Allianz
Global Investors

Sustainable Investing and Stewardship Report 2024

About this report

Our Sustainable Investing and Stewardship Report 2024 presents our sustainable investing offering and active stewardship activities.

Report scope and boundaries

The contents of this report relate to all Allianz Global Investors (AllianzGI) activities and locations. All measures, activities and figures refer to the 2024 fiscal year (1 January 2024 to 31 December 2024) unless otherwise stated.

Robust review and assurance

The credibility of our sustainability approach, as reflected in our internal processes and external reporting, is crucial to ensure trust in our company. AllianzGI reviews its sustainability 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 2024 we developed a comprehensive **Engagement Policy Statement** to supersede our former Stewardship Statement.

A dedicated Sustainability Governance Committee is responsible for overseeing processes, products and methodology. The committee ensures processes are efficient, consistent and enforced by our Executive Committee (ExCo). The ExCo reviewed this report and considers it to provide a fair and balanced view of our approach to sustainable investing and stewardship activities.

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 67–68.

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Our vision of sustainability

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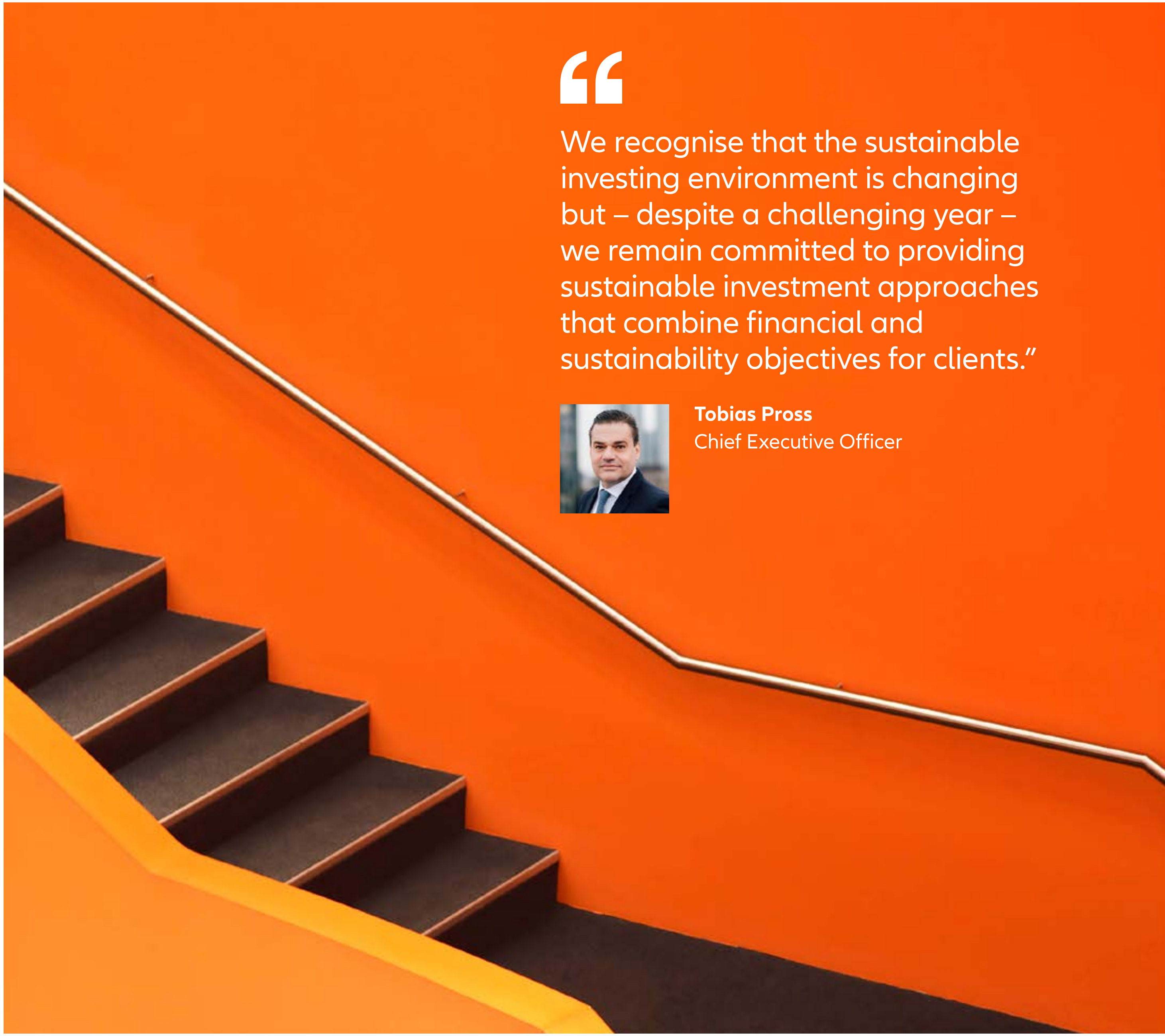

"We recognise that the sustainable investing environment is changing but – despite a challenging year – we remain committed to providing sustainable investment approaches that combine financial and sustainability objectives for clients."

Tobias Pross
Chief Executive Officer

1.1 Allianz Global Investors: investing with conviction

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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.

With more than 600 investment professionals in 20+ offices worldwide, we manage EUR 571 billion of assets for institutions and individuals, offering a diversified range of investment strategies across equities, fixed income, multi asset and private markets.

AllianzGI marked a quarter of a century of asset management in 2023. Looking to the next 25 years and beyond, we are deepening our focus on the current trends and dynamics shaping the asset management industry – investing with conviction across public and private investments in developed and emerging markets, supported by advisory services delivered by our specialist risklab team.

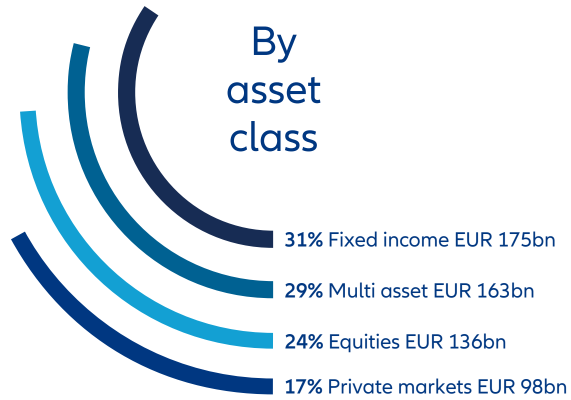
To provide value for our clients, we seek to identify long-term growth opportunities aligned both with their objectives and with our vision of a sustainable future. We're committed to bespoke client service with global and local market knowledge and insights.

In addition to reviewing our sustainable investing and stewardship activities in 2024, this report intends to renew our admission to the UK Stewardship Code, one of the most important external accreditations of our stewardship activities.

Find out more

- **Read more about our approach to sustainability, see our latest research, and 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 see the Allianz Group Sustainability Statement 2024.**

EUR 571 billion[1]
Assets under management (AUM)



1 Data as at 31 December 2024. 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.

1.2 What's our sustainable investing strategy?

Holding investment conviction is a challenge, especially in exceptional times of geopolitical unrest, technological advancement, climate change, generational division, and the move away from the traditional political middle ground. This is true for all investments, but particularly for sustainable and impact investing, which is undergoing a period of accelerated development.

Our approach is to be guided by a long-term vision, enabling and shaping investment goals and outcomes for our clients and other stakeholders. This commitment frames not only our views but our complete approach – our processes, infrastructure, product[1] development and client support.

Managing assets with sustainability objectives on behalf of our clients means:

Demonstrating conviction

We believe investors can generate strong investment returns while meeting sustainability and impact objectives. We deliver transparent, conviction-based sustainability and impact financing solutions across three themes – climate, planetary boundaries and social themes – aligned with our clients' time horizons, risk appetite and thematic preferences. With a sustainable investing track record of 25 years, six approaches to sustainable investing across 211 funds[1] representing EUR 222 billion of AUM, and our proprietary SusIE[2] digital sustainability platform (see page 20), we help inform our portfolio managers of industry trends and support our clients in reaching their goals.

Scaling up active stewardship

Our approach to sustainable investing is underscored both by the power of data and by the contribution of quality engagement. We are an active steward of our clients' investments, with an engagement approach layered across themes, sectors and companies, supported by proprietary frameworks, our insights and the engagement module in SusIE. These capabilities support the targeting and recording of engagements on emerging topics, focused stewardship improvement goals in our voting, and selected, materiality-based escalation. In 2024, we engaged with investee companies on over 600 occasions.

Being a pioneer in impact investing in private markets

We have developed an institutional investor-ready proposition for impact investing in private markets. This is focused on our private equity and private credit offerings. We apply our proprietary impact framework across the investment cycle, which prioritises the evidence-based measurement of our impacts. Our new Impact Research Award is designed to encourage greater academic research in areas key to our impact offering. This helps to enhance our due diligence process around the likely impact contribution of our investments, in addition to the expected financial returns.

1 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.
2 Sustainability Insights Engine

1.3 How did we demonstrate our conviction in 2024?

Being a strong sustainable investing partner for our clients remains our guiding principle, and we acknowledge the importance of reporting in a transparent manner on the outcomes of our actions to reinforce the credibility of that ambition. We are an authentic, trusted partner consistently doing what we say we will – staying focused through bouts of market turbulence.

Our outcomes in 2024 reflect a year of evolution, rather than revolution, as we continued to deliver with conviction against our long-term strategy. After many years of action on sustainable investing, the highlights shown here provide us with the confidence that this strategy is working.

"With the recent developments in the US, we need to continue ensuring that sustainable investing demonstrates value and becomes even more tangible for clients."

Matt Christensen
Global Head of Sustainable and Impact Investing

Highlights for 2024

EUR 560 million
raised at first close of our new Impact Private Credit strategy; two new Emerging Market Climate Action Strategy investments, including into an Africa-focused infrastructure investment fund of
EUR 30 million.

Escalating biodiversity risks
with McDonald's, and pre-announcing votes against Toyota Motor Corp on climate topics and against PepsiCo and Home Depot on biodiversity.

Achieving improved PRI scores in 11 of 15 categories
versus 2023 – above many of our peers.

Deepening our education and information on sustainability
via dedicated multi-channel marketing campaigns, internal and external training.

Developing our SusIE digital sustainability platform
to include greater functionality – including the expansion of its engagement module.

Research and thought leadership:
publishing a sustainability outlook for the year and major thematic research papers across our three pivotal themes.

Strengthening our sustainability leadership
through board representation at the European Financial Reporting Advisory Group (EFRAG) Sustainability Reporting Board as well as at Eurosif and the GRESB Foundation, in addition to our work on product categorisation as part of Allianz's membership of the EU Sustainable Finance Platform.

1.4 What's our view of the market?

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The year 2024 was tumultuous on many fronts and 2025 began in an equally eventful way, shaped by the actions of the new US administration. Given this backdrop, geopolitical and macroeconomic themes will continue to frame the evolution of sustainable investing. Despite ongoing global division on how best to balance near- and long-term challenges and opportunities, 2025 could see much-needed engagement between different stakeholders on how to implement – and finance – the transition to a more resilient global economy for the coming decades.

