided to divest our holdings in certain funds.

41 Greenhouse Gas Protocol, Corporate Standard, 2024.

03.7 Escalating engagement concerns

Principle 7 11

Advancing thematic and collaborative engagement

Case study: Escalating through collaborative engagement

We had engaged with a steel-producing company on a variety of topics, including decarbonisation projects, investments in renewables, the Science-Based Targets initiative (SBTi) and health and safety issues. While we are satisfied with the status of its decarbonisation investment plan, which is well on track to deliver its 2030 decarbonisation target, we continue to see the information given on reasons for fatality and accident frequency as unspecific and insufficiently transparent. This lack of clarity also applied to remedial measures taken. We therefore decided to initiate a collaborative engagement and convened a group of like-minded investors to discuss health and safety, given insufficient prior responses, continued fatalities/incidents and perceived lack of traction in one-to-one meetings.

Following an introductory meeting between the investors and company representatives responsible for the topic on both executive and management committees, we sought to better understand the drivers for the most recent incident, as well as wider background on health and safety governance processes. Our expectation is that a full review of the company's safety management systems will be undertaken. We intend to follow up once this has been completed to understand the improvements that will be implemented.

03.8 Exercising our voting rights

Principle 7 11 12

Exercising voting rights at shareholder meetings is a fiduciary responsibility to our clients and a core part of our role as an active investor. It allows us to have a say on some of the most important issues affecting the long-term development of investee companies.

2023 highlights

Voted at **9,137** shareholder meetings.

We opposed 23% of all management resolutions.

We opposed 41% of all votes on remuneration.

We opposed 24% of director elections.

We opposed 18% of capital authorisations.

Source: Allianz Global Investors, as at 31 December 2023.

Our focus issues for proxy voting include the election of board directors, executive compensation, capital-related authorisations and the appointment of external auditors. Other important voting topics include climate change, workforce diversity, labour rights, political donations and lobbying activities.

We apply proprietary corporate governance guidelines across our holdings globally. We put great effort and care into developing in-house views and positions on corporate governance and proxy voting matters. Our voting decisions are informed by in-depth research, analysis and engagement with investee companies, which we often conduct over several years. Detailed proxy voting policies help shape our voting decisions.

In 2023, we continued to strengthen our voting policy in line with our three themes, especially with respect to ethnic diversity and holding directors accountable on climate issues (see table). In our view, director accountability is particularly important when climate transition strategies are not initiated in time or we deem them insufficiently ambitious. In 2022, our guidelines changed with a decision to vote against remuneration policies of large-cap EU companies that lack ESG KPIs. We implemented this voting rule as of 2023.

Select changes to our Global Corporate Governance Guidelines in 2023

Issue	New policy	Reason for the change
Climate	Vote against Chair of Sustainability Committee/Strategy Committee/the Board (as applicable) of CA100+ companies in the EU/US if no GHG reduction targets/TCFD disclosure in place (as of 2024).	Strengthen our approach on climate voting and extend it to holding directors accountable if companies in high-emitting sectors do not have climate transition plans in place.
Ethnic diversity	Vote against Chair of Nomination Committee or Chair of the Board if board does not have at least one director with an ethnic minority background (UK and Canada).	More consistent approach on ethnic diversity across relevant markets.
ESG KPIs in remuneration	Vote against remuneration policies without ESG KPIs (EU/large company).	Expectation for companies to set proper sustainability-related incentives.

Voting on shareholder proposals is a key part of our stewardship programme. Shareholder proposals offer companies an important insight into the views and concerns of investors. They provide meaningful support for issues raised that merit careful consideration by companies' boards and management. We customarily review shareholder proposals for all of our holdings. Given the variety and variability of shareholder proposals, we prefer to review and vote on a case-by-case basis, taking into account factors such as the nature of the proposal and whether it might be overly prescriptive in nature, as well as the company's overall policies and progress. In 2023, we co-filed a resolution for the first time.

Our goal is to vote at the shareholder meetings of all the companies we invest in, where we have the authority to exercise voting rights. Our Proxy Voting Committee reviews vote outcomes and we evaluate and address notable year-on-year changes in the number of shares voted. We respect the right of clients in segregated accounts to retain voting rights or request that voting rights are exercised in line with their voting policy. They may also delegate proxy voting and engagement activities to a third-party service provider.

03.8 Exercising our voting rights

Principle 7 8 11 12

We do not provide clients with the option to influence voting decisions on a case-by-case basis. We are committed to full transparency of our proxy voting activities. Our disclosures include detailed Global Corporate Governance Guidelines, a Stewardship Statement detailing our engagement and conflict of interest policy, and real-time disclosure of all votes cast, accessible through our website. This insight includes commentary on our votes against resolutions and abstentions.

03.8.1 Ensuring a robust voting process

All proxy voting research and initial voting recommendations are generated based on our proprietary proxy voting policy. Proxy voting research is provided by Institutional Shareholder Services (ISS), a third-party proxy voting service provider.

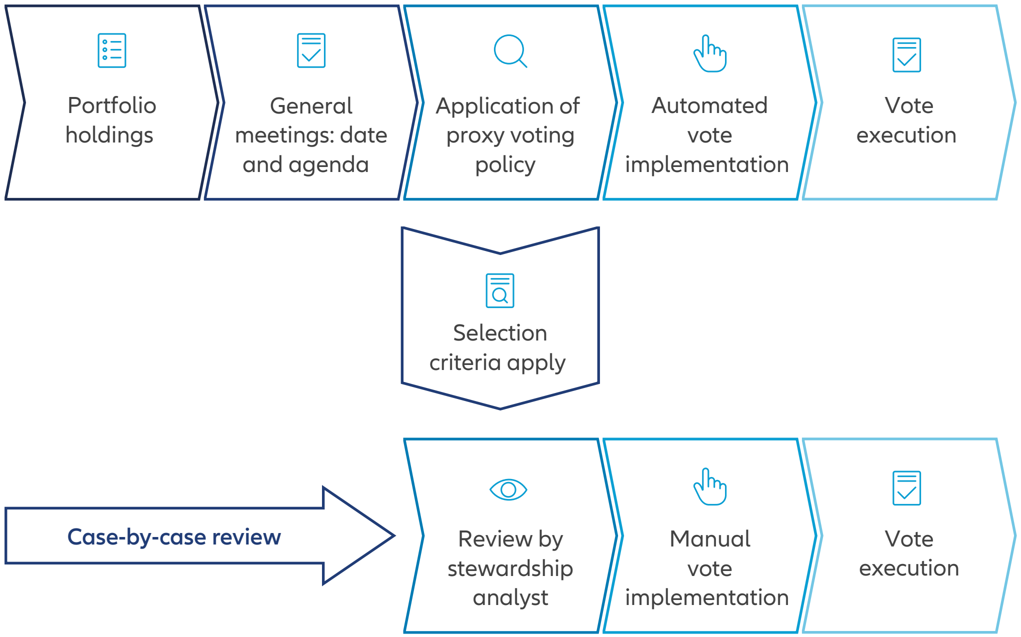
We use an electronic proxy voting platform provided by ISS to cast our votes. Our Stewardship team is in ongoing contact with ISS whenever questions arise with regards to a specific piece of research and the application of our policy. Additionally, we hold quarterly review meetings to review broader process issues, involving teams responsible for compliance and the operational integrity of the voting process alongside members of the Stewardship team.

We review a weekly report from AllianzGI's Central Enterprise Data Repository[42] that is specifically centred around voting rights and the respective entity. This picks up any change or addition to voting rights (and the effective dates of these changes) attached to all accounts and informs operations to update these statuses with ISS. The reporting contains asset class information to clearly show which accounts require attention. We also conduct a quarterly audit across all of our funds with data reviewed by the Compliance team. We review and challenge unvoted meetings.

We take a risk-based approach to research and analysis around proxy voting. This means the Stewardship team focuses its efforts on reviewing shareholder meeting proposals for the proportion of holdings in our portfolios deemed particularly important to us and potentially higher risk. These holdings are, for example, large aggregate positions across our strategies or core holdings in individual funds. Our proxy voting policy is consistently applied to the remaining holdings.

Once reviewed, proposals are posted on an internal global research and collaboration system for review by our Investment teams. For policy overrides, internal consultations involving investment professionals also take place through this platform. We aim to have one integrated view when it comes to proxy voting decisions. In exceptional cases where we do not reach consensus, voting decisions are escalated to the Proxy Voting Committee. In a minority of cases, we apply policy overrides – for example, when we gain additional information following engagement that is pertinent to the voting decision.

AllianzGI proxy voting process



42 The internal repository for all AllianzGI's vehicle, investment, operational (static) data.

03.8 Exercising our voting rights

Principle 5 7 11 12

03.8.2 Strengthening our voting policy

We review our global corporate governance guidelines and related policies at least annually, considering changes in market developments, vote turnout, regulatory amendments and changes in client expectations.

We include feedback from our service provider on the applicability of our voting policy in the review process. All proposed amendments to the guidelines and voting policy require consultation with our investment platform, involving equity portfolio managers in all of our locations globally. Input from Investment teams enables us to combine best practice standards for corporate governance with the knowledge of how they can be best applied and promoted in local markets.

Amendments to the global corporate governance guidelines are approved by the Global Proxy Voting Committee. The committee considers proposals for change as raised by the Investment and Stewardship teams.

03.8.3 Securities lending

Securities lending can enhance returns where it is deemed appropriate. We do not actively engage in securities lending on behalf of our mutual funds or assets for institutional clients, whether via an in-house securities lending desk or a third-party agency. However, where an individual institutional client requests us to facilitate securities lending through external agency lending – for example, via an independently selected custodian – we strive to support this activity within our operational process frameworks.

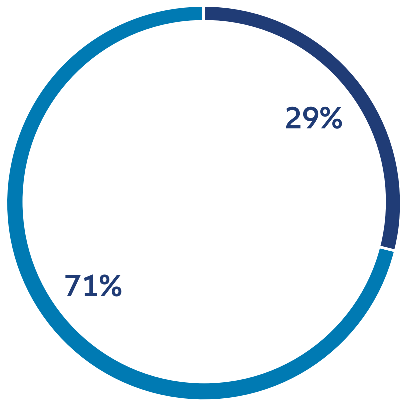
03.8.4 How we voted in 2023[43]

We participated in 9,137 shareholder meetings in 2023 (2022: 10,205), representing 95% of all votable meetings.[44] We voted against, withheld or abstained from at least one agenda item at 71% of meetings globally (2021: 69%). We opposed 22% of all resolutions (2022: 22%) to reinforce our dissatisfaction with governance issues or sustainability matters.

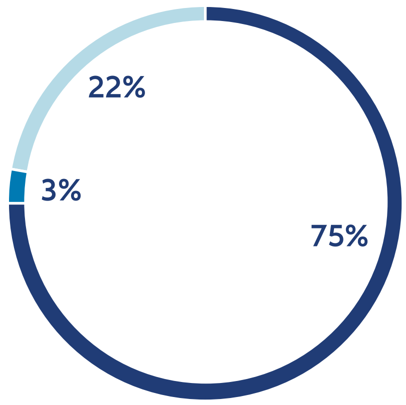
43 The voting examples provided in this section were selected contextually as they illustrate a key feature of our voting stance and trends of our voting application.

44 We cast votes for all holdings where we have voting rights. However, in certain cases, votes cannot be executed, for example, if share-blocking applies, or only at a high cost in markets where Power of Attorney is required. Thus, the share of meetings voted came in slightly below all votable meetings.

Voting in 9,137 shareholder meetings



Voting on 95,512 single proposals



Source: Allianz Global Investors, as at 31 December 2023.

These figures reflect our highly active and globally consistent approach to stewardship and our willingness to vote against proposals that do not meet our expectations.

Our voting decisions are often preceded by engagements that can be multi-year dialogues. Given that strong governance practices at investee companies are critical enablers of investment performance, we place high importance on governance dialogues and engaged with 255 companies at least once on the following topics:

- Board composition, quality and competence of board members.
- Succession planning for chairpersons, directors and executives.
- Independence and expertise of key committees.
- Structure and quantum of executive remuneration, including ESG KPIs in pay.
- Shareholder rights, for example, in the context of takeover-related matters or capital issuance authorities.

03.8 Exercising our voting rights

Principle 7 11 12

How we voted by topic

Executive compensation

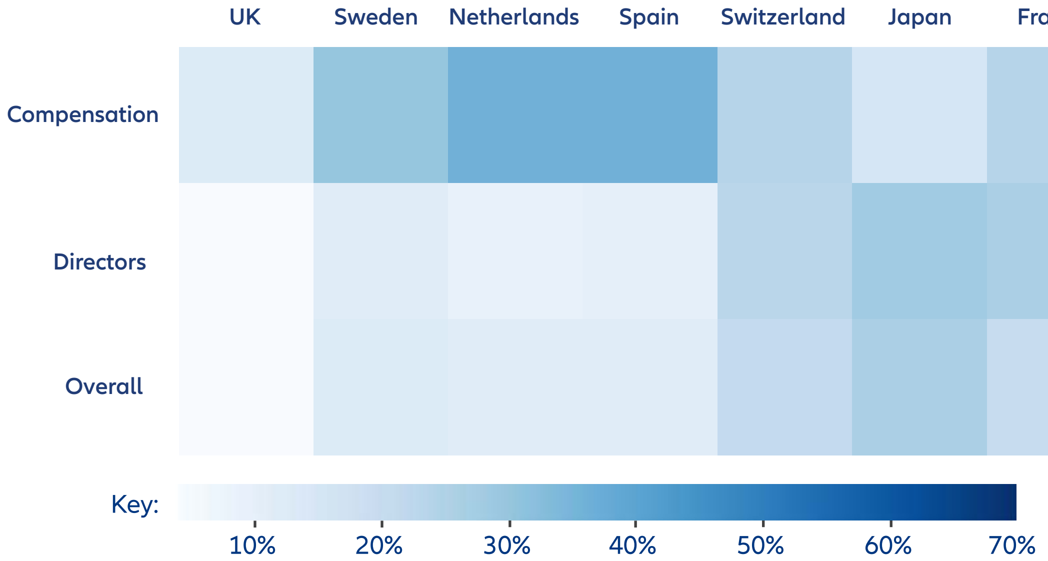
Compensation-related proposals continued to stand out as the most contentious area globally, with AllianzGI voting against 41% (2022: 43%) of all compensation-related management proposals. We typically voted against packages that were not supported by robust and challenging targets or when performance KPIs and actual targets were not sufficiently transparent.

A persistent concern is that pay plans often reward underperformance, which we do not support.

In Europe, we recorded most "against" votes in Germany (48%), Italy (55%) and Belgium (61%). In Germany, where we voted for the second year on remuneration reports, we continued to have concerns over transparency, particularly related to clearly disclosing the link between performance and pay-out. This was also a major concern in Italy. Here, we also observed that in long-term variable incentive plans, performance conditions were not challenging enough and/or had too short a performance period, which led us to vote against them. We expect engagement with our portfolio companies to result in more transparency over time. By contrast, we were pleased to see that the vast majority of European large caps have included ESG KPIs in their remuneration policies, a request that we included in our voting policy in 2023 and engaged on in the previous year.

Our rate of opposition to pay-related proposals in the US in 2023 continued to be high at 70%, although slightly lower than 2022 as we saw fewer cases of one-off awards. We continue to have a general concern that many US companies fail to operate long-term incentives that truly reflect management outperformance rather than market movement.

Breakdown of proxy voting by topic and location



(% of votes against management)
Note: the darker the colour the more votes against management

Source: Allianz Global Investors, as at 31 December 2023.

03.8 Exercising our voting rights

Principle 7 11 12

Case study: Management remuneration at a UK investment company

Given concerns around retention and recruitment, a UK investment company initially consulted on its remuneration policy, with a view to increasing the overall opportunity available to management. The proposal looked to right-size executive base salaries, as well as increase the maximum opportunity available through a "super stretch" mechanism – an additional target beyond the existing maximum target objective. We pushed back against the idea behind this additional objective. We also recognised the need for the company to remain competitive, but flagged the wider macro environment as challenging. The company took the investor feedback on board and decided to scrap the additional stretch mechanism while also phasing in the executive increases over a longer time period. We therefore decided to support the remuneration policy at the general meeting.

Case study: Vote against an employee stock purchase plan

At its extraordinary general meeting (EGM), a Chinese food company proposed a 10-year employee stock purchase plan (ESPP) for shareholders' approval. While the plan met our expectation in terms of dilution limits, it failed to disclose company-level performance challenges, and allowed up to 30% of the plan's shares to be allocated to directors, supervisors and senior managers without any detailed rationale. This flexibility could change the nature of the plan and provide targeted benefits to executives and senior management, which could harm minority shareholders' interests. We therefore voted against the proposal and raised our concerns in a follow-up engagement with the company. We also flagged this corporate governance risk with our investment professionals.

Board independence, overboarding and role of the chair

In 2023, we voted against 23% of all director-related proposals, consistent with the previous year. We opposed 24% of all director elections as we continue to have major concerns about the sound and balanced set-up of many boards (2022: 25%). We also voted against several companies where we deemed the board of directors and/or board committees to be insufficiently independent, either because directors had a long tenure or where they were representatives of major shareholders. Overboarding is a major ongoing concern in many markets. As demands on non-executive directors increase in times of economic uncertainty and geopolitical risk, we voiced our concerns and typically voted against when full-time executives take on more than one non-executive role, or when non-executive directors take on too many appointments in public and private companies.

We encourage companies to improve gender diversity and, in the UK, the US and Canada, the ethnic diversity of their boards by broadening the talent pool rather than overboarding individuals and exposing them to heightened professional risks.

In Asia, our highest rates of opposition were recorded in Hong Kong due to the low independence level of many boards and their committees, as well as overboarding. For the same reasons, in Europe the most contentious markets were Germany and Sweden. In Italy, we see specific issues due to the bundled election of board members in the voto di lista system. We would prefer that directors are elected on an individual basis rather than as part of a list of candidates.

03.8 Exercising our voting rights

Principle 7 11 12

Case study: Engagement on board independence and composition

Following high levels of dissent votes in 2022, we started an engagement campaign with Nordic companies on governance issues in the fourth quarter of the year and held follow-up calls between March and April 2023 ahead of the AGM season. A Swedish company was part of this campaign, in relation to the independence level of the board and its committees, as well as overall disclosure on the remuneration report. Following a call with the company, we shared our concerns regarding the composition of the audit and remuneration committees, which was not aligned with our expectations. The company committed to change the composition and made amendments with independence levels coming closer to our expectations. Given this positive outcome, we decided to override our voting guidelines and support the re-election of the directors. We also provided feedback to the company.

Climate-related resolutions

We consider “Say on Climate” a helpful tool for holding companies accountable for their climate ambitions. In 2023, we voted on around 30 such resolutions compared with about 50 in 2022. In Europe, most Say on Climate resolutions are still being tabled by UK and French companies, with few in other countries. Outside of Europe, the most prominent market for Say on Climate is Australia, whereas in the US it has not gained traction due to continued scepticism from domestic investors.

The year 2023 has been the third year of voting on climate strategy and progress reports. We observed issues with how companies are dealing with low vote turnouts on Say on Climate and with their responses to investor concerns more broadly. Additionally, we have also begun to see ad-hoc amendments to company climate plans after they have been submitted to a shareholder vote. We generally expect a company to be responsive to investor concerns and to state how they will be addressed. We decided to take vote action against directors if we were not convinced by companies’ actions or explanations (see case studies). We consider holding directors accountable as an important way of voicing our concerns on climate issues.

Case study: Vote action following low Say on Climate support

We engaged with an Australian oil and gas company on climate ahead of its AGM to understand how it addressed investor concerns following historically low support for its Say on Climate resolution in 2022. However, we saw no improvement in its climate strategy, especially in terms of actions to support its transition plan. The company was also unable to show sufficient oversight on climate at board level or by top management. Given its lack of progress, we subsequently decided to vote against the re-election of three members of the Sustainability Committee to hold directors accountable. This followed the update of our proxy voting policy in 2023 to state that we will vote against directors’ election in cases of insufficient climate action.

Case study: Holding directors accountable

In its 2023 strategic update, an oil and gas major lowered its net-zero ambitions in the medium-term alongside increased investment in both oil and gas production and its transition-focused businesses. We sought to understand the rationale and underlying implications through engagement. While the company did not view this as a fundamental shift in strategy, we disagreed. Given this material change and the fact that investors were not offered an updated Say on Climate vote, we decided to vote against the Sustainability Committee chair.

On climate-related shareholder resolutions, we generally support resolutions that ask companies to report on their climate change strategy in alignment with the Paris Agreement or seek information on climate-related financial, physical or regulatory risks and how the company manages them. Some resolutions we were not able to support included requests for time-bound phasing out of activities when we viewed this as overly prescriptive.

03.8 Exercising our voting rights

Principle 7 11 12

Voting on shareholder resolutions

In 2023, we voted on approximately 2,100 shareholder resolutions globally. We typically support resolutions that have a longer-term focus and aim to improve corporate practice and transparency. We tend not to support resolutions that are too granular, overly restrictive or likely to impose an unreasonable administrative burden, or where we believe a company has already demonstrated reasonable progress.

In the US, sustainability-related issues typically find their way on to the agenda of a general meeting via shareholder resolutions. There was a record number of shareholder resolutions in 2023, but also generally lower levels of support, dropping to about 21.6% from a peak of 33.3% in 2021.[45]

In the US, we voted on 629 proposals. This included 60 on corporate governance (excluding director elections and director-related), 62 on compensation and 211 on social themes. The remainder were environmental resolutions or a blend of areas. In the US, AllianzGI supported 86% of all climate-related shareholder resolutions, 100% of human-rights related resolutions and 91% of resolutions with respect to greater transparency on political contributions and lobbying.

Information on our voting behaviour is available in real-time on our website

Case study: Supporting a resolution on climate lobbying

We supported a climate lobbying shareholder resolution at a US bank. Transparency on climate lobbying is in shareholders' interest given the risks imposed to lenders as the economy transitions, as well as the positive contributions banks can make by financing climate solution sectors. For this company, we engaged during the year and had high conviction about our views given that, in our view, the bank's disclosure was insufficiently transparent.

Case study: Voting against additional reporting requirements

We did not support a resolution requesting a large US retailer to report annually on how the board is aligned with the racial and gender representation of laid-off employees. While we consider these dimensions of diversity important and human capital matters material for large employers, we do not think it is necessary to add to existing reporting in such a narrow way given it is already covering broader dimensions across the whole US workforce.

03.8.5 Exercising our rights and responsibilities beyond equities

Exercising voting rights is typically limited to equity holdings. As debt investors, we seek to exercise rights at the fund level, where possible. Where bond issuers have outstanding equity, our debt investors will benefit from the ability to exercise rights formally through our equity holdings.

However, where we view latitude in covenants or bond terms to be inappropriate, we seek to engage – either bilaterally or through collaborative engagement groups (eg, ELFA[46] and EMIA[47]) – to secure better debt holder rights.

Our engagement approach applies to equity and fixed income holdings, insofar as the counterparties overlap. We ensure a flow of information through our investment and collaboration platform, which both teams can access. In 2023, we continued to strengthen the collaboration between the Sustainability and Fixed Income teams in several areas, notably with respect to engagement **(see section 03.2.1)**. The Stewardship and Fixed Income teams have been in regular dialogue to improve the uptake of internally developed tools and to expand credit-specific engagement activity.

45 Sustainable Investment Institute, as of July 2023.
46 European Leveraged Finance Association.
47 Emerging Markets Investors Alliance (emia.org).

03.9 Transparently managing conflicts of interest

Principle 3 7

Our fiduciary duty requires us to exercise any rights – including engagement – in the best interest of our clients. This includes identifying, monitoring and actively and fairly managing any conflicts of interest that may arise from our activities.

We regularly review existing and new business processes, new products and services, new business relationships and internal restructuring measures to ensure we identify conflicts of interest at the earliest reasonable opportunity.

We have identified the following major potential conflicts of interest with respect to our stewardship activities:

1. AllianzGI is owned by Allianz, a global insurance and financial group whose interests and views may not always align with what we consider best for our clients.
2. Our core business is investment management – managing money and assets for our clients. Where a client's fund holds securities in a sponsor company, a perceived conflict of interest may arise if we exercised the proxy vote or engaged in topics on behalf of our client that may impact our own commercial interests or arrangements.
3. We may sometimes have clients that advocate a voting position with respect to a proxy vote on a company that we view to be inconsistent with the long-term best interests of other clients.
4. We may invest in a company that is also a significant distributor of our products.
5. A director, officer or employee of Allianz SE or AllianzGI may also be a director of a company that we invest in.

Our governance structure and policies and processes for managing conflicts of interest in proxy voting and engagement include a Conflict of Interest Policy published in our Stewardship Statement, which comprises the following elements:

- Global oversight – AllianzGI has established a Global Proxy Voting Committee to provide oversight of the proxy voting process. This reports to the Investment Executive Committee.
- Conflict management – there are instances when we may not wish to cast a proxy vote in strict adherence to our voting guidelines. Where a potential material conflict of interest arises between the company's interest and those of a client with respect to proxy voting, the Global Proxy Voting Committee will convene to evaluate the issue, considering information from all relevant sources.
- Functional separation – a separation of processes and management within AllianzGI helps ensure that individuals who are clients or have business relationships with the firm are not able to exercise improper influence over our proxy voting decisions. Proxy voting rests entirely with the investment platform in line with pre-defined oversight procedures.
- Training – we have implemented employee training designed to prevent perceived or actual conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients.
- Risk management – to manage potential conflicts in our engagement activities, the Risk Management function has developed clear and transparent internal escalation guidance. The guidance distinguishes between non-public and public engagement activities.

In 2023, the Proxy Voting Committee convened three times to decide on proxy voting decisions that constituted a potential conflict of interest. This concerned voting matters relating to our parent company, Allianz, and major distributors.

03.9 Transparently managing conflicts of interest

Principle 3 7

Conflict type	Description and approach taken to manage conflicts of interest
Voting shares of our parent company	**Context:** AllianzGI is owned by Allianz, a global insurance and financial group. Several of our funds may invest in Allianz securities. A potential conflict of interest arises between the interest of these funds and those of our parent company when voting on our shares. **Mitigating policies and procedures:** While research, analysis and alignment follow the usual processes, we instituted procedures to make sure that shares of our parent company are voted in the best interest of our clients. AllianzGI has also imposed strict controls and information barriers designed to insulate our decision-making process from improper influence and to ensure that we are able to carry out our investment decisions and stewardship activities in a manner consistent with the interests of our clients. In particular, all suggested proxy voting decisions are directed to the Proxy Voting Committee for review and decision-making that ensures that our fiduciary duties are respected.
Voting shares of our main distribution partner	**Context:** We may invest in a company that is also a significant distributor of our products. **Mitigating policies and procedures:** While research, analysis and alignment follow the usual processes, we instituted procedures to make sure that shares of a key distributor we are invested in are voted in the best interest of our clients. In the case of a significant "against" vote in line with our proxy voting policy recommendation, and considering the size of our holdings, the vote proposal would be directed to the Proxy Voting Committee for review and decision-making to ensure that we comply with our fiduciary duties.

03.10 Looking ahead: active stewardship

Principle 7

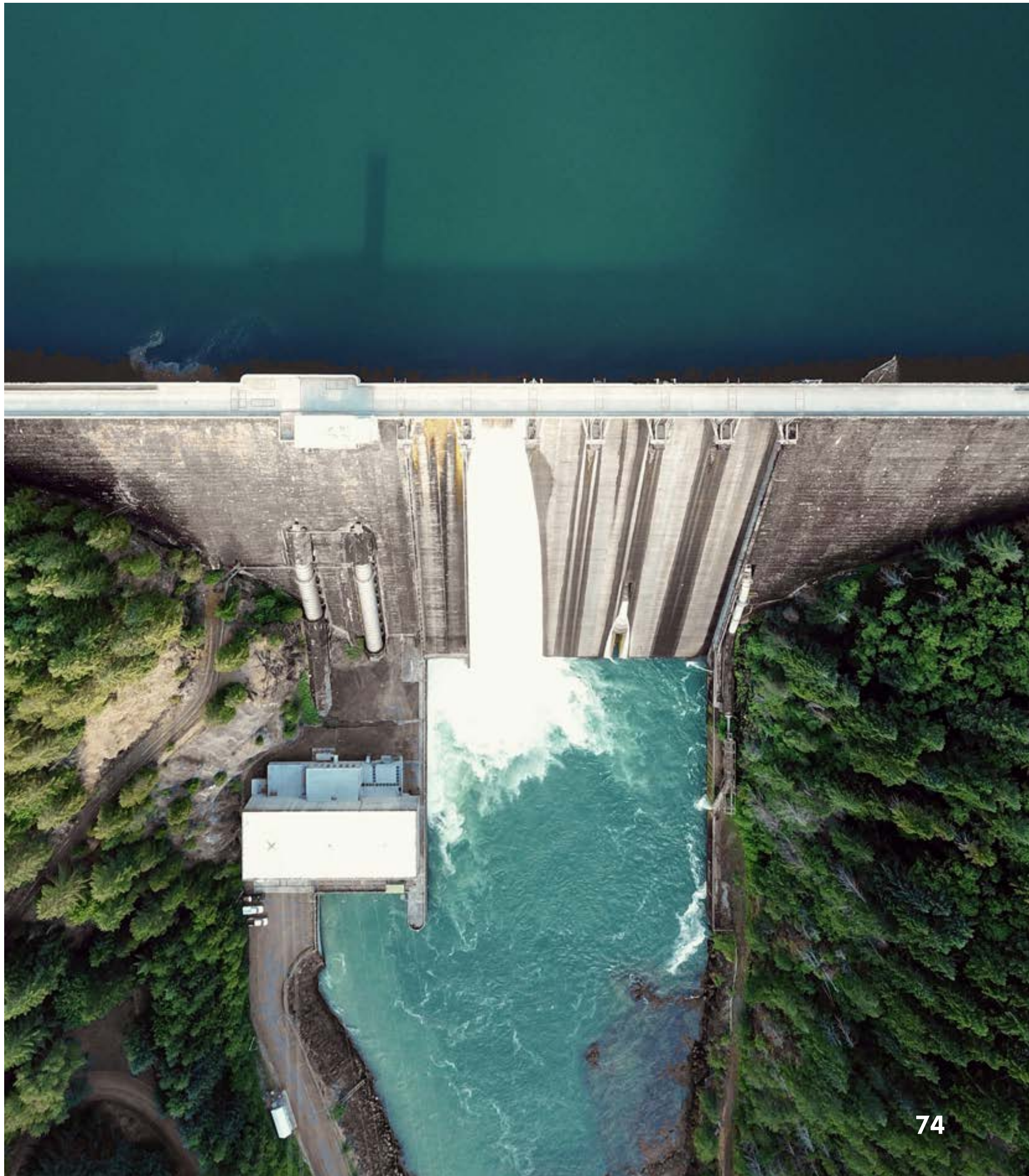
Looking ahead: active stewardship

In 2024, our plans to strengthen our stewardship approach include:

- Strengthening our voting policies around pay, gender diversity and climate.
- Updating our voting policy to increasingly hold directors accountable if a company does not have a credible net-zero strategy in place.
- Expanding our policy of voting against large-cap companies that do not include ESG KPIs in their remuneration policies beyond Europe, and to smaller companies, as of 2025.
- Basing our decisions on the application of our proprietary net-zero alignment share methodology,[48] which compares companies' progress consistently across sectors and markets.
- Reinforcing our expectations with respect to independence, for example, asking boards to implement an independent Chair of their Audit and Remuneration Committees.