Here are the five themes we think will influence the agenda in 2025:

Climate impact to climate transition

The record weather events of 2024 underscored how far behind the curve the global economy remains when it comes to managing the fast-emerging risks associated with rising temperatures. There is much work still to be done. In 2025, the reality of climate impact should feed through to a more pragmatic and coordinated approach to climate transition, even as we digest the possible implications of US moves.

The big moment of truth

The shift in focus to climate transition was set to coincide with a significant wave of enhanced regulatory frameworks, guidance and oversight, especially in Europe – including the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and implementation of the European Securities and Markets Authority (ESMA) Sustainable Finance Framework. However, many stakeholders have pushed for a reset in the regulatory agenda, starting with how European regulation impacts competitive positioning and whether it motivates or discourages much-needed capital. The year 2025 will define the role regulation has to play in transition finance.

The sovereignty of climate

Climate modelling is advancing and is helping quantify and qualify macroeconomic risks under different temperature scenarios. Current sovereign pledges and targets continue to expose the global economy to significant financial risks. The delay in the completion of refreshed nationally determined contributions (NDCs) from March to September 2025 may offer an opportunity to achieve a greater ambition level from sovereigns.

The case for defence

Defence is a social necessity that underpins economic development, but the sector has endured a long period of underinvestment. As the new US administration resets the deployment of its military resources, Europe is entering a new phase of higher investment in defence. Given public finance pressures, politicians, regulators, the sector and private finance will need to align on where and how defence is financed – and the relationship of this sector to sustainability topics.

Working with the modern workforce

Technology, demographics, geopolitics and changing economic models are transforming both the global economy and the opportunities and risks for the workforce that serves the economy. A longer-term, more strategic and considered approach to the modern workforce is required to mitigate the risks and maximise the opportunities of this seismic shift.

Read more on our 2025 sustainability themes.

1.4 What's our view of the market?

Principle 4

ESMA's new fund-naming guidelines

Effective from May 2025, ESMA has outlined new guidelines for fund names using ESMA or sustainability-related terms. Aimed at enhancing transparency and preventing greenwashing, the guidelines ensure specific minimum standards are adhered to when using terms such as "sustainable" or "sustainability" – in particular, such products require a specific link to sustainable investments.

While we've taken action to ensure our products are in line with the supervisory briefing, such terms encompass a broad range of funds across the industry with various degrees of ambition level – so we've initiated a strategic project to review our fund names ahead of the guidelines' introduction.

Where's the market heading?

Sustainable and impact investing will continue to be important globally in 2025, though the pace and nature of growth may vary significantly across regions.

In Europe, investment strategies classified as Sustainable Finance Disclosure Regulation (SFDR) Article 8 have become a standard requirement for many investors[1]. Strategies classified as SFDR Article 9 are likely to remain under pressure due to disappointing past performance. In our view, sustainable strategies with a more diversified approach to portfolio construction and/or portfolio level key performance indicators (KPIs) could profit from this shift and attract inflows.

The new ESMA fund-naming guidelines (see box-out) could play a significant role in rebuilding investor confidence and driving more capital towards genuinely sustainable and impactful investments. On the institutional side, we do not expect investors to soften or even remove their sustainability policies but to maintain the direction of travel: they will continue to expect their asset managers to incorporate sustainability considerations into the investment process. European asset managers with credible sustainability approaches and commitments could increasingly become attractive for sustainability-minded asset owners and institutional investors.

In the US, by contrast, there may be more muted growth in sustainable investing. The regulatory environment remains less stringent and "environmental, social and governance" (ESG) faces considerable political and market resistance. It is likely that the US may unwind progress, in terms of both the quality and quantity of sustainable investment assets.

In Asia, sustainable investing is relatively nascent but gaining traction – particularly in markets like Taiwan, Thailand and China. Regulatory frameworks are evolving and there is growing awareness of the importance of ESG factors. However, the pace of adoption is slower than in Europe, partly due to varying levels of market maturity and regulatory support across different countries – and we expect this situation to continue.

1 European Commission, **Sustainability-related disclosure in the financial services sector**.

1.5 What's our ambition for sustainable investing in 2025?

AllianzGI's ambition is to be a credible, long-term partner to our clients. Recent years have presented cautionary tales of first movers who acted hastily without the necessary application and infrastructure to make sustainable and impact investing a success. That's why we have taken the time to build the infrastructure needed to support our ambitions, working with clients through challenging markets to achieve their financial and sustainability goals, and to inform industry standards.

In 2025, we will continue to offer concrete solutions and tools that support our clients' sustainability ambitions, playing our part in driving the transition agenda across our industry and transforming data into insights. Our ambition is focused on the following three objectives.

1 Sustainable investing: backing the "sustainability winners"

Public markets

We were pleased with the reclassification of the Allianz SDG Global Equity strategy to Article 9 in 2024 – underscoring our commitment to sustainable investing (see Section 2.4).

The year also saw strong net cash inflows into Allianz Best Styles SRI strategis and the Allianz Dynamic Multi Asset Strategy SRI strategy family – highlighting the market's confidence in our expertise in relation to financial alpha generation as well as credible sustainability incorporation. The popularity of our Best Styles SRI strategis also underscored the appetite of investors to combine a systematic investment style with strong sustainability credentials.

We also launched our first-ever global marketing campaign dedicated to the Allianz Global Sustainability Strategy – raising awareness and educating investors on the importance and benefits of sustainable investing.

In 2025, we still expect to see interest in product solutions with a transition focus across public and private markets, and we will continue to build out our product range to reflect this.

Private markets

The enormous demand for long-term infrastructure investment is something AllianzGI has been helping to finance for decades, with the backing of institutional investors. Our new Allianz Global Infrastructure European Long-Term Investment Strategy (ELTIS) is our first private-markets solution for retail clients in Europe and will invest in global infrastructure equity and debt – giving investors access to societal trends such as decarbonisation, digitisation and demographic change.

In addition, we launched our Impact Private Credit strategy, securing a first close of EUR 560 million in total commitments from leading institutional investors. With this strategy, we are among the first pureplay impact credit players in Europe – an important step in our impact investing journey. As investors increasingly prioritise engagement towards net zero, more responsible investments and better transparency, impact investing is emerging as a crucial new allocation trend in private debt – evolving from private equity in prior years to private credit as of today.

The move from ESG, to sustainability, to impact will continue throughout 2025 as the trend of this decade.

1.5 What's our ambition for sustainable investing in 2025?

2 Active stewardship: investing time and resources

We've been building a modern active stewardship architecture over the past three years, which came together to move the needle in 2024. For us, 2025 is about consolidation, demonstrating our ability to support our investee companies' journey through the climate transition, biodiversity and social matters in the coming years.

Our clients expect our investment decisions to be underpinned by an active engagement culture across the investment platform. The engagement module and planning functionality in our Sustainability Insights Engine (SusIE) – coupled with dedicated training and guidance for our investment professionals – helped us expand the scale and depth of total engagements to more than 600 in 2024.

Change remains the one constant, and our Stewardship team's use of targeted, thematic engagement projects in conjunction with analysis from the Sustainability Research team frames our stewardship approach on emerging topics. This process enables us to learn from the project, refine our approach where needed, and inform our broader thematic and sector engagement guidance. Focus topics for 2025 include climate transition, responsible artificial intelligence (AI), biodiversity, mental health and the living wage.

This incubator approach is complemented by our targeted approach to collaborative engagements, helping to develop specific objectives for engagements on emerging topics with peers. As shown in section 3.5, we have added three new initiatives in 2024 and will extend this collaboration in our engagements and voting into 2025.

In addition, recognising the political and regulatory complexities of transition, we complemented the increasing granularity of our engagement policy with a broadening reach of targeted activism. Our voting pre-announcement strategy expanded its regional and thematic reach, and we will build on our successful co-filing initiative focused on McDonalds (read more on page 50). Our selective approach, underpinned by high materiality, has attracted attention and prompted approaches for collaboration with other firms.

3 CSRD reporting: unlocking actionable data

Corporate sustainability is a cross-functional endeavour at AllianzGI – and this became true for most large European corporates this year with the application of CSRD regulations. This regulation is a game changer as it broadens the volume of data points at our disposal to match the sustainability goals of our clients.

Concretely, CSRD reporting will increase the availability and improve the quality of the standardised data points that our analysts can leverage. The challenge is to turn the mass of available sustainability data into insights that make an actionable difference: SusIE, our proprietary sustainability data platform, will support us in addressing this expanded volume of data. Immediate benefits for our investment experts include an enhanced reliability of data used in the investment process, increased comparability of companies from across the investment universe, and improved risk management.

The more granular E, S and G metrics defined by the European Sustainability Reporting Standards (ESRS) will inform investment decisions and asset allocation and help meet client-reporting expectations. We see clear application for sustainable strategies with data points from two standards in particular: E1 climate change and E4 biodiversity ecosystems.

Sustainable investing

2

"Our expanded impact offering this year is just one of the ways we are harnessing the real-world implications of sustainable investing for clients across all asset classes and capabilities."

Deborah Zurkow
Head of Investments

2.1 How are we evolving sustainable investing?

The reach of sustainability into the global investment universe – and across different asset classes – is extensive, but many aspects remain misunderstood or underappreciated. We believe we can play a crucial role in guiding both our investors and the wider industry through the complexities of sustainable investing.

While financial markets continue to consider how best to integrate sustainability opportunities and risks into investments, we seek to demonstrate our strong belief that macroeconomic trends and financial returns will be influenced by our three pivotal themes: climate change, planetary boundaries and inclusive capitalism (read more on page 13).

Our approach

We are consistent and authentic in our approach, leading the sustainability conversation by providing better, more actionable insights and data, and developing a leading sustainable investing product offering – as explored throughout this chapter.

To do this, however, we need the right building blocks in place: our three pivotal themes, an appropriate organisational structure, a pragmatic insights engine, and the necessary training for colleagues across the investment platform on sustainability topics. Guiding all of this work is a focus on the evolving needs of our clients.

An organisation structured to meet evolving needs

Our organisational structure combines specific areas of expertise with a collaborative approach, allowing us to articulate our thematic, sector and entity-level convictions on the opportunities and risks in investing. We provide guidance and products with targeted relevance and specificity to different styles of investing, under different regulations, for our global clients. See Section 4.3 for details on our sustainability and impact investing resources.

Under this structure, each team not only collaborates with specialists within the firm but also with industry bodies across topics and regions – keeping on top of key trends and standards that can influence sustainability and impact investing.

This sharing of insights also creates significant efficiencies for us and our clients. For example, analysis by the Sustainability Research team, coupled with the Sustainability Stewardship team's engagements, guides our Sustainability Standards and Analytics team on measurement and methodologies for certain topics. Combined with the outside-in perspective from our Sustainability Strategists, this allows for the holistic assessment and setting of priorities. And our approach to governance within public markets can help guide our private markets colleagues on best stewardship practices. In turn, private markets can guide public markets on impact identification and measurement.

Coding our conviction

Our Sustainability Insights Engine (SusIE) is a proprietary digital platform dedicated to the aggregation and distribution of our sustainability data (see page 20 for more detail). We maintain a highly disciplined approach to gathering data, integrating it into relevant investment key performance indicators (KPIs) and methodologies, and feeding it through to front-office functions – leading to more effective processing and conviction in our outputs.