48 The net-zero alignment share methodology aims to assess the credibility of a company's transition plan and net-zero pathway. It is based on the Net Zero Investment Framework from IIGCC's Paris Aligned Investment Initiative.

04 Strengthening sustainability in our operations



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In 2023, AllianzGI reached a key milestone – achieving environmental sustainability targets in our global business operations. Alongside that, important work has been done to enhance our firm as an attractive and inclusive place to work, with a significant focus this year on providing opportunities for all employees to engage more in global and local causes that matter to us all."

Cecilia Grøndahl
Head of Culture and Engagement

04.1 Strengthening sustainability in our operations

Being a sustainable business means creating long-term value without compromising our impact on people, planet or profit. We work towards this goal both through the sustainable products and services that we create, and by strengthening sustainability in our own operations.

To become more sustainable as a company, we take action in four areas: how we empower our people, how we run our business, how we manage the environmental impact of our operations and how we contribute to society.

We are building on a good standard of environmental management across our operations, developing our social approach, strengthening governance with continuously enhanced internal control processes and integrating more sustainability criteria into our supply chain management.

This chapter describes the progress we have made during 2023.

> **Please see section 01.3 for more information on our sustainability governance and how we are expanding our more holistic approach to sustainability.**

04.2 Creating an inclusive and supportive workplace

We foster a working environment where people, performance and clients matter. We take a strong stance on diversity, equity and inclusion (DEI) and contribute to awareness and commitments to DEI across our industry and wider society. We focus on maintaining a diverse workforce and an inclusive workplace. The health and wellbeing of employees are important to us. We support employees to develop skills and knowledge that help shape sustainable pathways and allow them to be resilient and prepared for change.

04.2.1 Living DEI

Our work on DEI helps us to build a strong culture and to attract, develop and retain a wide variety of talent and an engaged workforce. It helps us avoid groupthink and make better business decisions. Fostering an inclusive and diverse workplace is not only the right thing to do: it is also part of our responsibility as a corporate citizen and embodies our corporate values of integrity and respect. By leveraging our responsible investor values, we have the power to encourage and directly influence greater levels of DEI activity within the asset management sector and wider society.

In 2023, we advanced our DEI work by connecting it to our overall corporate citizenship strategy, specifically by working with our corporate citizenship colleagues to create Local Engagement Groups (LEGs), **see page 91**.

Addressing female talent in asset management

A key challenge we continue to face is the long-term issue of a short supply of female talent in our industry. We address this in different ways, from actively sourcing female talent to ensuring female representation in our succession planning and supporting female talent development. The latest example was the nomination of female talent in 2023 to attend the Diversity Project's Pathway programme through 2024. Pathway, a bespoke programme developed by the industry for the industry, focuses on developing female portfolio managers.

Solving diversity data challenges globally

Another challenge we experience when working towards increased diversity across various demographics (eg, sexual orientation, ethnicity or disabilities) is the reluctance of employees in most labour markets to share this information with their employer, combined with the regulatory limitation in several of our locations related to collecting diversity data. To address this issue, in 2024 we will start collecting demographic data anonymously in the UK, where regulation allows it, and explore how we can best leverage diversity data for the benefit of minority groups. We will also work to strengthen a culture that encourages employees to feel safe to share personal information.

Our DEI strategy

DEI is a company-wide responsibility, and every employee has a role in creating an inclusive culture and supporting our commitment to DEI. The DEI governance structure is as follows:

- The **Executive Committee** is responsible for overseeing all DEI activity at AllianzGI, while our Head of Culture and Engagement leads on the implementation of our DEI strategy. Our senior managers are accountable for DEI within their functions, and this commitment is embedded within their performance goals, with progress regularly tracked.
- AllianzGI has been a member of **Allianz's Global Inclusion Council (GIC)** since its inception in 2007, with Tim Friederich, Head of risklab, representing AllianzGI. The GIC has been responsible for progressing DEI initiatives across the Allianz Group, as well as integrating DEI into the business and monitoring progress. It comprises more than 20 Allianz senior management members from various operating entities, and leads from our five global DEI Employee Networks, as well as Allianz Group Centre representatives.
- **Local Engagement Groups (LEGs)** These employee groups activate engaging activities that contribute to a sense of belonging and inclusive work environments. There are currently 11 active groups across our office locations, with some of these groups bringing colleagues together to clean up parks or neighbourhoods to support World Cleanup Day in September 2023.

04.2 Creating an inclusive and supportive workplace

AllianzGI's DEI strategy is based on three pillars:

1. Workplace: Who we recruit and develop	This pillar focuses on attracting and developing a large variety of talent to grow the diversity of our workforce and, in particular, to enhance women's representation at senior levels in the organisation. We aim to improve the diversity of our workforce through our hiring and recruitment practices, focusing on gender equality, offering fair and equal pay, and providing training and mentoring to develop and retain diverse talent.
2. Workforce: How it feels to work here	This pillar focuses on providing a workplace where employees, whether from majority or minority groups, feel included and valued. We aim to nurture an inclusive, safe and healthy culture through relevant practices, policies, tools, training and communication. These practices address zero tolerance towards harassment and discrimination, allow for flexible hybrid working, increase employees' DEI awareness and foster employee health and wellbeing.
3. Marketplace: How we serve our social purpose	This pillar focuses on how we can best leverage our responsible investor values to make a positive contribution for more DEI in our society and industry. Ways in which we contribute include our investment approach, and by making diversity an engagement priority for the active stewardship of companies we are invested in, with memberships and charter commitments for more diversity. We also use thought leadership to push for greater gender balance in our industry's boardrooms.

04.2 Creating an inclusive and supportive workplace

2023 highlights across each pillar

Workforce

- We took part in the ADAN Career Day, regarded as the largest career fair for Black and People of Colour (BPoC) in Europe, which exclusively brings together BPoC talent and renowned companies. The target group has a diverse academic background and appeals to graduates and professionals. According to the organiser, female representation is around 60–70%. We participated alongside other Allianz organisational entities, and we plan to do so again in 2024. We launched a 16-month graduate programme, hiring 16 graduates across the globe, 47% of whom are female, into roles ranging from Distribution to Operations and the Investment Platform. When they complete the programme, graduates continue their careers at AllianzGI in the role they were hired for.
- At the end of 2023 we joined the Diversity Project Pathway programme, which is focused on developing the female portfolio managers of the future. This 12-month programme brings together female talent from across the industry and focuses on areas, such as developing technical skills and strengthening leadership capabilities.
- We saw positive development of female representation in our overall workforce (43%), and among people managers (34%). See page 79 for a full breakdown.

Workplace

- Our zero tolerance culture activities were focused on strengthening the sense of psychological safety within and across teams at AllianzGI. Teams joined for reflections and exercises around risk awareness, speak-up culture and team cohesiveness. The post-workshop survey showed positive impact, with 89% of survey respondents agreeing the exercises helped strengthen team cohesiveness and 89% feeling safe to speak up when making mistakes.
- To improve people's virtual collaboration skills, we carried out workplace renewals that facilitate hybrid working and ran a "Fit4IT" week with digital tips and tricks, which attracted around 500 participants.
- We launched "InsideOut", an internal DEI online learning series, which focuses on knowing minority and majority social groups inside and out and has gained more than 4,000 employee views.
- Regular diversity webinars covered topics such as neurodiversity and attention deficit hyperactivity disorder (ADHD) awareness, which attracted 118 participants, with 100% of survey respondents agreeing they would recommend the webinar to other colleagues. Other examples include health and wellbeing topics, such as "Talking about cancer in the workplace", which attracted 187 participants.

Marketplace

- Part of our work to promote gender diversity is our continued membership of the 30% Club France Investor Group, and our role in co-founding and co-chairing the 30% Club Germany Investor Group in 2023. See page 57 for more details.
- We co-hosted various events in collaboration with 100 Women in Finance, such as "Web 3.0 & metaverse: the future of digital wealth management" in Hong Kong, and "The future of finance: where cutting edge tech meets wealth management" in Frankfurt.
- We published relevant thought leadership content, such as: "Gender diversity: fixing the pipeline" | Allianz Global Investors (allianzgi.com)

Bringing strategy to life

AllianzGI contributes to Allianz's overall diversity ambitions, which encompass progressing towards gender balance, improving disability inclusion, ensuring generational representation, aiming for broad ethnic and nationality representation, and offering Allianz employee networks for minority groups as follows:

- NEO – gender inclusion and equity.
- GRACE – global race and cultural ethnicity.
- PRIDE – LGBTQ+ inclusion.
- BEYOND – disability inclusion.
- ENGAGE – age inclusion.

In line with Allianz Group targets, our ambition is to have at least 30% women in senior leadership positions. Since 2020, our ExCo has been 50% female.

We are proud that in an industry where women have traditionally been under-represented, several of our key leadership positions are held by women. They include our Global Head of Investments, Global Chief Investment Officer for Equities, Global Chief Operating Officer, Global Head of Legal, Head of HR and Head of Products.

04.2 Creating an inclusive and supportive workplace

Recruitment and development

We have rules in place to ensure a gender-balanced succession pipeline for senior roles. In 2023, 34% of our managers were female. We also restarted graduate programmes, which are an important source of female talent for the firm. Female graduates comprised 47% of the 2023 intake compared with 36% of the 1,364 applications and represented 11 nationalities in 2023.

We work with universities that have a focus on female graduate programmes and ensure our brand communications help attract female talent. To improve talent retention, we deep-dive into engagement survey results by gender to identify what drives engagement with those populations, and target attraction and retention actions accordingly.

Commitment to equal pay

Our compensation principles underscore our commitment to an inclusive environment and equal pay. To put them into practice, we:

- Engage third party consultants to analyse employee pay and identify potential pay gaps.
- Base pay decisions on objective reasons and disregarding protected characteristics.
- Regularly discuss individual pay at a local level with managers, along with market references, where available.
- Conduct annual functional reviews to support fair pay decisions.

Women in leadership

Workforce ratio 2023:

57% **male**

43% **female**

2022: male 58%/ female 42%

% female managers[49] 2023:

34%

2022: 32%
2021: 32%

% women in senior leadership positions[50] 2023:

26% **managing directors**

2022: 26%
2021: 23%

50% **ExCo members**

2022: 50%
2021:50%

Nationalities and age

No. of nationalities 2023:

79

2022: 66
2021: 63

Employees under 35 years[51] 2023:

25%

2022: 25%

Source: Allianz Global Investors, as at 31 December 2023.

49 This refers to the first level of leadership where managers have at least one direct report.
50 In line with Allianz Group targets, our ambition is to have at least 30% women in senior leadership positions (managing directors and ExCo members).
51 In line with Allianz Group targets, we aim to have balanced generational representation where at least 25% of our workforce is below 35 years of age.

04.2 Creating an inclusive and supportive workplace

Employee facts and figures

Training/upskilling

2023

EUR 2.9m

invested in employee development

2022: EUR 2.7m
2021: EUR 2.1m

2023

24 hours

of training on average per employee

2022: 22
2021: 15

Health, safety and wellbeing

2023

3 days

Average sick days per employee

2022: 3 days
2021: 2 days

2023

10 years

Average length of service

2022: 10 years
2021: 11 years

Source: Allianz Global Investors, as at 31 December 2023.

Learning: focus on future skills and resilience

Our employees have access to global, regional and local development opportunities for lifelong continuous learning. In 2023, our return to face-to-face learning saw a high uptake from employees, totalling more than 8,900 training hours on topics such as people management skills, resilience and wellbeing. We offer training in the Kaizen continuous philosophy to all employees and encourage teams to use it to identify improvements.

We recommend this training to teams whose Allianz Engagement Survey (AES) results indicate there may be issues with workload or where we identify that process improvements are needed.

We rolled out strategic workforce planning in 2023, and in 2024 we will identify learning pathways for specific job profiles to ensure roles and development are fully aligned.

Beyond gender, we monitor dimensions such as age and nationality to nurture a truly international and age-balanced workforce.

04.2.2 Promoting health and wellbeing in a flexible and hybrid work environment

Creating a flexible work environment

As a global business, we have many years of experience using technology-enabled virtual collaboration. Our global framework for flexible work arrangements has been in place since 2016. With the development of new tools and equipment to support digital collaboration and the deep experience gained over the past few years, we continue to build on this framework. We focus on empowering employees with collaborative and flexible ways of working.

Our framework allows for flexibility in both time and place, providing room for individual working arrangements to benefit a thriving culture. Some may agree within their team to come in on fixed days; others may choose to split their time between morning hours in the office and working from home in the afternoon. This flexible model empowers our colleagues to balance work, career development and personal priorities in the way that best suits their individual work and life situations.

In the 2023 AES, 87% of employees agreed that the flexible working arrangements we offer meet their current needs. The same survey also showed that 89% feel connected to the company, regardless of where they work.

Since 2022, we have also offered cross-border remote working as an extension of our flexible work offer. This allows employees in roles that allow for it to work occasionally from abroad for up to five days in one trip, for a maximum of 25 days in a calendar year. This has been positively adopted by employees; 711 employees' cross-border remote work requests were approved in 2023.

04.2 Creating an inclusive and supportive workplace

We are also working to ensure that office environments are attractive, refurbishing office spaces to support employees in working collaboratively. To continuously improve digital literacy for hybrid working, we dedicated a week for specific "Fit4IT" training offers to help employees get the most out of everyday IT applications, such as Microsoft Teams, Notes and Outlook. Around 500 participants attended these sessions.

Supporting employee health and wellbeing

The health and wellbeing of our employees is a priority, and we support it with a holistic approach that incorporates mental, social and physical wellbeing. We consider the causes of stress and depression through an intersectional DEI lens to promote good mental health and offer advice on topics such as nutrition, sleep and managing work-life balance.

During 2023 we leveraged milestone days such as World Health Day to promote targeted wellbeing messages, and used our long-standing Employee Assistance Programme (EAP), which includes professional, anonymous psychological support. Our EAP programme offers were accessed 248 times during 2023. In our annual AES survey, 72% of employees responded that the company's benefits plan meets their needs well, up from 69% in 2022, while the percentage of employees feeling able to balance work and personal life has risen from to 77% from 74% in the previous year. We continue to work to make employees' experiences in these areas meaningful.