Ongoing updates to our data and insights provide a structured feedback loop – by "coding" these insights into SusIE, we can make them available for colleagues to use in their investment strategies. Having an adaptable and flexible system also helps us be future proofed against evolving investment, regulatory and reporting needs.

Internal sustainability training

Our Sustainability team has developed a suite of training sessions to support our sustainability ambitions and keep colleagues and clients up to date on how new trends are affecting the market. These include:

- Mandatory sustainability training – annual high-level training for all employees.
- Sustainability Series – thematic-focused webinars targeting specific, topical areas of sustainability and their application to our investments.
- Monthly update sessions – specific training for investment professionals on new sustainability data, methodologies and services available for our investment portfolios.

2.1 How are we evolving sustainable investing?

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- Distribution training – specific sessions for our distribution teams, who are a key touchpoint with clients, to help them understand how our approach is evolving and the benefits for portfolios.
- Product training – providing our product team with a strong understanding of sustainability to support the development of our product suite to meet the changing needs of our clients.
- Leadership training – regular asset-class and senior management sustainability sessions to support strong understanding and governance of our capabilities as they evolve.

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 2024, 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, investment and risk management skills, as well as our credibility and the quality of our reporting. We were also Quality Leader in Asian Institutional Investment Management, Asian Intermediary Fund Distribution and European Intermediary Distribution.

How we support clients

We value the relationships we build with clients and are committed to providing regular updates and support. We seek to strengthen our client relationships through several efforts and initiatives, including:

Client training/workshops: We develop training and workshops designed to meet individual client needs in different aspects of sustainable investing and share market best practice. For example, we organised a workshop for a large South Korean pension fund, focusing on two areas: the importance of robust sustainability-related data and technologies as well as strategies to strengthen active stewardship. The interactive nature of the session fostered meaningful discussions and knowledge sharing, underscoring the strategic importance for asset owners to select the right asset managers to advance their agenda and enhance sustainability outcomes.

SusIE demonstrations: In 2024, we conducted more than 15 client demonstrations of SusIE. The positive feedback reinforced our conviction that a strong proprietary environmental, social and governance (ESG) data architecture is essential for integrating sustainability criteria effectively.

Assessing portfolios for sustainability: We regularly support our clients in analysing the sustainability features of their portfolios, assessing the impact of different sustainable investing approaches, and helping them formulate their sustainability objectives. For example, following the COP 16 biodiversity conference in October 2024, a French public pension fund published a new biodiversity policy that strengthened its responsible investment approach, prioritising collaborative engagement and focusing on the theme of plastic pollution. In this context, we conducted an impact analysis of several exclusion criteria, leveraging data from multiple data providers. We illustrated how our participation in initiatives like Nature Action 100 and the UN Principles for Responsible Investment Spring initiative aligns with the client's priorities, providing selected engagement examples from the dedicated mandates we manage on behalf of this institution.

Enhanced reporting: Following the rollout of our enhanced standard sustainability reports, we were asked to assist clients in understanding the indicators provided in these detailed monthly readouts. These reports combine external indicators and proprietary methodologies and insights. Through ongoing efforts to enhance the granularity and transparency of our reporting, we aim to strengthen our client relationships further.

Responsible communication with clients: We are committed to client communications that are not misleading and that are fair, 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 of the mandatory principles of the policy, the standards expected and important guidelines for all client communications – including the preparation, review and dissemination of materials. Training is mandatory to protect our clients and our business – all employees have access and must confirm successful completion.

2.2 Leading the sustainability conversation

Principle 4 7

For our assets under management with a sustainability goal, we focus our efforts around three pivotal themes that are based on the areas where society may face severe risks over the next decade:

- **Climate change:** how the global economy and population will react to living with the impacts of climate change.
- **Planetary boundaries:** how the global population will sustain itself with finite resources from the planet.
- **Inclusive capitalism:** how the global population will live equitably in a resource-constrained world.

These themes guide targeted engagement and research designed to ensure we identify the most material risks and opportunities for investee companies. And, while each theme is important in its own right, we also understand the critical interplay and interdependence between them.

Materiality

The market is increasingly reviewing how best to integrate materiality assessments into investment decisions. Reflecting on the next phase of ESG, we formalised our materiality assessment approach. This encompasses the materiality associated with i) the impact of a changing climate, planet and society (and ensuing regulation and ESG factors) on a company's operations, and ii) the impact of a company's operations on people, planet and the economy (see Exhibit 1).

Both assessments can highlight critical areas of potential financial materiality and contribute to conviction in investment decisions.

We look to capture materiality for our investee companies and align our assessment through our thematic, sector and company research, engagement and stewardship – and, where possible, integrate this into our data systems.

Source: Allianz Global Investors Sustainability Research

Exhibit 1 – The concept of materiality

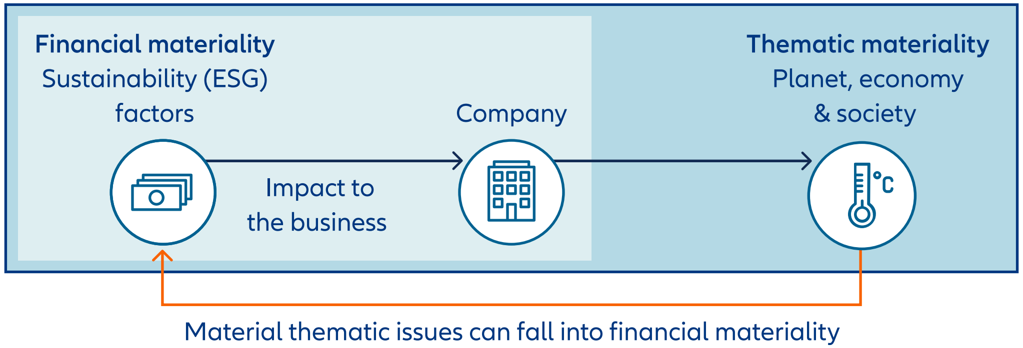
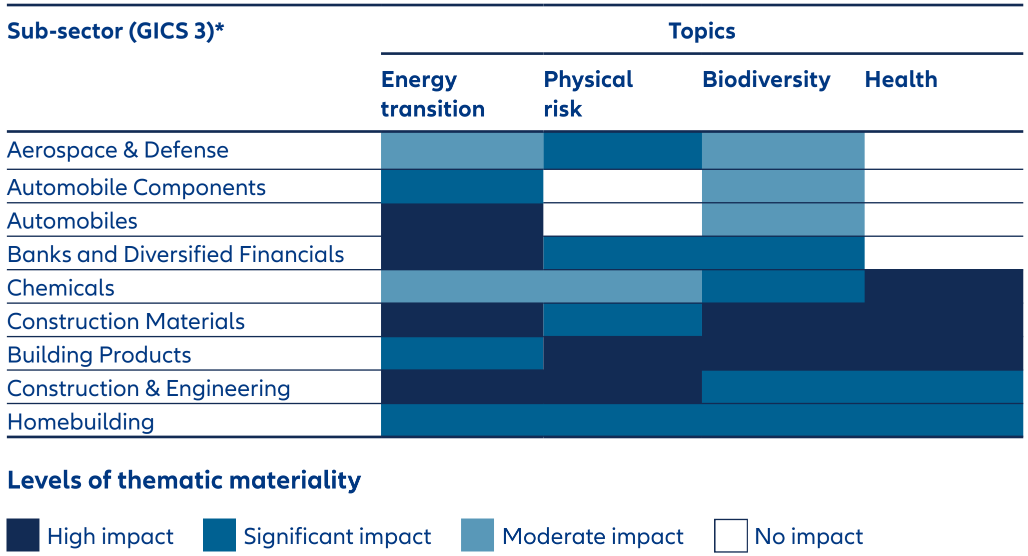


Exhibit 2 – Extract from our thematic materiality matrix topics in 2024

Our thematic materiality matrix consists of 24 key industries divided into 43 sub-sectors, where thematic materiality is assessed through 19 topics that fall within our pivotal themes of climate change, planetary boundaries and inclusive capitalism.



Source: Allianz Global Investors Sustainability Research

* Global Industry Classification (GICS) is a global classification standard used by market participants in the investment process.

2.2 Leading the sustainability conversation

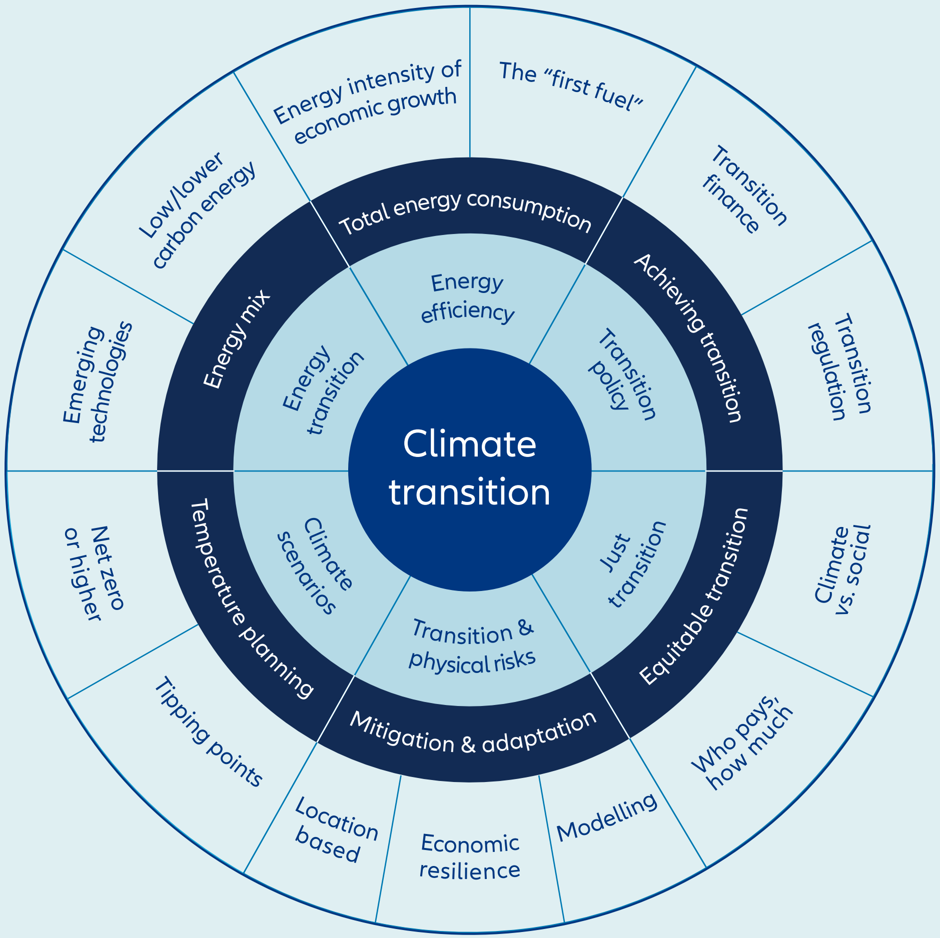
Principle 4 7

Climate change

We separate climate transition into sub-topics as shown in Exhibit 3. We explain their relevance in the context of the wider theme and develop our own proprietary roadmap on how to approach climate investing. This enables us to feed the opportunities and risks of each sub-topic into broader macroeconomic, regional, sector, and company outlook scenarios.

In recent years, we have completed such roadmaps for the concepts of net zero and the future energy mix – and in 2024 we published a research paper detailing the six elements we believe are required to support climate transition.

Exhibit 3 – Six elements needed to support climate transition



Source: **Energy transition: time to clear the air**, Allianz Global Investors Sustainability Research, 2024

2.2 Leading the sustainability conversation

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What is a sector framework?

We have developed "sector frameworks" including a detailed profile of the risks and opportunities of climate change within 24 key industry sectors, which we use to guide our investors as to how specific sectors perform on climate metrics.

Our sector frameworks summarise key sustainability metrics that are common to all sectors and include in-house views on financial materiality across 16 factors and a thorough analysis by our sustainability analysts. These frameworks support investment decisions, drive engagement dialogues with companies, and provide inputs to our proprietary sustainability rating system.

Our frameworks – which were further enhanced in 2024 with even more robust data feeds – also include deep-dive analyses of specific, high-materiality factors relevant for each sub-sector. We have 13 deep dives on environmental topics, including eight on climate change, as well as three on social topics and five on business behaviour.

Exhibit 4 – Example layout of a sector framework

Sector data

Sector materiality

Sector deep dive

Sector glossary

Source: Allianz Global Investors Sustainability Research, 2024

Climate tools

While we have seen a lot of interest from investors towards issuers' carbon footprint and low-carbon strategies in recent years, the concept of "transition" is becoming central to ensuring a net-zero future. We believe the appetite for forward-looking climate measures is strong, and we are pleased to offer our clients an innovative approach based on a KPI allowing them to assess the net-zero transition of their investments in bonds and equities: the AllianzGI Net Zero Alignment Share (NZAS).

The NZAS methodology leverages the Net Zero Investment Framework (NZIF) from the Institutional Investors Group on Climate Change (IIGCC) Paris Aligned Investment Initiative – one of the main recognised and accepted standards. For investments where this methodology is applied our process is conducted in three distinct steps:

- First, each company is assessed on six criteria leveraging multiple data sources for enhanced coverage.
- Second, each company is classified in a transition category based on the criteria outcome: achieving net zero; aligned to net zero; aligning to net zero; committed to net zero; or not aligned to net zero.
- Finally, we calculate the percentage of market value of the companies achieving net zero, aligned to net zero, and aligning to net zero to determine the proportion of NZAS for various universe scales – a specific portfolio, an index, a product family, or an asset class.

2.2 Leading the sustainability conversation

Principle 4 7

Instead of investing only in low-carbon emitters, this NZAS approach aims to gradually increase investments in companies transitioning towards or already aligned with a net-zero pathway – and therefore leading to a lower carbon footprint over time for real-world decarbonisation.

How to decarbonise the automobile industry

Material issue: While we have a strong emphasis on Scope 1 and 2 emissions, more than 90% of automobile industry emissions are Scope 3, predominantly under Category 11 (Use of sold products) – the material topic being the decarbonisation of the value chain through the adoption of electric and other low-emissions vehicles. (See our blog post: **Driving the next phase of electric vehicles**).

Our approach: On top of analysing specific climate topics like current greenhouse gas (GHG) emissions, reduction targets or the share of sales of electric vehicles (EVs), we look at governance considerations such as climate lobbying and sustainability-linked compensation.

This demonstrates the inherent complexity of addressing climate change in its entirety. In 2024, we released a deep dive analysis on "just transition" for the automotive sector, comparing legacy automakers' management of workforce-related aspects of their transition.

Engaging on climate change

In section 3.4.1, we discuss how a well-structured approach to climate engagement helps guide confidence around the decarbonisation strategies of high-emitting sectors, the critical aspects of climate-aligned governance, and the integral role collaborative engagements can play.

Using bilateral and collaborative engagement approaches such as Climate Action 100+ and IIGCC (see section 3.5), we may consider different approaches depending on the climate topic, any regional considerations, and climate transition plans.

Planetary boundaries

Planetary boundaries captures topics including biodiversity, clean water, resilient food systems, sustainable agriculture and the circular economy. We have an important role to play in guiding investors, investee companies and the wider industry on these topics where disclosures and data coverage are weaker.

Biodiversity is one example. Our related thought leadership papers explain why biodiversity matters and explore the pressures on the existing food system and what a 2050 dietary mix might comprise, as well as the underappreciated reach of a worsening water crisis into the global economy. We have also published a structured approach to engaging with investee companies on biodiversity, including specific guidance on addressing materiality (see Exhibit 5), which is reflected in our sector frameworks and company research.

Exhibit 5 – Materiality of biodiversity-related risks

Impacts on biodiversity	**Physical risks** **Disruption to ecosystems and effects on business opportunities** (eg, decline in agricultural yields, higher resource costs)	**Reputational risks** **Damage to company brand and loss of "social licence to operate"** (eg, stock market collapse, boycotts linked to activities contributing to extinction of species or deforestation)
Dependencies on biodiversity	**Regulatory and legal risks** (eg, restrictions on land and resources access, compensation costs, new procedures)	**Systemic risks** **Impact on the global society leading to additional market failures** (eg, natural disaster, pandemics or associated supply chain disruptions)

Source: **Defining the rules of engagement to protect biodiversity,** Allianz Global Investors Sustainability Research and Stewardship, 2024

2.2 Leading the sustainability conversation

Principle 4 7

Exhibit 6 – Biodiversity materiality across multiple factors in the chemical sector

Enviroment	Social	Business behaviour	Corporate governance
Climate change	Health & safety	Business ethics	Corporate/sustainability leadership & disclosure
Natural resources	Human capital management/ development	Customers	Internal controls
Pollution/waste management	Working conditions and environment	Suppliers	Executive remuneration
Green opportunities	Labour relations	Communities	Shareholders

Sustainability factors that are material for the chemical sector

Source: Allianz Global Investors Sustainability Research and Stewardship, 2024

Biodiversity is a crucial component of the E in ESG, and in our company and sector research – especially in terms of natural resources and pollution/waste management. But our consideration extends beyond environmental factors alone, as biodiversity has repercussions across social, business behaviour and governance pillars. Exhibit 6 highlights in light blue which of the 16 sustainability factors are material for biodiversity in the chemical sector.

We also evaluate biodiversity by examining how companies address it throughout their value chains, their exposure to legal and reputational risks, and the potential impacts on local communities. Additionally, we assess biodiversity in terms of how boards address such issues and whether these considerations are included in executive remuneration KPIs.

Engaging on planetary boundaries

Given the immaturity of biodiversity-related data, we have significantly expanded our engagement efforts in 2024 – building on the introduction of our biodiversity engagement framework in 2023. In section 3.4.2, we provide two case studies of our thematic engagements on deforestation and water – projects that helped us develop a deeper understanding as to how to embed biodiversity into investment decisions for nature-impactful and dependent sectors.

What is a company profile?

A company profile is an in-depth assessment covering ESG, climate and sustainability topics. These profiles, which we align with sector materiality, help our investment professionals assess opportunities and risks across the full spectrum of our fund offering. We have a list of around 150 companies that are closely monitored based on our holdings, controversies or divergence in data provider views. We also conduct additional ad hoc reviews of over 250 companies annually.

How we approach chemical pollution

In our planetary boundaries theme, PFAS (per- and polyfluoroalkyl substances, also known as forever chemicals) are a pressing issue both in terms of potential pollution and upcoming regulation. (See blog post: **Time up for toxic chemicals?**) In addition to flagging this topic in our thematic and sustainability materiality assessments, we include a deep dive analysis into the pollution and waste management pillar in our sector framework.

These deep-dive analyses inform both our sector and company assessments and engagements on environmental and social impacts as well as overarching governance considerations. They also allow us to identify companies with dedicated phase-out plans or innovations in alternative substances, and influence our proprietary, sector-specific ratings for companies associated with controversial activities or outcomes.

In one example, a PFAS assessment resulted in a very weak rating, meaning it was not investable in socially responsible investing (SRI) portfolios, prior to a sharp valuation drop related to the controversy.

2.2 Leading the sustainability conversation

Principle 4 7

Inclusive capitalism

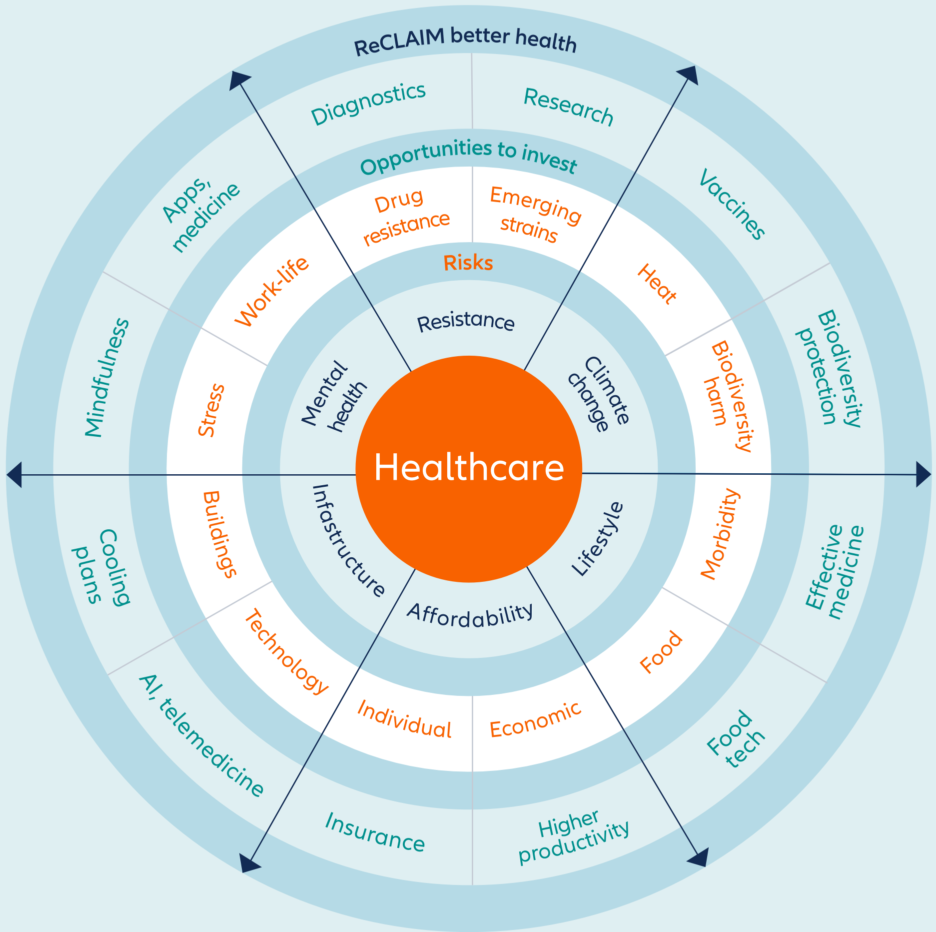
The intense focus on climate impact and the pressing nature of corporate governance issues has resulted in social factors – the S in ESG – being a lower priority. But a rising global population living equitably and harmoniously is critical to the growth and resilience of economies – especially with rising temperatures and scarcity of planetary resources.