04.2.3 Listening to our colleagues

The AES is our formal platform for gathering annual employee feedback on how it feels to work at AllianzGI. It is supplemented with regular Pulse surveys that help track our progress against specific commitments or focus areas. In 2023 the AES participation rate was 84%, with the Employee Engagement Index (EEI) – which measures the extent to which employees are motivated to contribute to organisational success – up 3% to 72%.

The Inclusive Meritocracy Index (IMIX), which measures our progress in creating a culture and working environment where people and performance matter, remained at its all-time high of 78%.

The Work Well Index+ (WWi+), which measures the stress level of employees for work-related strain, also saw an all-time high of 73% favourable answers (+3 percentage points on 2022).

Overall, AES improvements in 2023 were driven by positive results in the areas of culture, process improvement, collaboration, risk culture and perceptions around flexible working. Areas identified in the survey that we will be addressing for improvement include innovation, driving change, further streamlining of processes and providing employees with relevant training for future skills.

LEGs are one of several pillars to drive employee engagement, helping employees to connect across shared interests and topics. AES results correlate with local engagement activity and illustrate the value of investing in these initiatives, as they help to energise and retain an engaged workforce.

04.2.4 Respecting employee rights

We ensure that employee rights are protected in all entities. In line with Allianz's principles, we are committed to continuing to respect and implement the fundamental rights and principles at work of the International Labour Organization (ILO), as well as the principles of the UN Global Compact and the OECD Guidelines for Multinational Companies.

04.3 Ensuring responsible business conduct

Principle 3 5

Our licence to operate is built on the trust that our investors, employees and other stakeholders place in our performance and integrity.

A key component is the personal ethical behaviour of all of our employees worldwide. Their actions are guided by global policies and ethical standards, as well as a robust and mature internal control framework (Three Lines of Defence) that ensures employees manage business ethically and in compliance with internal procedures and regulatory requirements.

04.3.1 Three Lines of Defence framework

Responsibility for ethical business conduct and risk management is an integral part of our business processes that spans the entire value chain, from client onboarding and portfolio risk management to ensuring personal information is treated with the utmost care.

Risks are addressed as part of an overarching reporting and controlling framework. This covers qualitative and quantitative risks for each function along three lines of defence. The distinction between the different lines of defence is principle-based and determined by activity:

The first line of defence is carried out by business functions in their day-to-day activities. They are responsible for designing and implementing adequate controls to manage risks and returns relating to their activities. To support employees in undertaking these responsibilities, global compliance training is made available and was successfully completed by 100% of employees across all locations in 2023.

The second line of defence provides independent oversight of employees' adherence to the company's regulatory requirements and internal policies, as well as the risk-taking and controls conducted by the first line. It is carried out by the Legal and Compliance and Risk Management teams, which oversee and advise the first line of defence.

The third line of defence is performed by Internal Audit, which independently assesses the governance and internal control systems and processes, as well as compliance with risk principles, performs quality reviews of risk processes and tests adherence to business standards, including the internal control framework.

Reinforcing the second line

As part of Allianz Group, we are subject to its governance requirements relating to environmental, social and governance (ESG) matters.

Allianz has increased the importance of sustainability with the ambition to fully integrate sustainability across the company. The Board of Management at Allianz SE is ultimately responsible for all matters relating to sustainability and is supported by the Group Sustainability Board (formerly known as the ESG Board).

In 2023, AllianzGI evolved its sustainability governance to improve operations and resilience and future-proof the organisation in relation to the developing regulatory environment. To do this, we took two major steps forward, establishing a dedicated Sustainability Governance Committee (SGC) and introducing a new, independent function, Governance & Business Analytics.

The SGC is a cross-functional body that streamlines decision-making and decides on a range of sustainability topics, including corporate and product sustainability approaches and sustainability frameworks relating to strategy, risk management and data frameworks. The SGC is responsible for the overall consistency of frameworks across asset classes. It oversees sustainability/corporate sustainability indicators as targets for AllianzGI. It has reporting obligations to the Legal, Compliance and Risk Committee and the Executive Committee.

Governance & Business Analytics comprises a team that has moved from our Sustainable Investing area. This new function reinforces our governance in relation to regulatory and reputational risk and strengthens the segregation of duties in respect to the independent assurance of data quality, analytics and reporting. The team's responsibilities include: creating a first-class independence model for sustainability; leading integration with consistent and appropriate processes across the firm to meet good governance; and complying with sustainable finance regulation requirements and oversight of sustainability disclosures. It also uses ESG data and advanced technology to develop sustainable investing methodologies and solutions.

04.3 Ensuring responsible business conduct

Principle 3 5

04.3.2 Globally harmonised policies and standards

Globally applicable policies include: the AllianzGI Code of Ethics and Speak-Up policy, as well as policies governing anti-money laundering, anti-fraud, anti-trust, anti-bribery, economic sanctions, personal account dealing, order execution, confidential information/insider information and data privacy.

Employees are required to act in accordance with these policies at all times, whether dealing with clients, external third parties or other Allianz employees.

Our clients expect their personal information to be treated with the utmost care and we take this responsibility seriously. Employees must adhere to confidentiality in relation to client information and firm activities. AllianzGI pursues effective management and fair handling of the potential conflicts of interests that may arise as we provide investment services. We have embedded robust business policies and processes governing ethics and client confidentiality. They are detailed in the AllianzGI Code of Ethics and echo Allianz Group's overall standards.

The Code of Ethics serves as a foundation for our compliance culture and regulatory expectations for all AllianzGI employees.

04.3.3 Ensuring compliance

The Compliance function is responsible for implementing and maintaining an effective compliance programme. This includes compliance risk analyses, as well as the annual compliance self-assessment and control plan. Compliance also develops and administers guidance for employees, regular compliance training sessions on the Code of Ethics and anti-money laundering, and annual and ad-hoc training on matters related to other company policies and procedures. All employees attended mandatory compliance training in 2023, covering topics including anti-money laundering, anti-fraud and economic sanctions.

The Compliance function is involved in the monitoring of proxy voting and investment guidelines, including those related to sustainability matters, such as exclusion lists. It also monitors portfolios for compliance with investment guidelines, both pre- and post-trade.

04.3.4 Managing risks effectively

The independent Risk Management function is responsible for setting up a firm-wide auditable, documented risk management system and risk policies that are consistent with AllianzGI's business strategy. We cluster risks into four risk categories: investment risk, operational risk, business risk and reputational risk. We consider **sustainability risk, concentration risk** and **emerging risk** as transversal risks that may be realised in one or more of these categories. Our robust processes and procedures ensure that we effectively monitor and manage risks within these categories.

Investment risk includes the risk of changes in the value of investment portfolios that may be perceived as inconsistent with the risk profile of the respective portfolio as communicated to the investor. This includes the risk that the company is exposed to market and credit risk in the portfolio via implicit or explicit performance promises. Investment risk also includes liquidity risk, which depends on asset liquidity and flows on the liability side, as well as constraints imposed by regulators. For investment risk oversight, the Risk Management function defines which risk models and analytics are used to ensure compliance with regulatory requirements and, for selected topics or if contractually agreed, determines when further independent risk analyses and supervision should be conducted beyond what is required by regulation.

Operational risk is defined as the risk of loss inherent in our internal organisation and the processes and controls resulting from potential failure to deliver our products or services in the required time and quality and in line with all regulations. Each function is responsible for ensuring an appropriate control framework to govern its key processes and mitigate operational risks. The Risk Management function has established an integrated framework to oversee operational risk management by the business.

04.3 Ensuring responsible business conduct

Principle 3 5

Business risk is defined as the risk of not being able to reach the financial objectives in a given competitive market or regulatory environment. To monitor business risks, the Risk Management function uses key risk indicators that cover business and investment performance of the management company, among others. Ad-hoc and regular meetings are held between the Risk Management function and stakeholders in other functions to discuss the current business situation and forward-looking developments.

Reputational risks are defined as risks of activities undertaken within the firm or by employees outside the firm that may result in unintended material negative impacts on stakeholder perceptions that could potentially impact AllianzGI's ability to do business. These stakeholders include clients, investors, the media, the public, regulators and employees of AllianzGI and Allianz Group companies. Prudent management of reputational risk is deemed essential in the overall risk framework.

04.3.5 Fostering security and business resilience

Data privacy and cybersecurity

The Global Data Privacy function is part of Legal and Compliance and includes regional Data Privacy Officers and a Global Data Privacy Officer. The function informs, advises and makes recommendations on compliance with applicable data privacy laws and regulations, the Allianz Privacy Standard and other internal and legal standards, as well as guidelines. It works closely with the respective Information Security Officers to ensure that adequate data protection-related technical and organisational measures are taken.

Our cybersecurity programme is fundamental to the sustainability of our business. We design, operate and monitor an appropriate level of security controls. As cybersecurity threats continue to evolve and become more sophisticated, we constantly invest in infrastructure and tools to combat them. In 2023, we enhanced our focus on making sure that emerging technologies, such as AI, are secure and safe to use. We did this through comprehensive assessments of the new risks associated with emerging technologies and by ensuring controls are in place to manage those risks.

We actively take steps to prevent and respond to investment fraud schemes that misuse our brand, working with the relevant agencies to reduce the impact of digital crime.

To manage cyber risks, we select best practices from leading cybersecurity frameworks, such as the International Organisation for Standardisation or the National Institute of Standards and Technology. These frameworks set the standards for processes, controls, security testing and reporting.

Since there can never be 100% protection against cyberattacks, we also implement controls and training to ensure effective recovery from a successful attack to reduce the potential impact and duration of business disruptions.

Business resilience

Business resilience incorporates business continuity and disaster recovery and is an integral part of our service commitment to our clients.

Managed by the Business Resilience team, our business resilience framework is a multi-tiered risk defence model supported by input from steering groups, a corporate resilience organisation and every function within the firm. The programme is subject to oversight by Allianz Asset Management (AAM). Annual self-assessments are submitted to AAM in accordance with group requirements and the programme is subject to regular audit reviews.

In 2023, we emphasised protective security, in which we work to proactively build resilience into the organisation by ensuring that both our people and locations are prepared to respond to interruptions.

Each major function has a business recovery plan that ensures key business processes can be resumed in the event of a severe business interruption. Plans cover the most important risk scenarios for the loss of employees, facilities, technology and third-party support.

As part of a continuous improvement programme, we collect and analyse feedback to improve the effectiveness of the business resilience framework.

04.3 Ensuring responsible business conduct

Principle 3 5

04.3.6 Being transparent about tax

Our ambition is to take a responsible approach to the management of taxes. We aim to be recognised as a compliant, cooperative and reliable taxpayer in each country where we operate. In 2023, Allianz consolidated its tax transparency reporting products while keeping the same level of information. To support this approach, the Allianz Group Tax Strategy is now published as a separate document online.

See the Allianz Group Tax Strategy Report 2023 and

AllianzGI's UK Tax Strategy for more information.

04.3.7 Strengthening internal controls

We continuously enhance our internal control framework, processes and procedures to ensure they remain robust and effective in sustaining the trust of clients, employees and stakeholders. This includes ongoing work to review frequently changing sanctions regimes. Our global Know Your Customer (KYC) standards were amended with the addition of UK annexes – where necessary – to reflect the 2023 project to transform our UK branch into a standalone affiliate.

In response to increased regulatory requirements in Luxembourg, we have produced risk appetite statements for companies and funds and adhere to rules of engagement for companies.

Responsible communication with clients

We have always been committed to client communications that are fair, not misleading, accurate and up to date in all material respects. We strive to meet the highest standards for client communications in accordance with regulatory requirements under local laws.

Our new client communications policy, training and handbook have been rolled out. They reinforce employees' knowledge on the mandatory principles of the policy, as well as the standards expected and important guidelines for all communications to clients, including the preparation, review and dissemination of materials. Training on this is mandatory to protect our clients and our business – all employees have access to this training and must confirm that they have completed it successfully.

04.4 Managing the environmental impact of our operations

Our efforts to address the challenges of climate change and reduce our environmental impact contribute to Allianz Group's environmental goals for its own operations including its intermediate target to reduce greenhouse gas (GHG) emissions by 65% by year-end 2029 (against a 2019 baseline).

See Allianz Group Climate Change Strategy.

We are committed to reducing the global environmental impact from our operations by 2025 against a 2019 baseline as follows:

Reduction target per employee by 2025:

GHG	**52%**
Business travel	**41%**
Energy consumption in offices[52]	**9%**
Paper consumption	**20%**
Water consumption	**15%**
Waste output	**14%**

In alignment with the Allianz Group target of RE100 by 2023, we have procured 100% renewable electricity for our offices and data centres since 2021.[53]

We have put initiatives in place to achieve these reduction targets as detailed in the following pages. The baseline year for our environmental operational reduction targets is 2019 across all entities belonging to AllianzGI, and the wider Allianz Group. This also filters out the effects of the Covid-19 pandemic. The applicable intensity ratio for our targets is GHG emissions per employee or resource consumption/output per employee.

Our environmental management system

For the reporting, monitoring and management of our environmental performance and footprint, we apply Allianz Group's Environmental Management System (EMS). It guides the monitoring and management of our carbon footprint, use of energy and natural resources, such as water, and efforts to reduce waste. The EMS provides all Allianz entities with clear standards and controls, supports environmental data collection, promotes transparent reporting of environmental impacts and improves environmental management governance practices.

These practices and processes are oriented towards ISO14001 and ISO50001 standards. Implementation and compliance with the EMS are monitored by Allianz Group through the Group Environmental Office (part of the Global Sustainability Office) and supported by the Allianz Group Board of Management. Sign-off of AllianzGI's environmental operational data is with the AllianzGI Global Chief Financial Officer as part of the firm's financial reporting.

Reducing GHG emissions

AllianzGI's climate targets are set in line with the latest science underpinning the Paris Agreement. We are committed to reducing our GHG emissions per employee by 52% by 2025 against our 2019 baseline.

Our carbon reduction strategy focuses on reducing GHG emissions from material sources across Scope 1, Scope 2 and selected parts of Scope 3, with a particular focus on business travel and energy consumption. The categories currently included in Scope 3 are energy-related emissions, business travel and paper use.

Our current emissions arise primarily from business travel (2023: 70%; 2022: 53%) and energy consumption (2023: 30%; 2022: 46%), particularly from heating our offices; paper consumption makes up less than 1% of our global footprint.

Accordingly, our strategy includes initiatives focusing on the energy efficient planning and operation of office buildings, sourcing green electricity, using carbon efficient transport and reducing air travel.

57%

reduction in GHG emissions globally per employee in 2023 against the 2019 baseline (2022: 59%).