The materiality of inclusive capitalism

People are the critical element of the global supply chain. The Covid-19 pandemic and recent geopolitical events have highlighted the role social welfare plays in economic development and growth – from health and safety and personal rights to accessing core essential services and upskilling for global economic challenges. The impacts from climate change and exploitation of our planetary resources only heighten the challenges to the lives and livelihoods of many in the global population.

However, new services and technologies – such as telemedicine, which is improving access to care across borders and in rural areas, and e-learning – also provide a significant opportunity to address these elements of social welfare, with a reach unimaginable in the past. In its report "Investing in Productivity Growth"[1], McKinsey highlighted that the world needs productivity growth more than ever – and that such investment produces meaningful, incremental economic benefits.

Exhibit 7 – AllianzGI's ReCLAIM[2] model of healthcare risks and opportunities



Source: **Healthcare: how to live better**, Allianz Global Investors Sustainability Research, 2024

1 Source: McKinsey, **Investing in productivity growth**, March 2024
2 ReCLAIM: Resistance, Climate change, Lifestyle, Affordability, Infrastructure and Mental health

2.2 Leading the sustainability conversation

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The crossover of social and financial factors is most clearly demonstrated in the challenges faced by global healthcare systems, where spending is already close to 10% of GDP for many countries[1] – and rising – at a time when health inequality is evident. Our 2024 publication, **Healthcare: how to live better**, provides a simplified framework to reflect our conviction in how we approach this critical sector.

Within our sector frameworks, through our thematic topic filter, we capture the materiality of social welfare and inclusion, privacy, cyber security and resiliency among other associated topics. Across our 16 sustainability factors (see Exhibit 6), inclusive capitalism is captured under employees within the social pillar, and under customers, communities and suppliers within the business behaviour pillar. Additionally, we have a "flag" system indicating the potential for highly material human rights challenges across these factors.

Engaging on inclusive capitalism

Social metrics and methodologies remain underdeveloped – and, while we have reached a critical mass on some high-level KPIs, greater granularity is required. An example is gender diversity, where broad company measures are available but not at separate organisational levels. It is therefore essential that we engage with investee firms to achieve conviction on thematic, sector and company materiality assessments.

Our direct company engagements, alongside collaborative engagement through our participation in various associations, provide an effective circular feedback loop for our analysis and engagement focus. Section 3.4.3 describes how we continue to use our proprietary framework for engaging on human rights in supply chains, especially for those entities flagging for significant controversies. We have also started covering the critical matters of living wages and mental health.

How we approach employee rights

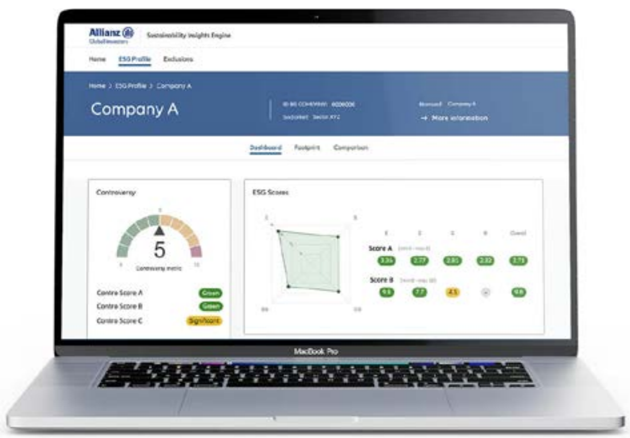
Material issue: The interpretation of social rights, especially freedom of association – which includes employees' rights to organise as a union – can vary. Organised unions can be critical forums to make a company aware of issues and can also be the negotiation and resolution go-between for the company and its employees.

Our approach: Companies are not always inclined to accept organised unions, and some actively seek to prevent these rights – which can cause human rights flags to be raised by both our Sustainability Research team and our external data providers (such as MSCI, S&P Global and Sustainalytics[2]). In 2024, we analysed several controversies where anti-union activity resulted not only in recognised violations but also caused widespread strikes and operational disruption.

1 Source: **OECD Health Statistics 2023**
2 List of external data providers can evolve over time.

2.3 Our data-powered approach to sustainability

Principle 4 5 8



Centralised access to engagement information via SusIE

“

SusIE has democratised access to sustainability data for everyone at AllianzGI. It’s easy to use and is a real differentiator for clients – I can find all the information I need to help make better, more informed portfolio decisions.”

Alex Bibani
Senior Equity
Portfolio Manager

ESG data is critical for building strong conviction across our sustainable investing approaches and its availability is growing quickly. Our Sustainability Methodologies & Analytics team is developing new ways to navigate this data through the creation of meaningful and actionable insights and tools, contextualising and supporting the targeting of positive environmental and social outcomes.

To put ESG data to work we use multiple third-party providers, complemented by 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.

Throughout 2024, we continued to respond to tailored client requests on topics such as climate transition across asset classes, multi-provider sustainability exclusions, and biodiversity risk-exposure assessments. This provided further opportunities to develop new and update existing methodologies.

Read more: **How ESG data defines leaders and laggards**

2.3.1 Our Sustainability Insights Engine (SusIE)

SusIE is a proprietary digital platform used by our investment experts and product specialists, our risk management function and many other stakeholders globally.

Our multi-provider-based strategy for ESG data ensures 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.

By incorporating pre- and post-automated checks after data processing, SusIE ensures high-quality standards and data integrity throughout the value chain – streamlining workflows by providing colleagues with prepared, cleansed and reliable data, and saving valuable time. Empowered with high-quality information from the outset – and an intuitive platform that is straightforward for any colleague to navigate – users can focus on deeper analyses and make faster, better-informed decisions.

SusIE is also the main portal for accessing proprietary sustainability scores with transparent and granular indicators. In 2024, SusIE also continued to distribute in-house 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.

2.3 Our data-powered approach to sustainability

Principle 4 5 7 8

Centralised access to engagement information

SusIE is our single, centralised source of insight for colleagues across AllianzGI. We continue to enhance and develop the platform by releasing new modules and renewed versions of existing ones – including, in 2024, a new version of our flagship engagement module.

Ensuring meaningful engagement with companies is key to achieving sustainable outcomes, and this new version features sector-specific questions tailored to the unique sustainability challenges and opportunities of each industry, alongside sector-agnostic questions that maintain a consistent framework across all engagements powered by our internal Research and Stewardship team.

The launch of the updated engagement module involved extensive research into global sustainability standards, industry-specific materiality factors and best practices for corporate engagement. We wanted to balance rigour with practicality, enabling focused dialogues that drive real impact while saving users' time.

We also added a new planning feature that supports the pre-engagement phase by providing full transparency on both previous and upcoming engagements – strengthening collaboration across asset classes.

This includes the ability to review previous engagements with a specific company. Additional new functionality includes the ability to tag engagements based on theme, record follow-up questions and display related metrics.

In addition, we are now able to demo SusIE to prospective clients, in line with compliance and legal requirements – helping them understand the powerful insights we can bring to their investment strategies.

Learn more: SusIE, a centralised data repository – Overview

How we select and monitor data providers

To provide actionable insights and bring conviction to our clients, high-quality data is essential. Our selection of third-party data providers focuses on data capture, raw data points, coverage, transparency, and both quantitative and qualitative methods. We also assess how the data is transparently documented and the resources available for client support.

Data is sourced directly into our internal "data lake" and undergoes mandatory quality checks by our Data and Technology team. Each dataset has an "identity card" and is managed by data owners and stewards who document controls, alert users to inconsistencies and resolve issues.

Data quality is monitored over time, with support from our Data and Technology team, to detect integrity issues. Key service providers are continuously assessed through service level agreements, regular meetings and independent risk management reviews to ensure policy alignment.

2.3.2 Sustainability risk management

We believe sustainability risks have the potential to negatively influence the investment performance of portfolios. Therefore, we consider these risks in our investment processes across all the assets we manage globally. Our investment strategies are ESG-risk-assessed, so investment teams can monitor such risks as part of the investment process – although they do not necessarily incorporate ESG risks and opportunities into 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 – environmental, social and governance. 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 (climate change, for example).

We follow the EU Sustainable Finance Disclosure Regulation (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 potential material negative impact on the value of the investment.

2.3 Our data-powered approach to sustainability

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, making them 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.

Regulatory compliance needs

Regulatory evolution remains a key driver of our sustainability risk management. Over the past year, we continued to reinforce our setup with the introduction of additional KPIs for pre- and post-trade checks, using a standardised and automated approach. This enables us to meet client and market demands for accurate, consistent proof points, along with supporting methodologies.

Climate risk management

In recent years, we have laid strong foundations for our climate change strategy by implementing the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations and developing an enhanced systematic approach to investee engagement on climate issues – notably regarding the request of climate disclosures.

For our assets under management, we aim to mitigate risks associated with climate change while seeking opportunities it presents. To this end, we have created the tools that allow us to monitor various relevant metrics. We have also established policies aimed at reducing our exposure to companies that might encounter transition risks in the future.

We consider several sustainability risks and PAI climate-related metrics in the investment process. These include portfolio total carbon emissions and total carbon footprint, an assessment of companies involved in the most harmful business activities – namely coal and fossil fuels – as well as those companies without formal targets in place to reduce their carbon emissions. To limit transition risks, we have also implemented a firm-wide coal exclusion policy.

For further details see our latest TCFD Report.

2.4 Our sustainable investing offering

Principle 4 7

Our products cater to clients' sustainability objectives and preferences by providing investment solutions with differing levels of sustainability incorporation. We also provide transparency on the characteristics of our products according to the SFDR, which will evolve as its direction is clarified.

AllianzGI's product offering

Conventional[1]

Objectives
Financial returns and active risk management

ESG risk-focused
EUR 87bn

Objectives
Financial returns and material E, S and G risk considerations

Qualifying approach
Integrated ESG

Classified as Article 6 only

Firm-wide exclusions

Sustainability-focused **Impact-focused**
EUR 222bn combined

Sustainability-focused – Objectives
Financial returns and sustainability objectives and values

Qualifying approaches
SRI
KPI-based
Multi Asset Sustainability blend
ESG score

Impact-focused – Objectives
Financial returns and measurable sustainable outcomes

Qualifying approaches
Impact
SDG-aligned

Classified as Article 8

Classified as Article 8 or 9[2]

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, December 2024

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

ESG: environmental, social and governance. SRI: socially 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).

1 AUM in conventional funds is equal to EUR 262bn.
2 According to EU SFDR regulation.

2.4 Our sustainable investing offering

The investment strategies distributed to retail clients that we classify as Article 8 or 9 will generally have two binding elements: our sustainable minimum exclusion policy, and one of our sustainable investment approaches.[1]

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

- 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- or impact-focused product categories.

The two binding elements are applied to our sustainability- and impact-focused funds, ensuring credible sustainability delivery. The materiality of our harmonised approach is in line with regulatory objectives and allows measurability and reportability for a high level of transparency.