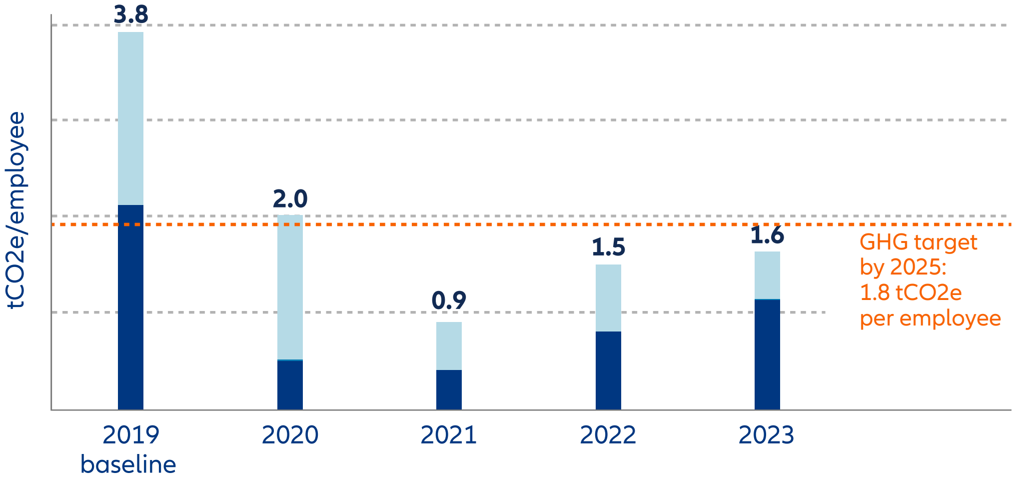
This is a result of efforts and investment in energy management across our offices, including the centralisation of heating and cooling, as well as operational changes, including the closure of offices and the increasing transition to public cloud computing away from local data centres.

52 The energy target only reflects the targeted energy consumption in office buildings; however, the respective emissions associated with the energy use of non-office sites, such as local data centres, remote working and public cloud are incorporated into our overall corporate footprint.

53 Since 2021, 100% of the electricity used by AllianzGI in its offices and local data centres has come from renewable sources. This was achieved through agreements with suppliers on "green tariffs" and the continuous sourcing of unbundled EACs for renewable electricity in regions where green tariffs are not available yet.

04.4 Managing the environmental impact of our operations

GHG emissions – breakdown by source and proportions in tons tCO2 equivalents* per employee



*tCO2 equivalents = tCO2e

Travel Paper Energy (total)

Target: 52% reduction by 2025 (against 2019 baseline).
Actual: 57% reduction 2019–2023.

Source: Allianz Global Investors, as at 31 December 2023.

In line with Allianz Group's intermediate target to achieve a 65% reduction in GHG emissions across its operations by the end of 2029, we have put initiatives in place to reduce our footprint GHG emissions, which are closely monitored throughout the year.

Capturing the full scope of the impact of our operations, particularly by looking at the emissions along our entire value chain of the firm, is equally important. We will gradually extend our measurement of emissions and impact to upstream and downstream activities that we identify as material.

Reducing energy consumption

Our 2025 target is to reduce energy consumption in our office buildings by 9% against the 2019 baseline.

In 2023, we achieved a 35% decrease per employee in our energy consumption across office buildings (2022: 14%), despite an increase in office presence in comparison with 2022.

These reductions come from more efficient energy management and changes in the operation of our business. Sample actions include centralised regulation of heating and cooling in offices, including switching off the system out of hours, the rolling out of winter and summer energy savings programmes and office refurbishments and consolidations across Europe. Changes in our business structure also led to the decrease of our business activity in the US market, resulting in a reduced workforce and office space closures that contributed towards the decline in our energy consumption. We are also introducing tailored minimum building standards to align energy and building management across our locations.

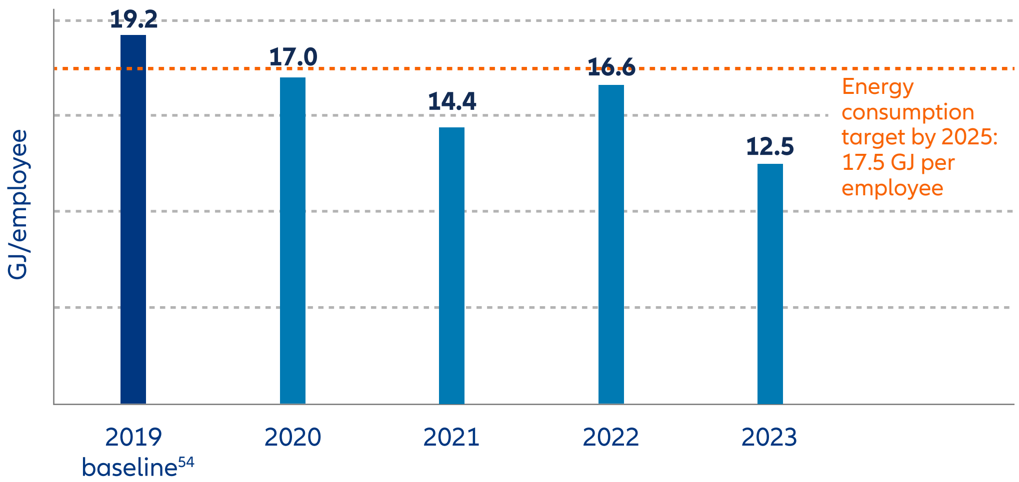
The ongoing transition away from local data centres towards public cloud computing also further decreased the use of non-office-related electricity consumption.

We expect the expansion of these energy-saving initiatives to facilitate a long-term decrease in our energy consumption in 2024 and beyond.

Energy consumption accounted for 30% of AllianzGI's total emissions in 2023 (2022: 46%), to a large extent from heating our office buildings. In comparison with the global 2019 baseline, we have achieved an energy-related emissions reduction of 72% (2022: 59%). Since 2021, 100% of the electricity we use in office buildings and local data centres has come from renewable sources. Where heating is not powered by renewable electricity, we work to find more sustainable energy solutions in the market.

04.4 Managing the environmental impact of our operations

Energy consumption from office buildings in gigajoules (GJ) per employee



Target: 9% reduction by 2025 (against 2019 baseline).
Actual: 35% reduction 2019–2023.

Source: Allianz Global Investors, as at 31 December 2023.

Increasing use of renewable electricity

As a signatory of the RE100 initiative, and in line with its specific ambitions, Allianz Group committed to source 100% renewable electricity for its group-wide operations by 2023.

AllianzGI has been RE100-compliant since 2021, using 100% renewable electricity across its offices and local data centres.

This is achieved through agreements with suppliers on "green tariffs" and the continuous sourcing of unbundled Energy Attribute Certificates (EACs)[55] for renewable electricity.

The purchase of credible unbundled EACs helps meet our goals in the short to medium term, especially in countries where renewable electricity cannot yet be readily sourced through green tariffs.

This is a transition solution that signals to the markets to meet demand with real-world solutions.

Reducing emissions from business travel

Business travel accounted for 70% of GHG emissions from our operations in 2023 (2022: 53%).

As it is our highest source of emissions, we have committed to achieve a 41% reduction in GHG per employee from business travel by 2025 against the 2019 baseline.

Overall, we achieved a 44% reduction in travel emissions per employee against our baseline emissions in 2019 (2022: 60%). **See chart on page 87**. The lifting of global travel restrictions post-Covid-19 led to an increase in face-to-face interactions, including team reunions, client meetings and event attendance. This has caused a rise in kilometres travelled, particularly via air travel, which increased business travel emissions compared with the previous year.

For commuting, we support employees to use low carbon options. In 2023, 84% of our headcount worldwide had access to offices with a "green" commuting plan and infrastructure in place to support it (2022: 84%).

A considered approach towards business travel is crucial to stay below our 2025 GHG business travel target, and to gradually decrease associated emissions in line with Allianz's 2030 intermediate targets for operations.

In addition, a careful review and enforcement of our global travel policy will support the consideration of more sustainable ways of travelling, including less flying.

Reducing paper use

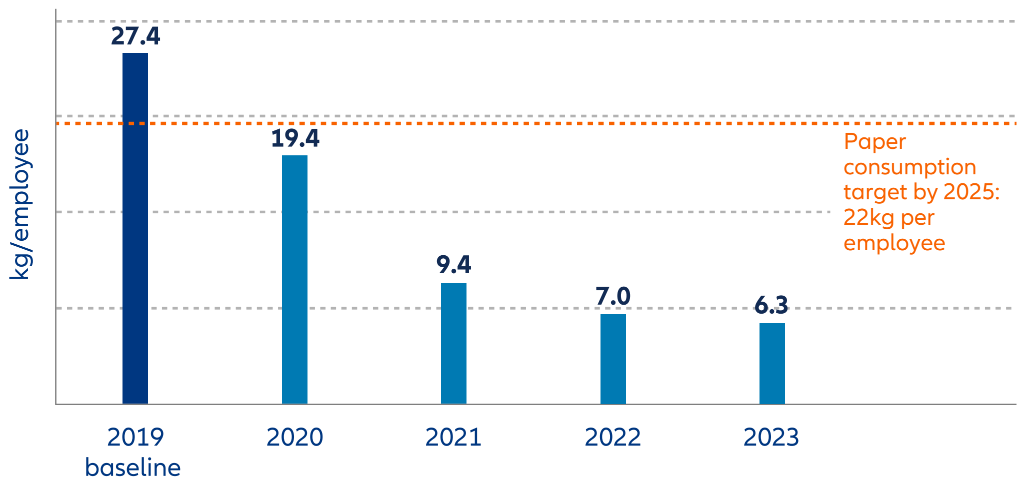
By the end of 2023, AllianzGI had achieved a reduction of 77% in paper used per employee against a 2019 baseline (2022: 74%). We continue to exceed the reduction target set at 20% by 2025.

Paper consumption represents less than 1% of our global carbon footprint from operations. We use paper mainly for external communications with clients, with a smaller amount used for internal office printing, stationery and business cards.

54 Restated in 2022 due to adjustments of calculation methodology of energy consumption including our 2019 baseline.
55 EACs are an instrument used to document and track the production, distribution and consumption of renewable energy. They do not represent the electricity itself (as they are unbundled from production), but allow us to prove that the energy we use is directly attached to electricity produced at a specific, identifiable renewable energy site.

04.4 Managing the environmental impact of our operations

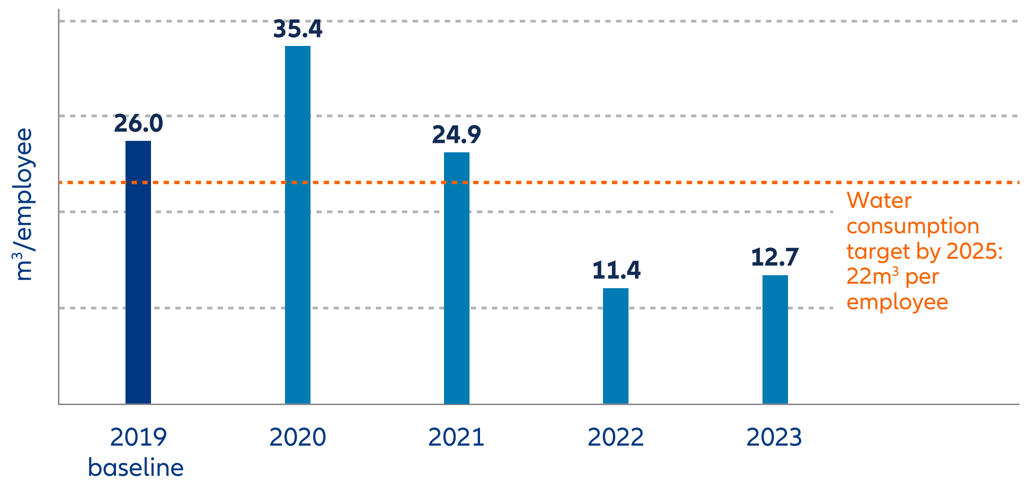
Paper consumption in kilograms (kg) per employee



Target: 20% reduction by 2025 (against 2019 baseline).
Actual: 77% reduction 2019–2023.

Source: Allianz Global Investors, as at 31 December 2023.

Water consumption in cubic metre (m^3) per employee



Target: 15% reduction by 2025 (against 2019 baseline).
Actual: 51% reduction 2019–2023.

Source: Allianz Global Investors, as at 31 December 2023.

Our ongoing efforts include sourcing sustainably certified paper for internal and external use (2023: 68% of total paper used; 2022: 66%) and further reducing paper consumption. We are also using less paper as a result of digitalisation (including subscriptions), and closing corporate print centres.

Reducing water use

Minimising water consumption is a key principle of the Allianz Group Environmental Guidelines.

Our operations are solely office-based. We therefore concentrate on using water efficiently. We have committed to reduce water use per employee in AllianzGI offices by 15% by 2025 against a 2019 baseline.

By the end of 2023, we achieved a 51% water use reduction against the 2019 baseline (2022: 56%).

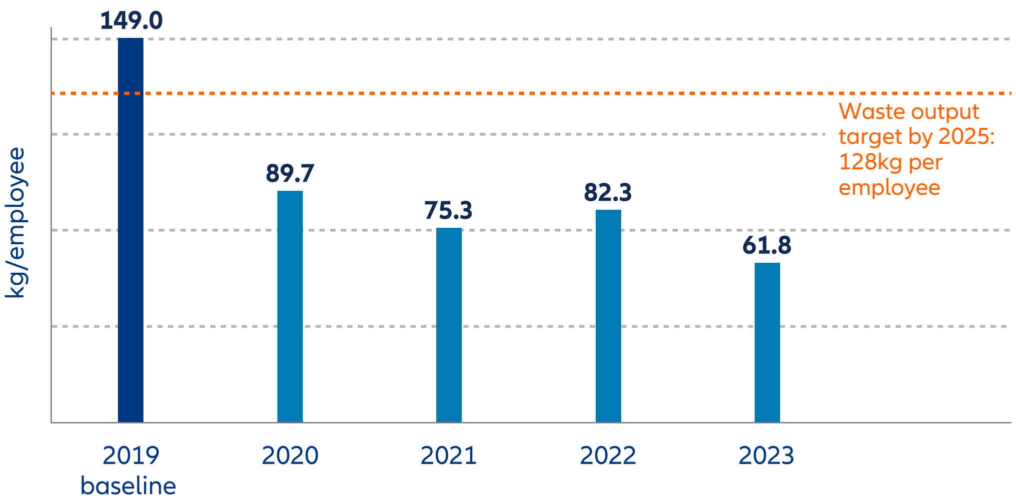
Over the years, we have managed to decrease water consumption through the reduced operation of air-conditioning systems, installation of water-saving facilities and equipment in our bathrooms and kitchens, and adapting cleaning measures across our canteens.

Office closures, office consolidations and moving to more sustainable buildings also had a positive impact. However, the return of office-based working in 2023 led to an increased use of water, particularly by canteens in Germany that operated at roughly twice the capacity than in the prior year. To increase the accuracy of consumption data, we have installed separate water meters in offices with shared utilities, which informs our actions and results.

04.4 Managing the environmental impact of our operations

Principle 8

Waste output in kilograms (kg) per employee



Target: 15% reduction by 2025 (against 2019 baseline).
Actual: 59% reduction 2019–2023.

Source: Allianz Global Investors, as at 31 December 2023.

Driving down waste

We aim to minimise waste and reuse and recycle materials. Our operations mostly generate household-type waste, and our target is to drive down waste by 14% by 2025 against a 2019 baseline.

By the end of 2023, we achieved a 59% reduction per employee against the 2019 baseline (2022: 45%).

This further reduction was achieved despite higher office occupation and ongoing office refurbishments across our European locations. The latter led to the significant accumulation of special waste from construction, decluttering and discarding of items that cannot be reused or donated. Waste-reducing initiatives included: expanding centralised procurement for orders; vendor management collaborations to reduce packaging; takeback schemes for IT equipment; avoidance of plastic and single-use products across all kitchens and canteens and an increased focus on donating IT and office furniture.

In some locations, waste collectors provided actual weights instead of estimates, which led to greater accuracy and therefore large variances in reported waste outputs in comparison to prior years.

We adopted the global Allianz Group best practices for removing single-use plastic from our operations across all our offices. In 2023, 86% of our headcount is in an office with a dedicated plan to sustainably eliminate the presence of single-use plastic (2022: 87%). The plan includes reusable takeaway boxes in our canteens and providing only reusable, refillable or recyclable supplies in kitchens.

We will continue driving the global expansion of our waste-reducing initiatives and work with colleagues to encourage waste reduction behaviours.

Sustainable procurement

Our commercial relationships with suppliers and partners around the globe enable us to encourage sustainable business practices and adopt them ourselves.

One role of our Procurement team is to consolidate the supply base towards preferred suppliers that meet our business and compliance requirements, as well as our sustainability expectations. The AllianzGI Global Procurement Policy has been updated to harmonise and align with the Allianz Group Vendor Code of Conduct.

We are also enhancing procurement processes to ensure sustainability is considered throughout each phase of the procurement lifecycle. We expect our suppliers to embed sound sustainability practices within their organisation and to promote similar practices within their own supply chain. We do this by embedding requirements into sourcing projects and when onboarding suppliers into our systems.

We are implementing the requirements of the German Supply Chain Act. In line with this regulation, we must publish a report by 2025 about how AllianzGI assesses and protects human rights and environmental-related rights within its own business area and the greater supply chain.

04.5 Driving our corporate citizenship

Supported by our commitment to shape a more resilient society, we work for positive social impact and in the spirit of the UN Sustainable Development Goals (SDGs).

Our approach to corporate citizenship

Our activities prioritise SDG 8, Decent Work and Economic Growth, which aims to "promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all." Our actions to support SDG 8 are also closely linked with SDG 13, Climate Action and SDG 17, Partnerships for the Goals. In line with the Allianz Group corporate citizenship strategy, future generations are a key focus of our approach.

New corporate citizenship framework

In 2023, we established a new framework for our first ever global corporate citizenship programme, which will be ready to launch in 2024. It is designed to harness employees' enthusiasm for corporate citizenship, accelerate it on a global platform, and clearly identify the social impacts to which it contributes. The framework, which is aligned with Allianz Group focus, will also give colleagues direction and support to put their ideas into practice.

Local Engagement Groups

Part of this framework involved the launch of Local Engagement Groups (LEGs) in June 2023, which support colleagues to organise activities, such as networking groups or volunteering activities, relating to community issues they care about. These employee-led groups work to strengthen our colleagues' sense of inclusion and belonging and support them to create change in their communities.

We work across departments internally to coordinate volunteering activities in LEGs and exchange best practices and ideas through regular community calls. These activities also act as valuable networking forums for colleagues. Response to the LEGs has been very positive, with 11 active groups across our office locations to date. Some of these new groups have already brought colleagues together – to clean up parks or neighbourhoods to support World Cleanup Day in September 2023.

LEG activities through 2023 engaged more than 1,200 employee participants, and over 1,100 volunteering hours were registered. During the year, we also took our first steps towards focusing on neurodiversity, working to raise awareness and reduce the barriers to discussing the topic.

Corporate volunteering and donations

An encouraging outcome from the LEGs was their impact on employee volunteering. In 2023, more than 1,600 employee volunteering hours were recorded, over twice the number of hours in 2022.

We have also developed new guidelines for corporate employee volunteering that we will roll out in 2024. They include guidance for volunteering during working hours, either as part of LEG activity or on colleagues' own initiative. AllianzGI employees worldwide will be eligible for three days of volunteering time each year. Alongside this initiative we will launch a global online platform that offers volunteering opportunities to make it easier for employees to find and sign up for activities locally.

Our global charitable contributions procedure has also been updated to reflect donations that are aligned with our social impact relating to SDGs 8, 13 and 17.

In 2023, we continued to support causes that are important to our employees through donations, including our end-of-year donations, which supported over 30 charities. We remained focused on helping communities where we work and live, promoting financial literacy and education among the future generations and supporting efforts to protect the environment and nature. Our donation to UNICEF's Skills4Girls programme will help to empower young girls around the world with quality education and skills development.

04.5 Driving our corporate citizenship

Promoting financial literacy and employability

As an active asset manager we aim to play our part in achieving UN SDG 8: promoting financial literacy, education and employability.

In 2023, we confirmed six impact objectives that guide our corporate citizenship approach, and two of these – financial literacy and employability – have been identified as global themes.

We will encourage our local offices to initiate financial literacy projects, in collaboration with local or global trusted social organisations.

In Germany, we continued to support IW Junior's "Fit für die Wirtschaft", as well as BVI's Hoch im Kurs to provide financial literacy education for young people. In the UK, our employees partnered with St Luke's Community Centre on several initiatives to promote employability. They include mentoring students aged 16-18, sharing tips in a LinkedIn workshop, teaching skills on new job searches and interviews and joining a "Steps to Success" careers event.

Promoting financial literacy is a global theme for AllianzGI, with local execution

AllianzGI corporate citizenship strategy & impact objectives

Globally driven flagship projects
SDGs 8 & 17 focused

Locally led corporate volunteering activities
SDGs 8, 13 and 17 recommended

Globally and locally driven charitable partner
SDGs 8, 13 and 17 prioritised

Financial literacy | Education | Employability | Climate action | Environment | Combatting cost of living

Source: Allianz Global Investors, 2023.

Supporting vulnerable communities

We support communities where we live and work, especially in times of need. As well as our end-of-year donations supporting food banks across the globe, in 2023 our colleagues contributed their time and resources to initiatives that support disadvantaged groups.

Protecting local environments

World Cleanup Day is a global movement that unites more than 200 countries and territories for a cleaner planet through local waste and litter collection efforts.

In 2023, 45 colleagues from AllianzGI across Italy, France and Germany volunteered for 66.5 hours for the clean-up, collecting 300kg of rubbish together with other Allianz Group operating entities.

04.6 Looking ahead: strengthening sustainability in our operations

Supporting innovation among future generations

AllianzGI engages with communities to exchange ideas and solutions that address the challenges of a sustainable future.

Our three-year partnership with the International Green Gown Awards aims to encourage the next generation to participate in this important topic. The awards are administered by the Alliance for Sustainability Leadership in Education (EAUC) and supported by the UN Environment Programme to recognise exceptional sustainability initiatives at universities and colleges across the globe. In 2023, two new categories: Nature Positive and Diversity, Equity and Inclusion in Sustainability, were introduced to the awards programme. Matt Christensen, Global Head of Sustainable and Impact Investing, joined the CEO of EAUC in a video to discuss the significance of tackling climate change and the shared visions between the academic and corporate worlds.

Read more about the International Green Gown Awards here.

Looking ahead: strengthening sustainability in our operations

To further support our employees and develop our business operations we will:

Creating an inclusive and supportive workplace

- Continue to build on learnings from LEGs, strengthening their understanding of their role and training them with DEI insights.
- Build learning pathways for strategic workforce planning.
- Enhance our capabilities for monitoring and reporting DEI metrics, including the application of learnings from the UK roll-out of mandatory diversity metrics.
- Prepare for compliance with the 2023 Supply Chain Due Diligence Act in Germany, which requires organisations to assess human rights risks across their own value chain, including their own workforce. AllianzGI will be subject to this regulation from 2024.

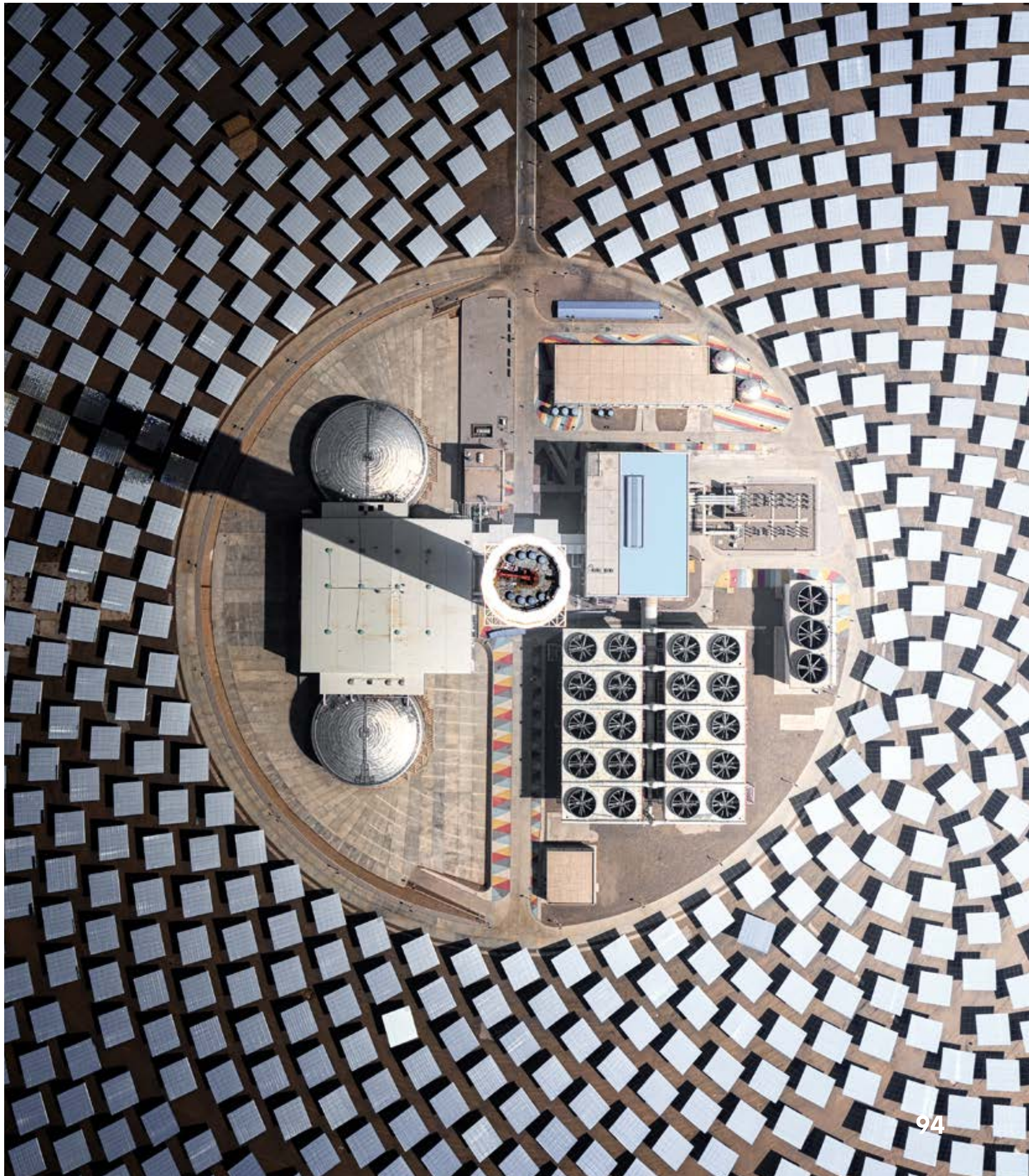
Corporate citizenship

- Roll-out our enhanced global corporate citizenship framework, which is designed to maximise our impact.
- Provide opportunities for employees worldwide to have three days of volunteering each calendar year, as part of the corporate citizenship programme.
- Support this increase in volunteering time by launching a global online platform to make it easy for employees to find volunteering opportunities that are fully verified by the firm, and to sign up for activities locally.

Strengthening internal controls

- Enhance our capabilities to meet and exceed the requirements of the EU's Digital Operation Resilience Act (DORA), which comes into force in 2025.
- Streamline our regulatory compliance and reporting processes, so we can keep stakeholders informed as efficiently as possible.
- Continuously prepare for "horizon threats", such as the use of AI and quantum computing in cybercrime.
- Monitor developments in AI and crypto assets and ensure we are aligned with the EU's 6th Anti Money Laundering Directive.

05 Appendices



05.1 UK Stewardship Code Index

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		01.3.2.1 Sustainability governance structure	06 – 07
2	Signatories' governance, resources and incentives support stewardship.	01.3.2.1 Sustainability governance structure	06 – 07
		01.3.2.2 Sustainability resources at AllianzGI	07 – 08
		01.4 A year of achievements	09 – 11
		03.1 Developing our engagement strategy	40 – 41
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		01.5.2.2 Prioritising innovative investment solutions and client advisory	16 – 17
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05.1 UK Stewardship Code Index

	2020 United Kingdom Stewardship Code Principle	Section	Page
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05.2 Engagements

Key

E Environmental | **S** Social | **G** Governance | **C** Climate engagement | **O** Other engagements

Company	E	S	G	C	O
A2A SpA	•		•	•	•
AbCellera Biologics Inc			•		
Accor SA	•	•	•	•	
ADEKA Corp					•
Adif Alta Velocidad		•	•		•
Advanced Micro-Fabrication Equipment Inc China					•
Air Liquide SA	•			•	•
Akamai Technologies Inc	•	•	•		
Alchip Technologies Ltd			•		•
Alcon Inc	•			•	
Alibaba Group Holding Ltd	•	•	•	•	•
Amadeus IT Group SA			•		
Amazon.com Inc	•	•	•	•	•
Ambu A/S			•		
American Express Co	•	•	•	•	
Amplifon SpA	•	•	•	•	•
ams-OSRAM AG	•	•	•	•	•
Anheuser-Busch InBev SA/NV	•				•
Anhui Conch Cement Co Ltd	•			•	
Anhui Expressway Co Ltd			•		•
Anjoy Foods Group Co Ltd			•		•
AP Moller – Maersk A/S	•	•	•	•	
APERAM SA	•	•	•	•	
Applied Materials Inc	•		•	•	•
ArcelorMittal SA	•	•		•	•
Archer-Daniels-Midland Co	•	•		•	
Ardagh Group SA		•	•		•
Arkema SA	•		•	•	
Arrow Home Group Co Ltd	•	•		•	•
Aryzta AG	•			•	
Asahi Diamond Industrial Co Ltd	•	•			•
Ashmore Group PLC			•		
Asia Cement Corp	•	•	•	•	

Company	E	S	G	C	O
ASMedia Technology Inc			•		
ASML Holding NV			•		
Assa Abloy AB			•		
Assicurazioni Generali SpA			•		
AT&T Inc	•				
Atlas Copco AB			•		
AXA SA			•		
Baltic Classifieds Group PLC			•		
Banco Bilbao Vizcaya Argentaria SA	•		•	•	
Bank of America Corp	•	•	•	•	•
Bank of the Philippine Islands	•		•	•	
Barclays PLC	•	•	•	•	•
Barry Callebaut AG	•	•		•	
BASF SE	•	•	•	•	•
Bechtle AG			•		
Befesa SA	•		•	•	
Beijing-Shanghai High Speed Railway Co Ltd	•	•	•	•	•
BellRing Brands Inc		•			•
Bethel Automotive Safety Systems Co Ltd	•	•		•	•
BHP Group Ltd	•	•	•	•	•
BioGaia AB			•		
Biotalys NV		•	•		•
Bloomsbury Publishing PLC			•		
Boliden AB			•		•
Bouygues SA		•			
BP PLC	•		•	•	
Brenntag SE			•		
Bridgestone Corp	•		•	•	
Broadcom Inc	•		•	•	
The Brooklyn Union Gas Co	•		•	•	•
Bunge Ltd	•			•	
BYD Co Ltd					•
BYD Electronic International Co Ltd		•			