2.4.1 ESG risk-focused[2]

We offer strategies integrating material ESG risk considerations into mainstream investment analysis, without constraining the investment universe. We require portfolio managers to provide a rationale for holding companies that have been flagged for possible material E, S and G risks.

Viewed across the industry as an enhanced risk management approach, this adds another risk analysis dimension to existing investment processes and can be applied to any asset class. Portfolio managers are free to either divest or continue to hold companies with ESG flags in a portfolio, if the expected return justifies the risk.

Active stewardship activities – including dialogue with investee companies and proxy voting – may also be considered to mitigate risks. Through our proprietary SusIE platform, our investment professionals managing these strategies can further demonstrate conviction through access to an increasing depth and breadth of ESG risk perspectives.

ESG in private markets

We are further enhancing our ESG practices in private markets, where teams have delivered ESG frameworks setting out their approach to integrating ESG and continue to make use of the tools provided by the Sustainability team, including sector frameworks. We also support industry initiatives to improve ESG standards.

2.4.2 Sustainability-focused[3]

Our sustainability-focused product offering aims to achieve financial returns for clients while following sustainability objectives and values. Strategies in this category apply two binding elements as a baseline: a set of sustainable minimum exclusions, plus either an SRI approach, a KPI-based approach or a mix of both approaches in the case of multi asset products.

Socially responsible investing (SRI)

Our SRI approach extends mainstream fundamental research by analysing financially material and non-material ESG factors. Portfolio construction is geared towards issuers with a superior ESG quality as measured by our proprietary ESG rating on a sector-relative ("best-in-class") basis. Issuers with improving ESG quality above a pre-defined rating can be included. Low-rated issuers are typically excluded from the eligible universe. The general philosophy and process of applying the SRI approach is identical across listed asset classes globally. Portfolios use our proprietary ESG ratings – based on corporate governance, business behaviour, environmental and social factors – to identify ESG outperformers in each industry.

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 enables us to quantify the sustainability features of a portfolio and regularly report outcomes.

We can then choose between two objectives:

- To outperform a reference investment universe or benchmark, or a defined threshold on at least one environmental or social KPI, or
- To achieve an ongoing, year-on-year improvement against a chosen sustainability-linked KPI.

1 See page 33 of our **Sustainability and Stewardship Report 2023** for a full explanation of our binding elements.
2 ESG risk-focused category (also known as the integrated ESG investment approach) is not considered sustainable according to EU Sustainable Finance Disclosure Regulation.
3 "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 UK's Sustainability Disclosure Requirements (SDR).

2.4 Our sustainable investing offering

Principle 4 7

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

In 2024, we introduced as an additional KPI the Net Zero Alignment Share (NZAS), based on a proprietary framework identifying future credible decarbonisation leaders (see page 15). In the context of the KPI-based approach, we require products to exhibit a certain and relevant share of issuers with a positive NZAS – and demonstrate a pathway to increase this exposure over time.

2.4.3 Impact-focused[1]

Investors are increasingly setting their sights beyond pure financial returns. We support those who want to see a positive change for the planet and society – measured against specific goals, such as the UN Sustainable Development Goals (SDGs) – while generating a financial return.

Our impact investments can be accessed through private markets – such as a private equity impact fund of funds – or public markets, for example green bonds. These investments 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 to contribute to measurable positive social 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.

Impact-focused investing in public markets

UN SDG-aligned strategies

These strategies invest in companies that exhibit a certain level of contribution towards one or more of the UN SDGs, often adopting a thematic investment approach. 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 analysis of the ESG factors of investee companies. In addition, we analyse PAIs to avoid companies with poor ESG practices and those that cause significant harm.

We apply a proprietary SDG framework to map company activities to specific SDGs and check for good governance and alignment with environmental and social objectives.

Our 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.

Reclassifying our SDG Global Equity strategy

A key milestone in 2024 was the reclassification of the Allianz SDG Global Equity strategy to Article 9 – solidifying our commitment to sustainable investing.[2] This Strategy, designed to meet the highest standards under SFDR, underscores our ambition to offer sustainable products across the full spectrum of sustainable investing.

It aims to enable investors to target firms whose products and services contribute to environmental or social objectives while at the same time avoiding significant adverse impacts. This achievement also aligns with the growing investor demand for transparent and impactful sustainable investment solutions.

Seeking out key enablers of the SDGs

We actively select companies based on a combination of fundamental research and analysis of the contribution of each company to the SDGs – seeking out what we believe are the most promising companies within a topic. SDG-aligned investing funnels capital towards companies we call "key enablers" – those providing solutions to the world's greatest challenges.

In addition, we prefer to allocate to companies providing goods or services that allow others to reduce or minimise their footprint, therefore having a multiplier effect. Such companies not only manage their own footprints but have a potentially much larger positive effect on others.

1 "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 UK's Sustainability Disclosure Requirements (SDR).

2 This strategy discloses under Article 9 SFDR: EU Sustainable Finance Disclosure Regulation. Information accurate at time of publishing. Investors should take into account all the characteristics and/ or objectives of the fund as described in its legal Fund documentation.

2.4 Our sustainable investing offering

Principle 4 7

Green bonds

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 helped drive interest and flows towards sustainable projects.

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.

Our investment in green bonds unlocks key enablers of energy and climate transition – for example, 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.

Impact-focused investing in private markets

Impact investing provides an important solution for addressing the critical climate and social challenges we face as a society. As a field, impact investing has grown steadily in the past decade, with the total market size now estimated at more than USD 1.57 trillion, according to the **Global Impact Investing Network**.

We've continued to see the impact investing market mature in recent years, with capital flows accelerating from asset allocators to asset managers – especially from pension funds and insurance companies – and an increasing focus on the convergence of best practices in impact measurement and management.

The impact investing industry is at an inflection point where it is playing a vital role in addressing social and environmental challenges at scale, while generating the financial returns expected by investors.

Our private markets impact investing strategies target the generation of positive, measurable impact through direct and indirect investments across private equity and debt. Our Private Markets Impact team aims to deliver tangible, real-world impact through direct and indirect private equity and debt investments as well as through blended finance vehicles.

We continued to build on our impact data management and analysis capabilities in 2024 by enhancing the way we track and monitor impact KPIs for underlying portfolio companies against targets in the data management system. Improving the analysis and visualisation of our impact data also informs our engagement with underlying investees – enabling us to provide more comprehensive reporting to our investors.

Launching our Impact Private Credit (IPC) strategy

We announced the first close of our new IPC strategy in September 2024, with EUR 560 million commitments received from leading institutional investors. Anchor investors across the two funds included Allianz, APG Asset Management, the European Investment Strategy (EIS) and La France Mutualiste. With these commitments, IPC has rapidly reached more than half its target size – and the first close was one of the fastest private fundings in AllianzGI history.

Through direct lending instruments, the IPC strategy aims to accompany the development of "impact champions" with a focus on our pivotal themes. They include European small- to mid-market corporates that are providing solutions to key environmental or social challenges, offering products or services that have a measurable positive impact.

On the more environmentally focused investments, solutions include clean and efficient energy, resource efficiency, and sustainable food and agriculture. On the social side, solutions are oriented around access to quality, accessible and affordable healthcare and education.

The IPC's investing value proportion is based on AllianzGI's **proprietary impact framework**, with funds classified as Article 9 under SFDR.[1]

Further closes of the strategy are expected during 2025.

1 Impact Private Credit has been classified as an Article 9 under SFDR: EU Sustainable Finance Disclosure Regulation. Information accurate at time of publishing. Investors should take into account all the characteristics and/or objectives of the fund as described in its legal fund documentation.

2.4 Our sustainable investing offering

Principle 4 7

Opportunities 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 agri-business.

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 with commercial capital into risk-tiered structures.

Following the launch of the USD 1.1 billion SDG Loan Strategy in 2023, we are developing our next blended debt vehicle that will focus on Paris-aligned investments in emerging markets.

The Emerging Market Climate Action Strategy (EMCAS) held its final closing at EUR 450 million in December 2024. This makes it one of the largest emerging markets-focused blended finance vehicles allocating equity capital to climate transition projects and companies globally. EMCAF has already executed nine investments out of the 15 targeted. In 2024, it provided USD 100 million for four transactions supporting renewable energy, sustainable mobility and green infrastructure across Africa, Asia and Latin America. Despite being in its early stages of portfolio construction, the strategy already shows strong performance on its core key impact indicators. These include amount of capital mobilised as well as a first set of climate indicators – reducing GHG emissions by approximately 800,000 metric tons since inception.

Launching our Impact Research Award

In late 2024, we presented our inaugural Impact Research Award – designed to recognise the critical role that independent academic studies play in our impact due diligence process, as we assess investments for impact contribution.

Our impact investments intentionally target positive, measurable environmental or social outcomes – alongside financial returns – by investing in companies delivering goods and services that seek to provide solutions to key environmental or social problems. To qualify an investment as an impact investment, we developed a proprietary impact framework for private markets asset classes.

A key component of the framework is to use the best available data and research to understand a company's potential impact contribution.

Independent academic studies form a core part of the evidence base we draw on, helping us select investments and strengthening our confidence that the investments will contribute to social and environmental outcomes.

The 2024 award was presented to Dr Taren Sanders, an associate professor at the Australian Catholic University, who led a review of meta-analyses to further understanding of the effects of screen use on education and health outcomes for children and adolescents.

His paper, "An umbrella review of the benefits and risks associated with youths' interactions with electronic screens", found that there can be both positive and negative outcomes associated with screen use. Focusing simply on the amount of time spent with screens is less helpful than understanding the form of screen use, what content is consumed, and whether or not it is supervised.

The award judges praised the paper for its "comprehensive synthesis of research on the impacts of screens on children and adolescents," which had the potential to become, "a cornerstone paper for the topic of screen use across different domains".

By establishing this annual award, we hope to encourage more research in areas of focus for impact investing. The aim is to continuously improve our investment selection process and thereby help to increase the positive impact of our work alongside the generation of financial returns. We hope that such research will also benefit the impact investing ecosystem more broadly, such that over time, increasing amounts of capital will flow towards more impactful investment opportunities.

2.4 Our sustainable investing offering

2.4.4 Our advisory service

risklab is AllianzGI's advisory and solutions team supporting clients to achieve sustainable investment goals. Its capabilities also cover asset allocation, risk management, private markets, wealth management and digital solutions.

The Sustainable Investment Advisory team within risklab brings best practices in sustainable investing to new and existing clients – allowing greater conviction based on their perspective and needs – alongside research into climate risk and sustainability in private markets.

We constantly improve existing and develop new advisory services and investment solutions. In 2024, we added the ability for portfolios to be analysed for alignment or misalignment with a pathway towards net zero, using our NZAS. Here, rather than simply applying exclusions to reduce financed emissions, we can give clients a forward-looking view on transition and decarbonisation plans.

In collaboration with risklab's Private Markets Solutions team, the Sustainable Investment Advisory team also continues to build out its advisory and solutions offering for sustainability in private assets – supporting clients with the holistic implementation of their sustainable investment strategies. This includes sustainability data approximation for private markets investments and holistic sustainable investment solutions across multiple private markets asset classes.