05.2 Engagements

Company	E	S	G	C	O
CANCOM SE			•		•
Chevron Corp	•			•	•
China Construction Bank Corp	•		•	•	•
China Hongqiao Group Ltd	•			•	
China Jushi Co Ltd			•		•
China Mengniu Dairy Co Ltd	•	•	•	•	•
China National Building Material Co Ltd	•			•	•
China Overseas Land & Investment Ltd	•		•	•	•
China Petroleum & Chemical Corp	•		•	•	•
China State Construction Engineering Corp Ltd	•	•	•	•	•
China State Construction International Holdings Ltd	•	•	•	•	•
China Tourism Group Duty Free Corp Ltd	•		•	•	•
China Yangtze Power Co Ltd	•	•			•
Chocoladefabriken Lindt & Spruengli AG	•			•	•
Chroma ATE Inc			•		
Cie de Saint-Gobain SA	•	•	•	•	•
Cie Generale des Etablissements Michelin SCA		•			
CITIC Securities Co Ltd		•	•		•
Citigroup Inc	•			•	
CK Hutchison Holdings Ltd	•		•	•	•
Cleveland-Cliffs Inc	•		•	•	
Coloplast A/S			•		
Commerzbank AG		•	•		•
Concordia Financial Group Ltd		•			•
Contemporary Amperex Technology Co Ltd	•	•	•	•	•
Continental AG			•		•
Costco Wholesale Corp	•	•	•	•	•
Covestro AG	•		•	•	•
Cranswick PLC	•				•
Crowdstrike Holdings Inc			•		
CSL Ltd	•	•	•		•
CTBC Financial Holding Co Ltd	•	•	•	•	
CTT Systems AB			•		
CVR Energy Inc	•			•	
Daiei Kankyo Co Ltd	•	•	•		
Daiichi Sankyo Co Ltd		•			
Daikin Industries Ltd	•		•		•
Daio Paper Corp	•		•	•	•
Danone SA	•	•			•
Daqo New Energy Corp	•	•		•	•
Darling Ingredients Inc	•			•	•
DBS Group Holdings Ltd	•		•	•	
Dechra Pharmaceuticals Ltd	•		•	•	
Denso Corp	•		•	•	
Deutsche Boerse AG		•	•		•
Deutsche Pfandbriefbank AG			•		
Deutsche Post AG	•	•	•	•	•
Deutsche Telekom AG	•	•	•	•	•
DFS Furniture PLC			•		•
Digital Core REIT Management Pte Ltd	•	•		•	
Diploma PLC			•		
Diversified Energy Co PLC					•
Drax Group PLC	•			•	•
DSM-Firmenich AG	•		•	•	•
DSV A/S	•	•	•	•	
East Japan Railway Co	•		•		
Ebara Corp	•			•	•
Edenred SE			•		
EDP – Energias de Portugal SA	•	•	•	•	
EDP Renovaveis SA	•				•
Elis SA	•	•	•		•
Elkem ASA	•	•	•	•	
Encavis AG			•		•
Enel SpA					•
Engie SA	•		•	•	
Equinix Inc	•		•	•	

05.2 Engagements

Company	E	S	G	C	O
Estun Automation Co Ltd	•	•	•	•	
Eurofins Scientific SE	•		•		•
Eva Airways Corp	•	•		•	
Evotec SE	•	•	•	•	•
Exxon Mobil Corp	•				•
Farmland Partners Inc		•			
Fast Retailing Co Ltd		•			
FedEx Corp	•		•	•	
Formosa Plastics Corp	•		•		•
Fortum Oyj	•			•	
Fresenius SE & Co KGaA		•	•		•
Galaxy Entertainment Group Ltd		•	•		•
Gamma Communications PLC			•		
General Electric Co			•		•
General Mills Inc	•			•	•
General Motors Co	•	•	•	•	
Genus PLC			•		•
Georg Fischer AG	•	•	•	•	
Gigabyte Technology Co Ltd			•		
Ginkgo Bioworks Holdings Inc					•
Gloria Material Technology Corp			•		
Goldwind Science & Technology Co Ltd	•	•		•	•
Grafton Group PLC			•		
Grifols SA	•	•	•	•	
Hana Financial Group Inc	•		•	•	
Hangzhou Oxygen Plant Group Co Ltd	•	•	•		•
Harbour Energy PLC	•		•		
Hargreaves Lansdown PLC		•			
HDFC Bank Ltd	•	•	•	•	•
Heineken NV	•				•
Hella GmbH & Co KGaA	•		•		
HelloFresh SE	•			•	•
Henan Liliang Diamond Co Ltd			•		•

Company	E	S	G	C	O
Hermes International SCA	•	•			•
Hexagon AB			•		
Hexpol AB			•		
Hitachi Ltd	•	•	•	•	•
Hornbach Holding AG & Co KGaA	•		•	•	
Hoshine Silicon Industry Co Ltd	•	•		•	•
HSBC Holdings PLC			•		•
Hsin Kuang Steel Co Ltd					•
Huhtamaki Oyj	•	•	•	•	
Hundsun Technologies Inc		•	•		•
Hyundai Motor Co	•	•	•	•	•
Iberdrola SA	•	•	•	•	•
Iccrea Banca SpA	•				•
IG Group Holdings PLC			•		•
Imerys SA	•			•	
Industria de Diseno Textil SA		•			
INEOS Group Holdings SA	•		•	•	
Infineon Technologies AG	•	•	•	•	
Inner Mongolia Yili Industrial Group Co Ltd	•		•	•	•
Intel Corp	•	•		•	
Intermediate Capital Group PLC			•		•
International Consolidated Airlines Group SA	•	•		•	
Internet Initiative Japan Inc		•	•		•
Interroll Holding AG			•		
Intesa Sanpaolo SpA	•	•	•	•	
Iren SpA			•		
J Front Retailing Co Ltd		•			•
Jason Furniture Hangzhou Co Ltd	•	•	•		•
Jenoptik AG	•		•	•	
JET2 PLC	•		•	•	
JMDC Inc			•		•
Johnson & Johnson		•	•		•
JOST Werke SE			•		•

05.2 Engagements

Company	E	S	G	C	O
JPMorgan Chase & Co	•		•	•	
Kao Corp		•			
Kerry Group PLC	•		•		•
Kingspan Group PLC	•		•	•	•
KION Group AG		•	•		
KNOW IT AB			•		
Koninklijke Ahold Delhaize NV	•				•
KWS Saat SE & Co KGaA	•			•	
Kyoritsu Maintenance Co Ltd	•			•	•
LEG Immobilien SE	•	•	•	•	
Legrand SA		•	•		
Linde PLC	•	•	•	•	
Lion Travel Service Co Ltd	•	•	•	•	•
Lloyds Banking Group PLC	•			•	•
LONGi Green Energy Technology Co Ltd	•		•	•	
L'Oreal SA		•			
Luxshare Precision Industry Co Ltd	•	•		•	
LVMH Moet Hennessy Louis Vuitton SE	•	•		•	•
Macnica Holdings Inc		•	•		•
Mainfreight Ltd	•	•	•	•	
Man Group PLC			•		
MarketAxess Holdings Inc		•	•		•
Marsh & McLennan Cos Inc	•		•	•	
Marubeni Corp	•		•	•	•
Mastercard Inc		•	•		•
MediaTek Inc			•		•
Mediobanca Banca di Credito Finanziario SpA			•		
Medios AG			•		•
Mercedes-Benz Group AG			•		
Merck KGaA	•	•		•	•
Micron Technology Inc	•			•	
Microsoft Corp	•	•	•	•	
Midea Group Co Ltd	•	•	•	•	

Company	E	S	G	C	O
Mitsubishi UFJ Financial Group Inc	•	•		•	•
Mitsui Fudosan Co Ltd	•			•	•
Mitsui Mining & Smelting Co Ltd	•		•	•	•
Mizuho Financial Group Inc	•		•	•	•
Moonpig Group PLC			•		
Morinaga Milk Industry Co Ltd					•
Muyuan Foods Co Ltd	•		•	•	•
NARI Technology Co Ltd		•	•		•
National Grid PLC	•			•	
Naturgy Energy Group SA	•			•	
NatWest Group PLC	•			•	•
Neste Oyj	•	•		•	
Nestle SA	•	•	•	•	•
Netcompany Group A/S			•		
NextEra Energy Inc					•
Nine Dragons Paper Holdings Ltd	•	•		•	
Nippon Steel Corp	•		•	•	•
NOF Corp	•	•			
Norcros PLC			•		
Norma Group SE	•		•	•	
Norsk Hydro ASA	•			•	•
Northland Power Inc					•
Nutrien Ltd	•			•	
OCI NV	•		•	•	•
OMV AG	•				•
Orange SA		•			
Orano SA	•			•	
Orsted AS	•			•	•
Owens Corning	•		•	•	•
Pactiv Evergreen Inc	•			•	•
Panasonic Holdings Corp		•	•		
Paradigm Biopharmaceuticals Ltd			•		
PBF Energy Inc	•		•	•	

05.2 Engagements

Company	E	S	G	C	O
Pegavision Corp	•	•	•	•	•
PepsiCo Inc		•			•
PetroChina Co Ltd	•		•	•	•
Petroleos Mexicanos	•		•	•	
PG&E Corp	•		•	•	•
Primo Water Corp	•	•	•	•	
Prysmian SpA			•		
PZ Cussons PLC		•	•		•
Reliance Worldwide Corp Ltd		•			
Repsol SA	•	•		•	•
Rio Tinto PLC	•	•	•	•	•
Rohto Pharmaceutical Co Ltd					•
Rotork PLC			•		•
RWE AG	•		•	•	
S&P Global Inc		•	•		•
Safran SA		•			
Salesforce Inc	•		•	•	
Samsung Electronics Co Ltd	•	•	•	•	•
Sanyo Special Steel Co Ltd	•		•	•	•
SAP SE		•	•		•
Schneider Electric SE	•		•	•	
SCOR SE			•		•
Scout24 SE			•		
Sealed Air Corp		•			
Serica Energy PLC			•		•
Shell PLC	•	•	•	•	
Shenzhen Kangtai Biological Products Co Ltd		•	•		•
Shinhan Financial Group Co Ltd	•		•	•	•
Ship Healthcare Holdings Inc			•		•
SIG Group AG			•		•
Sika AG	•	•	•	•	•
Simplo Technology Co Ltd	•		•	•	
SITC International Holdings Co Ltd	•	•	•	•	

Company	E	S	G	C	O
SK Hynix Inc	•		•	•	
Socionext Inc		•			•
SOITEC		•			
Sojitz Corp		•			•
Sompo Holdings Inc	•		•	•	
Sony Group Corp		•			•
Sopra Steria Group SACA		•			
SSE PLC	•			•	•
Stabilus SE		•	•		
Starbucks Corp		•	•		
STMicroelectronics NV		•			
Stora Enso Oyj	•			•	
Stroeer SE & Co KGaA			•		
Sumitomo Forestry Co Ltd	•			•	•
Sumitomo Mitsui Financial Group Inc	•	•	•	•	
Sungrow Power Supply Co Ltd	•		•	•	•
Suzhou Maxwell Technologies Co Ltd	•	•	•		•
Symrise AG			•		•
T&D Holdings Inc		•			•
Taiwan Cement Corp	•		•	•	•
Taiwan Mask Corp	•	•		•	•
Taiyo Yuden Co Ltd	•			•	•
Tate & Lyle PLC	•	•	•	•	•
TC Energy Corp	•	•	•	•	
TechMatrix Corp		•	•		
Technip Energies NV			•		•
Telefonica Deutschland Holding AG	•	•	•	•	•
Teleperformance SE		•	•		
Tencent Holdings Ltd	•	•	•	•	•
Tesla Inc	•	•		•	
Teva Pharmaceutical Industries Ltd	•	•	•	•	•
Thermo Fisher Scientific Inc		•			
Thule Group AB			•		

05.2 Engagements

Company	E	S	G	C	O
thyssenkrupp AG	•		•	•	•
Tokyo Electron Ltd	•		•		•
Tongwei Co Ltd	•	•	•	•	
TotalEnergies SE	•	•	•	•	•
Toyota Motor Corp	•		•	•	•
Trelleborg AB			•		
Trina Solar Co Ltd	•	•		•	
UBS Group AG		•	•		•
Ulvac Inc	•	•	•	•	•
UNEDIC ASSEO			•		•
UniCredit SpA			•		
Uniphar PLC			•		•
Uni-President Enterprises Corp	•	•		•	•
United Overseas Bank Ltd	•			•	
UnitedHealth Group Inc	•	•	•	•	
Universal Microwave Technology Inc	•	•			•
UPM-Kymmene Oyj	•			•	•
Urban Logistics REIT PLC			•		
Van Lanschot Kempen NV			•		
Venustech Group Inc		•	•		•
Veolia Environnement SA	•	•	•	•	
Verizon Communications Inc	•		•	•	
Vestas Wind Systems A/S		•			•
Vidrala SA	•		•	•	
Vinci SA	•	•	•		
Virbac SACA		•			
Volkswagen AG		•	•		
Wacker Chemie AG	•	•	•		•
Wanhua Chemical Group Co Ltd	•		•	•	
Wienerberger AG	•		•	•	•
Wintershall Dea GmbH	•		•	•	
Wizz Air Holdings Plc	•	•	•	•	
Woodside Energy Group Ltd	•	•		•	•
Worldline SA/France			•		
Wuestenrot & Wuerttembergische AG	•	•			•
Xinyi Solar Holdings Ltd	•	•	•	•	
XP Power Ltd					•
Yantai Jereh Oilfield Services Group Co Ltd			•		•
YFY Inc	•			•	•
Yuexiu Property Co Ltd	•	•	•	•	
Yum China Holdings Inc			•		
Zalando SE			•		•
Zhejiang Jingsheng Mechanical & Electrical Co Ltd		•	•		•
Zijin Mining Group Co Ltd	•	•		•	•

05.3 Sustainability initiatives overview

This is an overview of our sustainability initiatives and memberships, demonstrating our active involvement in these initiatives.