Sustainability Analytics Research and Advisory Hub modules

Several new modules have further enhanced the capability of our Sustainability Analytics Research and Advisory Hub (SARAH). These include:

- **Net zero alignment** – which includes implied temperature rise as well as our NZAS analytical and simulation capabilities.
- **Climate value at risk (CVaR)** – which can quantify the potential repricing impact of different Network for Greening the Financial System climate scenarios on the portfolio in terms of physical risk, policy risk and technology opportunities.

By providing efficient analytics and transparency, including forward-looking metrics and views, we have given clients a better grasp of their portfolio's sustainability profile and enabled them to set clearer sustainability targets. Following our advice on benchmark selection and investment strategy, clients are reshaping their investment approach according to their sustainable investment ambition, reflecting risk and return considerations.

For example, in Germany, we helped pension providers understand climate risk and develop potential ways to incorporate this into their investment strategies. Given these pension providers' resource constraints and lack of methodology and technology, risklab was able to support with far deeper analysis by simulating climate risk in the strategic asset allocation.

2.5 Looking ahead: sustainable investing

In 2025, our plans to advance sustainable investing include:

Developing proprietary guidance to assess the credibility of **climate transition plans,** expanding on key elements such as energy efficiency, physical risks and just transition.

Evaluating and integrating innovative ways to measure **biodiversity and planetary risks and opportunities,** while expanding our thematic research.

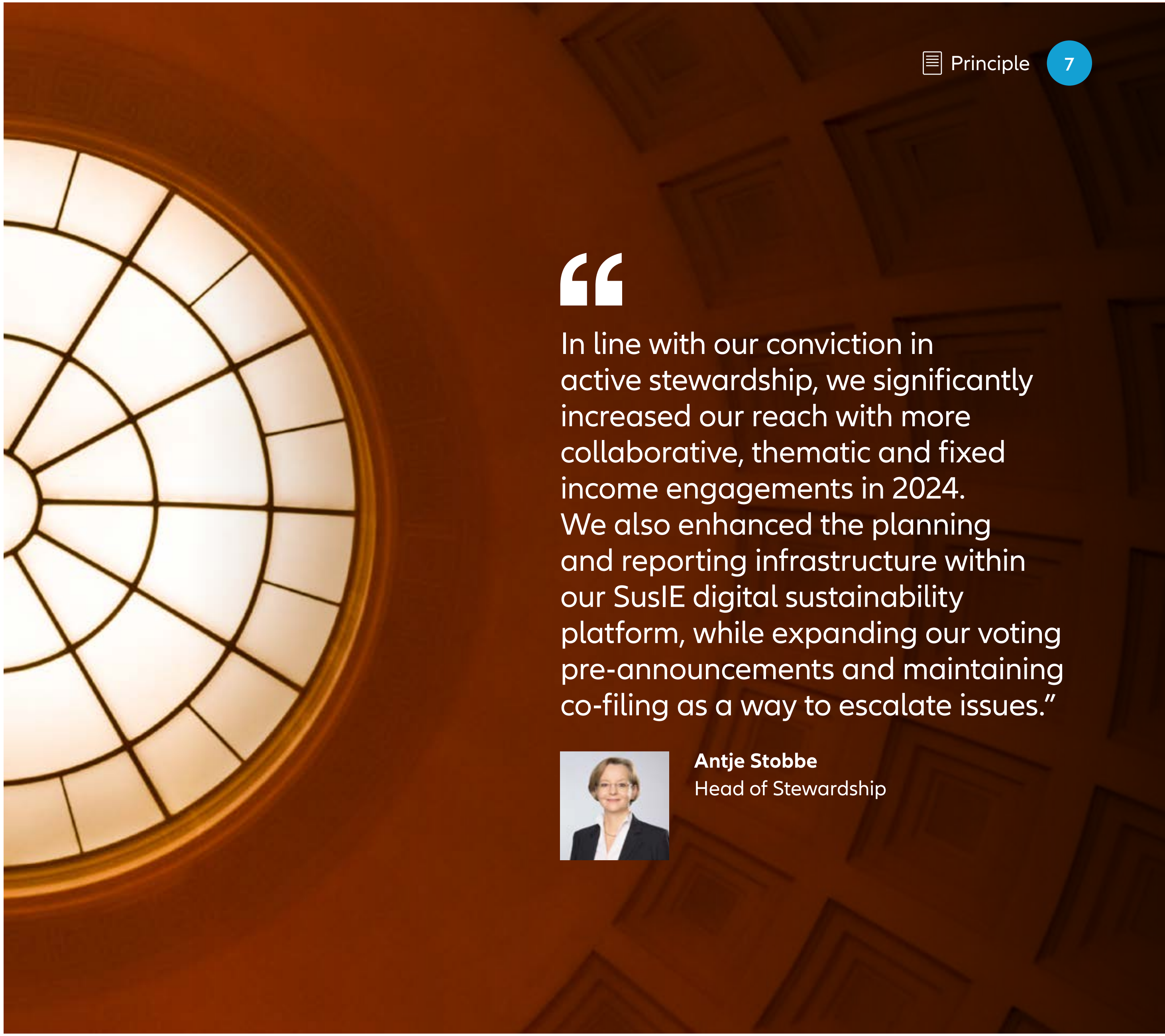
Developing an energy transition framework for our private markets platform to guide our clients on how to invest credibly in the energy transition. This will encompass infrastructure assets in debt and equity, across different geographies.

Focusing our inclusive capitalism research and investee engagement on social issues related to the future workforce and responsible AI.

Enhancing SusIE to provide insights and KPIs related to our Net Zero Alignment Share (NZAS) methodology for sovereigns.

Active stewardship

3



Principle 7

"In line with our conviction in active stewardship, we significantly increased our reach with more collaborative, thematic and fixed income engagements in 2024. We also enhanced the planning and reporting infrastructure within our SusIE digital sustainability platform, while expanding our voting pre-announcements and maintaining co-filing as a way to escalate issues."

Antje Stobbe
Head of Stewardship

3.1 What does active stewardship mean to us?

Principle 2 6 7 9

To transition to a more resilient economy – and a more resilient world – it is not enough to invest only in those companies that are leading the way. We also need to challenge and engage those that have made less progress – and we need to do so with conviction.

Through an active approach to stewardship, investors like Allianz Global Investors can play a leading role in addressing some of the challenges the world faces – guiding underperforming firms towards more sustainable trajectories.

Our approach

We seek to promote the role an investee company can play in a future resilient economy and world through our active stewardship activities. These include engagement – which involves ongoing discussions with companies covering a diversity of major sustainability themes – and proxy voting, where we exercise our voting rights at company Annual General Meetings (AGMs).

With our investee companies, we address material topics of particular importance to us as a firm – defining clear engagement objectives and then assessing whether companies have implemented our requirements. Our proxy voting is linked to these engagements, ensuring full transparency of how we act as stewards of our clients' assets, while giving them confidence that we are meeting our fiduciary duty.

In cases where companies are still lagging in certain areas, even after we have engaged with them, our vote decision is likely to reflect these shortcomings.

Engagement also informs our investment decisions. Our investment professionals are becoming ever more involved in our engagement dialogues, and portfolio managers can integrate the insights derived from this process into their management of clients' assets. This results in better-informed sustainability-related investment decisions and the potential to enhance risk-adjusted returns.

When necessary, we escalate concerns, for example by collaborating with other investors, pre-announcing votes and co-filing shareholder resolutions at AGMs.

We recognise the importance of co-filing to advance sustainability standards and maintain conviction in our efforts to do so, despite declining levels of support for shareholder resolutions in the US in recent years.

In 2023, we co-filed our first shareholder resolution effective for the 2024 AGM of McDonald's, with Dutch investor PGGM as lead filer. In line with our thematic focus on biodiversity, we asked the company to establish time-bound quantitative goals to reduce its water usage across its supply chain (see page 50). A constructive engagement dialogue led to a withdrawal of the resolution.

Client feedback informs our stewardship approach

Client feedback is paramount to shaping our stewardship strategy and defining both our thematic engagement projects and our list of target companies for engagement. During regular client meetings, we discuss stewardship activities and gain important insights into the engagement themes clients would like us to prioritise.

We observe a heightened interest by several of our French clients in our biodiversity-related engagements, including work in collaborative initiatives such as Nature Action 100 (NA100). We also consider clients' preferences with respect to the selection of biodiversity-related engagement targets and in some portfolios use a systematic biodiversity impact assessment to identify targets.

For some clients, we hold dedicated feedback meetings to discuss the decarbonisation pathway of the portfolio and the outcomes of engagement and voting. Companies' climate strategies are a particular focus of these meetings.

In 2024, we also held deep-dive conversations on our approach to deforestation or climate lobbying. As climate transition remains a topic of concern for many clients, we advanced our methodology to track companies' progress on their transition plans over the longer term and engage on areas of concern.

During the year we also provided clients with insight into our voting policy, voting processes and decisions, as well as an outlook on the upcoming proxy voting season. We collected feedback on where our processes and transparency could be enhanced and used to inform our proxy voting policy review.

3.1 What does active stewardship mean to us?

Principle 2 7 9

2024 highlights
Our engagements increased by 26% year-on-year in 2024 to a total of 605 for the year.

605 active engagements
(2023: 481)

Engaged in 39 locations globally
(2023: 32)

460 companies engaged
(2023: 374)

Source: Allianz Global Investors, as at 31 December 2024

Our engagement strategy

2024 marked the implementation of our enhanced engagement strategy – broadening our stewardship approach across liquid asset classes and fostering the integration of stewardship outcomes into the investment process. It includes the following focus areas:

1. **Training:** We are deepening the sustainability and engagement skills of our investment professionals via our Sustainability Series training (see page 11).
2. **Ambassadors:** We have established two dedicated ambassador groups in equities and fixed income, providing guidance on how to conduct engagements and discuss engagement topics, outcomes and potential escalation strategies. These groups also facilitate planning and coordination of engagements across the investment platform.
3. **Collaboration:** We built out the engagement module in our Sustainability Insights Engine (SusIE) to enable better planning of engagements, improving collaboration between the equity and fixed income teams. Sector-specific engagement questions were also added to the module to pass on research findings to our investment professionals.

The significant increase in the number of engagements throughout the year came from implementing these three elements.

Our engagement strategy rests on two pillars: thematic engagement and risk-based engagement. The latter focuses on corporate governance issues at our large holdings, sustainability-related risks and controversies. Our engagements and voting decisions are shaped by our Global Corporate Governance Guidelines and our long-term thematic conviction.

Thematic engagement

In 2024, we added additional projects to our thematic engagement approach.

While our climate change work continued to focus on key high-emitting sectors, we introduced a regional focus on Asian financial institutions and made further progress on climate lobbying. Within planetary boundaries, we refined our proprietary biodiversity engagement framework (BEF) and added deep-dive engagements on water and deforestation. And, for inclusive capitalism, we maintained our focus on human rights in the supply chain and gender diversity, while adding projects on living wages and mental health.