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
30% Club France	Member	The purpose of the 30% Club France Investor Group is to engage with SBF120 companies on gender diversity to drive systemic change on company boards and within senior management teams and to develop best practices and recommendations to make SBF120 companies more inclusive, diverse and sustainable.	2021 – present	Inclusion and Diversity (I&D)	France
30% Club Germany	Member	The purpose of the 30% Club is to engage with companies on gender diversity to drive systemic change on company boards and within senior management teams and to develop best practices and recommendation.	2023 – present	Inclusion and Diversity	Germany
Association Francaise de la Gestion financiere (French Asset Management Association – AFG)	Member	AFG is the French Asset Management Industry Association.	Since inception (1961) – present	ESG, Corporate Governance	France
	Member Corporate Governance Committee	The Corporate Governance Committee of the AFG aims to promote best governance practices in the French marketplace, improve practices at French issuers and discuss proxy-related issues, such as the role of proxy advisors and shareholder activism.	Since inception (1961) – present		
	Member Technical Committee Responsible Investment	Standing committee organises the working groups, such as the SRI label, the ESR indicators or the energy transition law and others. Committee aims to be a place for sharing information on current regulations, initiatives and promotion responsible investment.	2019 – present		
Asian Investor Group on Climate Change	Member	The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing.	2018 – present	Climate	Asia
	Member Engagement and Policy Working Group	The work this group undertakes on engagement is complementary and in parallel with company engagement as part of Climate Action 100+. The focus of this working group will initially enable investors to understand how their increasingly important role in policy advocacy can also help drive more ambitious corporate climate action.	2021 – present		
	Member Paris Aligned Investment Working Group (new)	The group focuses on developing investor solutions for facilitating the transition to a net-zero emissions economy in Asia and to track global progress. The group oversees AIGCC's second annual low carbon investment survey.	2021 – present		
Access to Nutrition Initiative – ATNI	Member	ATNI focuses on developing tools and initiatives that track and drive the contribution made by the food and beverage sector to addressing the world's global nutrition challenges.	2022 – present	Nutrition	Global

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
Bundesverband Investment und Asset Management – BVI	Member	BVI is the German Investment Funds Association.	2011 – present	ESG	Germany
	Member Committee Sustainability	The committee deals with strategic and technical issues related to sustainable investing, including corporate governance. It accompanies regulatory and political initiatives in the field of sustainable finance, especially at the European level, and evaluates their practical effects.	2020 (since inception) – present		
	Member Working Group Responsible Investing	The working group prepares the association's positions on responsible investing.	2011 – present		
	Member Working Group Corporate Governance	The working group prepares the association's positions on current legislative projects relating to corporate governance at national and European level and develops the BVI analysis guidelines for general meetings.	2015 – present		
	Member Working Group ESG Risk Management	The working group prepares the association's positions on sustainability risks in the risk management processes of fund portfolios and at management company level.	2020 – present		
Carbon Disclosure Project	Investor Member	International non-profit organisation that promotes carbon reporting by requesting information from leading companies about their GHG emissions and other environmental impacts.	2015 – present	Climate	Global
Climate Bonds Initiative	Partner	International investor-focused not-for-profit. It is the only organisation in the world working solely on mobilising the USD 100 trillion bond market for climate change solutions.	2015 – present	Climate	Global
Climate Finance Leadership Initiative – CFLI	Founding Member	CFLI aims to unlock climate finance in emerging markets, thereby mobilising private capital to help finance the transition towards a more sustainable tomorrow.	2019 – present	Climate	Emerging Markets
Council of Institutional Investors	Member	The Council of Institutional Investors is the leading corporate governance network in the US, advocating effective corporate governance practices for US companies and strong shareowner rights and protections.	2017 – present	Corporate Governance	US
	Member Corporate Governance Advisory Council	The Corporate Governance Advisory Council provides input to the board and staff about CII activities that promote effective corporate governance and ways to enhance the value of membership.	2022 – present		
Climate Action 100+	Participant	The Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.	2017 – present	Climate	Global

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
The Conference Board	Member	The Conference Board connects businesses across geographies and provides them with insights that enable them to anticipate what is ahead, improve their performance and better serve society.	2019 – present	Corporate Governance	Global
	Co-Chair Corporate Governance Council	The Council was founded in Europe in recognition of the growing importance attached by investors to the effectiveness of the corporate board. The Council is dedicated to executives with governance interest and responsibility, based in Europe, including corporate secretaries, legal counsel and institutional investors responsible for corporate governance policies.	2019 – present		
Deutsche Vereinigung für Finanzanalyse – DVFA	Board Member/Sponsor	DVFA is a professional association of investment professionals in Germany. DVFA sets German industry standards.	2005 – present (AllianzGI as Sponsor) 2008 – present (Board Member)	ESG	Germany
	Member Kommission Sustainable Investing	DVFA Commission Sustainable Investing addresses how to better integrate sustainability in analysis and how to address policy and regulation in the German market with a focus on education and the formation of analysts.	2018 – present		
	Member Fachausschuss Governance & Stewardship	The DVFA Commission Corporate Governance has set itself the goal of promoting best practice for corporate governance in listed companies. The Commission's activities include addressing current aspects of corporate governance, developing standards and helping to shape relevant regulatory processes.	2015 – present		
European Fund and Asset Management Association	Member Stewardship, Market Integrity, ESG Investment Standing Committee	The Standing Committee's areas of focus are the stewardship role of asset managers, market integrity and ESG and Sustainable Investment topics. In particular, the Committee addresses the topics of shareholders rights and obligations, relationships between asset managers and investee companies (stewardship), responsible investment, ESG labels, market abuse and sanctions.	2015 – present	ESG	Europe

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
European Leveraged Finance Association – ELFA	Member	ELFA is the European Leveraged Finance Association, which derived from a former European High Yield Association. The foundation of the association is to have a buyside group that helps push for improved reporting and governance in the European leveraged finance arena. Regarding topics on ESG, it covers primarily governance, but the association also helps educate and promote asset management engagement with issuers on ESG.	2020 – present	ESG, Corporate Governance	Europe
	Member of ESG Committee	The ESG Committee is working to improve disclosure on ESG topics in the leveraged finance market and to develop best practice guidance on ESG disclosures for sub-investment grade corporate borrowers in collaboration with the PRI.	2020 – present	ESG	Europe
FAIR (previously Finansol)	Member	FAIR unifies different stakeholders of social impact finance in France and is the French centre of expertise in this field at an international level. FAIR also manages a label, the Finansol label, which distinguishes social savings products from other savings products for the general public.	2021 – present	Social impact	France
FAIRR Initiative	Member	FAIRR is an investor network raising awareness of ESG risks and opportunities in intensive animal agriculture and helping build a more sustainable food system.	2019 – present	ESG	Global
Forum pour l'Investissement Responsable	Member	French Sustainable Investment Forum – membership-based organisation addressing policy and other ESG topics specific to the French market. It organises regular events, seminars, workshops and co-ordinates responses to consultations, etc.	2009 – present	ESG	France
Forum per la Finanza Sostenibile	Participant	Italian Sustainable Investment Forum – membership-based organisation addressing policy and other ESG topics specific to the Italian market. It organises regular events, seminars, workshops and co-ordinates responses to consultations, etc.	2011 – present	ESG	Italy
German, Austrian and Swiss Sustainable Investment Forum – FNG	Member	German Sustainable Investment Forum – membership-based organisation addressing policy and other ESG topics specific to the German market. It organises regular events, seminars, workshops and co-ordinates responses to consultations, etc.	2013 – present	ESG	Germany
	Working Group Institutional Impact Investing	The aim of the working group is establishing a market standard for the definition of impact investments for institutional investors across all asset classes.	2023 – present		

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
France Invest	Member	French association representing private equity (PE) and private debt professionals active in France. France Invest promotes the growth of PE among entrepreneurs, global savings managers, French and European public authorities and opinion leaders.	2021 – present	Impact Investing	France
	Member of Private Debt Commission	The Commission is focused on bringing together investment professionals to foster exchange and raise awareness of the trends faced by the private debt market.			
	Member of Impact Commission, signatory of best practice guide to sustainability-linked loans	The Commission meets regularly with its members to discuss the issues faced by impact investing players. The Commission assists its members with regulatory issues, financing issues and best practice. Participation in the Impact Private Debt working group is also part of the membership in the commission.			
Green Bond Principles – GBP	Member	The GBP are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Green Bond; they aid investors by ensuring availability of information necessary to evaluate the environmental impact of their Green Bond investments.	2015 – present	Environment	Global
	Member Advisory Council Green Bonds and Social Bonds	The role of the Advisory Council is to advise the Executive Committee to increase its market awareness and outreach, and to enable further engagement with specific membership categories and observers.	2019 – present		
GFANZ Asia Pacific Network	Member	The GFANZ AP Network supports the expansion of net-zero finance in Asia-Pacific and helps to accelerate the region's transition to a net-zero economy.	2023 – present	Climate	Asia
	Working Group on coal-managed phase out – financial viability workstream	The workstream helps remain ahead of the curve with respect to transition in general and transition in Asia in specific, adding depth to our discussion with third party clients, helps promote AllianzGI as a knowledge partner in the region.	2023 – present		
Global Impact Investing Network – GIIN	Member	The Global Impact Investing Network is a non-profit organisation dedicated to increasing the scale and effectiveness of impact investing around the world. They do this by building critical infrastructure and developing activities, education and research.	2018 – present	Impact Investing	Global

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
Hong Kong Green Finance Association – HKGFA	Member	The aim and mission of the HKGFA is to gather industry experts and provide policy suggestions to the HKSAR Government and other regulators in developing green finance in the city.	2022 – present	ESG	Hong Kong
	Member ESG Disclosure and Integration Working Group	The ESG Disclosure and Integration Working Group aims to foster green finance development in Hong Kong through promoting and enhancing ESG disclosure and integration with working plans on research, policy consultation, capacity building and cooperation.	2022 – present		
	Member Policy Research and Dissemination Working Group	The Policy Research and Dissemination Working Group targets to offer policy recommendation to the HKSAR Government to strengthen Hong Kong's green finance market and the ESG ecosystem.	2022 – present		
Hong Kong Investment Funds Association – HKIFA	Member	The HKIFA represents the fund management industry of Hong Kong. It aims to foster the development of the fund management industry in Hong Kong.	2004 – present	ESG	Hong Kong
	Member ESG Working Group	The ESG working group brings together fund managers to discuss current ESG topics in the industry, thereby shaping the development of sustainable investment in Hong Kong.	2021 – present		Hong Kong
The Investment Association	Member	A trade body for the UK's asset management industry. We are a member and represented on various working groups.	2015 – present	ESG	UK
International Corporate Governance Network – ICGN	Member	Aims to inspire effective standards of corporate governance to advance efficient markets worldwide. This is achieved through the ICGN Global Governance Principle. AllianzGI is co-chair of the ICGN Shareholder Rights Committee.	2015 – present	Corporate Governance	Global
Initiative Climat International – iCI	Member	The iCI represents a collective commitment to understand and reduce carbon emissions of private equity-based companies and secure sustainable investment performance.	2021 – present	Climate	Global
ISSB Investor Advisory Group	Member of ISSB Investor Advisory Group	The IAG comprises leading asset owners and asset managers, who are committed to improving the quality and comparability of sustainability-related disclosure to investors.	2020 – present	ESG	Global

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
Institutional Investors Group on Climate Change – IIGCC	Member	IIGCC provides investors with a collaborative platform to encourage public policies, investment practices, and corporate behavior that address long-term risks and opportunities associated with climate change.	2016 – present	Climate	Global
	Net Zero Technical Working Group (Under Paris Aligned Investor initiative)	The group contributes to the PAII by addressing analytical gaps where further development of methodologies and approaches is required to support implementation of the Framework.	2021 – present		
	Climate Solutions Working Group (Under Paris Aligned Investor initiative)	A dedicated working group to develop best practice and support members to increase investment in climate solutions.	2020 – present		
	Net Zero Engagement Initiative (new)	Net Zero Engagement Initiative (NZEI) aims to scale and accelerate climate-related corporate engagement and to support investors in aligning more of their investment portfolio with the goals of the Paris Agreement.	2023 – present		
	Net Zero Stewardship Working Group	This working group aims to provide a forum to help investors view how best to operationalise "net-zero stewardship" and develop key tools to enable progress and work with proxy advisors to ensure they are ready to support investors.	2021 – present		
Japan Sustainable Investment Forum – JSIF		JSIF is the premier sustainable investing initiative in Japan. It is also a member of the Global Sustainable Investment Alliance.	2023 – present	Sustainable Investing	Japan
UK Investor Forum	Underwriting Signatory	An investment industry body set up to facilitate dialogue between UK corporates and their investors.	2015 – present	ESG	UK
The Investor Mining & Tailings Safety Initiative	Participant	The Investor Mining & Tailings Safety Initiative is an investor-led engagement convening institutional investors active in extractive industries, including major asset owners and asset managers.	2019 – present	ESG	Global
Nasdaq Sustainable Bond Network	Member of the Advisory Board of the Nasdaq Sustainable Bond Network	The NSBN is a global platform that aims to increase transparency and accessibility to environmental, social and sustainability bonds.	2019 – present	Climate	Global
Nature Action 100	Member	Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.	2023 – present	Biodiversity	Global
Net Zero Asset Managers Initiative	Member	The Net Zero Asset Managers Initiative is an international group of asset managers committed to supporting the goal of net-zero greenhouse gas emissions by 2050, or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius.	2021 – present	Climate	Global

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
One Planet Asset Manager Initiative	Member	The One Planet Asset Manager (OPAM) initiative was launched to support the members of the One Planet Sovereign Wealth Fund (OPSWF) in their implementation of the OPSWF framework. The goal is to accelerate the understanding and integration of the implications of climate-related risks and opportunities within long-term investment portfolios through the sharing of investment practices and expertise.	2021 – present	Climate	Global
	Member of Steering Committee	The steering committee brings together technical leadership and commitment by its participants aiming to further support the implementation of the OPSWF framework. Thereby this group contributes to actively shaping the future of the initiative.	2021 – present		
EU Sustainable Finance Platform	Participation as part of Allianz SE Membership	The Platform on Sustainable Finance plays a key role in enabling such cooperation by bringing together the best expertise on sustainability from the corporate and public sector, from industry as well as academia, civil society, and the financial industry.	2023 – present	Sustainable Investing	European Union
UN Principles for Responsible Investment	Signatory	A global industry-wide initiative to mobilise greater integration of ESG factors in day-to-day investment decisions and processes.	2007 – present	ESG	Global
	Member Global Policy Reference Group	The aim of the group is to inform and strengthen PRI's and its signatories' public policy engagement on responsible investment topics, as well as to encourage alignment between its signatories' responsible investment commitments and public policy efforts.	2018 – present		
	Member Private Debt Advisory Committee	The aim of this group is to drive ESG integration in private debt.	2022 – present	Private Markets	
	Member 'Advance' Stewardship Initiative	The overall objective of the initiative is to advance human rights and positive outcomes for people through investor stewardship. It will primarily seek change through investors' use of influence with portfolio companies. The following three expectations will be set for engagement focus companies: (1) Fully implement the UNGPs –the guardrail of corporate conduct on human rights, (2) Align their political engagement with their responsibility to respect human rights, (3) Deepen progress on the most severe human rights issues in their operations and across their value.	2022 – present	Human Rights	
Spain Sustainable Investment Forum	Member	A membership-based organisation addressing policy and other ESG topics specific to the Spanish market. Organises regular events, seminars, workshops, etc.	2018 – present	ESG	Spain
Swiss Sustainable Finance	Member	Swiss Sustainable Finance aims to strengthen Switzerland´s position as a leading voice and actor in sustainable finance, thereby contributing to a sustainable and prosperous economy.	2021 – present	ESG	Switzerland
Taskforce on Climate-related Financial Disclosures – TCFD	Supporter	The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear and efficient, and provide decision-useful information to lenders, insurers and investors.	2019 – present	Climate	Global

05.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' Position	Description	Date	Topics	Region/Country of Scope
Taskforce on Nature-related Financial Disclosures – TNFD	Member	TNFD is a framework enabling organisations to shift financial flows to nature-positive outcomes.	2023 – present	Biodiversity	Global
World Benchmarking Alliance	Supporter	The World Benchmarking Alliance (WBA) seeks to generate a movement around increasing the private sector's impact towards a sustainable future for all.	2019 – present	ESG	Global

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