Thematic engagement priorities are continuously evolving and reviewed regularly, considering current developments in geopolitics, the global economy, sustainability and regulation. Our focus is driven by topics of particular interest to our clients, increased regulatory requirements – in particular net-zero alignment, biodiversity and human rights – and the size of our holdings per market or portfolio.

Risk-based engagement

Our risk-based approach remains the basis of our engagement strategy and focuses on the most material sustainability or governance issues we identify. The targeting of engagements ties closely to the size of our holdings (by fund or total size) and where we identify practices below market standards. We also consider significant past votes or shareholder proposals against management to prepare our voting decisions at upcoming AGMs.

3.1 What does active stewardship mean to us?

Principle 2 7 9

We initiate engagements where our research signals material sustainability or governance-related risks or controversies. These include Principle Adverse Impact (PAI) and other indicators, which help flag a company's potential negative impact on the environment or society. We challenge practices and seek to understand remedial action, and planned improvements in its policies and practices.

Using this approach, we can strike a good balance in the reduction of environmental, social and governance (ESG) risks across our portfolios – and lead 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 public engagement if progress is not delivered.

Exhibit 8: AllianzGI's enhanced engagement approach

Our engagement strategy includes two pillars	**Thematic engagement** In line with AllianzGI's pivotal sustainability themes	**Risk-based engagement** • Voting decisions at AGMs • ESG risks • Controversies	Liquid asset classes
How we engage	One-to-one engagements Collaborative engagements		

Source: Allianz Global Investors, 2024

Collaborative engagement

Collaborative engagement with other investors allows us to increase our impact through engagement with other investors. During the year, we continued to work across our three pivotal themes, selectively adding collaborative engagement initiatives that complement our previous work and resonate with our thematic focus.

Within our biodiversity thematic workstream we worked more intensively with the FAIRR Initiative[1] focusing on food sustainability and the blue economy[2] and added the UN PRI Spring initiative for nature. Within the inclusive capital theme, we joined specific investor groups focused on living wages and mental health.

Looking ahead

In 2025, we will seek to establish an even stronger link between engagement and voting by developing a structured process for including our research assessments on controversies in our proxy voting decisions, and holding directors accountable for controversies which are not properly addressed.

1 Farm Animal Investment Risk and Return (FAIRR) Initiative is a collaborative investor network: **https://www.fairr.org/**
2 Defined by the European Commission as "All economic activities related to oceans, seas and coasts".

3.2 How we engage

Principle 7 9

We engage with companies in a variety of ways, including one-to-one, group or collaborative meetings with chairpersons, board members, senior management, company secretaries and heads of specific functions, as well as via written correspondence. Our approach is tailored to different funds, asset classes and geographies.

Not all meetings with our investee companies are classified and reported as engagement. We only record engagement if we have actively sought to make an impact or target a specific outcome, meaning that regular research and monitoring meetings are not included. With this in mind, we believe our overall impact is far broader than our reported engagement statistics – we convey our stewardship stance and our convictions to a larger audience through our active engagement with industry bodies and our presence at industry events.

We continuously review our engagement approach – both in terms of topics and format – to reflect client demand, economic and geopolitical trends, and regulatory developments.

Our Research and Stewardship teams continued to cooperate closely on our three pivotal themes throughout 2024, working alongside the Sustainability Methodologies & Analytics team. This close collaboration gives us more in-depth thematic or sectoral analysis and knowledge – allowing us to compare and benchmark company performance more rigorously, and identify best practices and laggards, which translates into more effective engagement and voting.

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 – evaluating climate votes, for example, or specific human rights issues and emerging topics like generative artificial intelligence (AI). And we regularly include relevant investment team members, making engagement meetings as impactful and productive as possible by combining insights from all critical areas of our investment platform.

In 2024 we continued to work on data clarification requests in line with regulatory requirements. This involved discussing specific elements of EU sustainability regulatory reporting requirements such as sustainable investment share, Principal Adverse Impacts (PAIs) and flags for alleged harm. In some cases, these discussions provided the basis for a thorough follow-up engagement process. However, these preliminary discussions are not classified or reported as engagements, reflecting a conservative approach to our engagement reporting. Our investment views are influenced by the outcomes of engagements – and these are linked to the proxy voting process to support a consistent stewardship approach. All engagement results are shared via the engagement module in SusIE and can be accessed by our investment professionals globally.

Our engagement approach is tailored to different funds, asset classes and geographies, as set out below.

3.2.1 Fixed income engagement

Our engagement activities apply to all public market activities, comprising equity and fixed income strategies globally. In 2024, we significantly expanded our engagement activity within our corporate credit teams, with close to 20% of all engagements led by fixed income investment professionals (2023: 4%) – reflecting their growing focus on engagement.

To support these efforts, we continued the regular work of the Fixed Income Engagement Ambassador group, which discusses client requests, coordinates and plans engagement activities and includes representation from each of the investment teams. The group also discusses outcomes and potential escalation strategies and shares general market fixed income stewardship updates.

We regularly combine the expertise of the stewardship, equity and fixed income teams in joint engagement meetings, and we significantly enhanced this collaboration in 2024. In addition to this 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 been on the board since 2023. Key focus areas include understanding opportunities for collective engagement as well as how ESG challenges may affect this market segment – and we expect further progress in 2025.

To inform change in market practice around fixed income engagement, we joined the Institutional Investors Group on Climate Change (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.

As an outcome of our work, enhanced collaboration across asset classes met the request of certain clients to understand engagement outcomes for fixed income holdings. At the same time, we remain mindful that there should be a more nuanced approach to embedding sustainability in stewardship processes within fixed income – reflecting, for example, time horizons, the nature of the underlying instrument and portfolio size.

3.2 How we engage

Principle 7 9

3.2.2 Emerging market sovereigns

We believe that emerging market (EM) sovereign engagement requires a long-term approach. Raising issues and monitoring change or, at a minimum, establishing a rapport with sovereigns over ESG issues 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 2024, our ESG-related contacts with EM sovereign delegations included country visits to Egypt, Jordan, Tunisia and Turkey, as well as London and Brussels-based roadshows and virtual meetings with finance ministries, debt management offices and central banks from Angola, Costa Rica, Nigeria and South Africa.

Our emerging markets fixed income (EMFI) team follows a specific engagement approach that uses an integrated risk factor modelling framework to assess non-financial risks that may impair counterparty creditworthiness. Our EMFI investment process fully integrates ESG considerations as set out in our EM ESG sovereign framework.

To quantitively assess EM sovereigns, this framework 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. These indicators are complemented by qualitative analysis. Our EM ESG framework 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 understand the factors driving ESG outcomes in a specific sovereign. The EM ESG framework helps us engage in more tailored, deeper discussions with the EM sovereigns in which we invest. Structuring these discussions around reliable public data from reputable institutions helps us 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.

The framework also allows us to raise the top ESG issues for our clients and clarify the standards we consider essential for investing in a certain issuer in our sustainability-focused portfolios. Engagement also helps us, as investors, gain insight into both the mechanics and the incentives systems at play in specific sovereign policy areas.

A collective, long-term approach to EM sovereign engagement is both important and rewarding. This has been our third year as a member of the Emerging Markets Investors Alliance (EMIA), a pro-bono industry association that gathers EM investors, non-governmental organisations and think tanks to advocate for better ESG outcomes in the EM sovereign and corporate issuers we invest in. We aim to continue to engage with sovereign issuers in 2025 via a mix of country visits and roadshows as well as via the collective engagement platform provided by the EMIA.

Engaging with Egypt on the energy transition

During a visit to Egypt in October 2024, we met several government stakeholders to discuss the issues of renewable energy and energy efficiency. Highlights of our trip included discussing the country's energy plan with Finance Minister Ahmed Kouchouk, focusing on energy efficiency from both the production and consumption perspectives.

We explored challenges with the intended removal of energy subsidies, the expected social impact, mitigation measures and the importance of arriving at cost recovery for the purpose of supporting the energy plan's other goals – placing emphasis on renewables capacity.

We also met with the International Finance Corporation (IFC), part of the World Bank Group, to discuss its ongoing support for Egypt's transition from both a financial and technical capacity angle, and the Sovereign Fund of Egypt. Among other aims, this fund generates private-sector financing for renewable energy capacity – to explore its foray into the export of green hydrogen.

While our visit highlighted the progress needed by Egypt on energy transition, it was encouraging to talk through the different government plans for boosting renewable power generation and creating a better medium-term energy balance in the country. With Egypt now a regular sovereign issuer – and one becoming more active and open in its communication with investors – we plan to continue our engagement during roadshows throughout 2025.

3.2 How we engage

3.2.3 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 teams. Over the past 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 (Manager Research and Selection).

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. The answers from the questionnaire and fund manager interviews feed into our qualitative assessment of sustainable strategies.

For exchange-traded fund (ETF) strategies, we meet with providers on a quarterly basis and discuss their sustainable products and policies. This can be done by offering input on the evolution of sustainable screens and key performance indicators (KPIs) as well as by 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. To offer our clients the most promising sustainable strategies, we continue to improve and enhance this process by updating our questionnaire at least annually – or whenever there are changes in the regulatory environment.

3.2.4 Engaging in private markets

Engagement is a key measure for enhancing sustainability practices that contribute to value creation in private market investments. Our approach focuses on managing material risks and achieving positive impacts.

As best practice, we publish an annual impact report for the Allianz Impact Investment Strategy, detailing our proprietary approach to generating impact, including our engagement approach. In 2023, we held 13 impact engagements, via in-person or virtual meetings, to encourage better impact management, assessment, KPI setup, and data collection. The 2024 report will be published mid-year 2025.

For the other private market funds, we assess portfolio companies on relevant ESG topics. When risks are identified, we reach out for engagement, mainly targeting the management. For example, our infrastructure co-investment fund has established an engagement framework consisting of 14 ESG topics, referring to well-recognised market guidance, such as the Institutional Limited Partners Association (ILPA) ESG Assessment Framework. Here, low-scoring assessments trigger engagement.

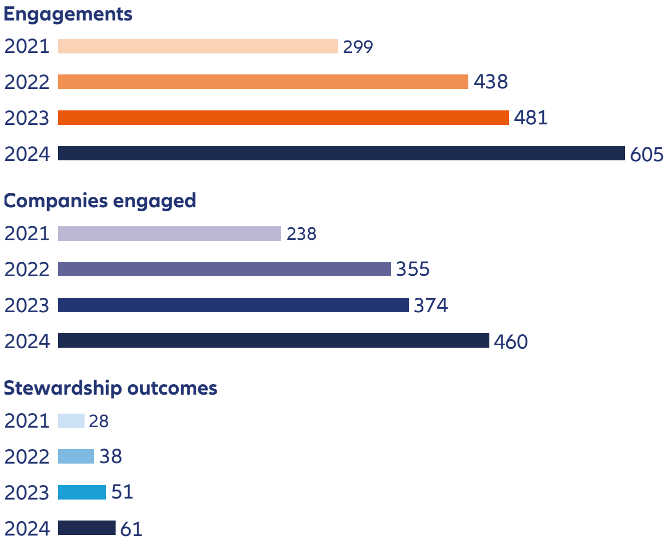
In 2024, "portfolio planning and net-zero targets" was a priority engagement topic. As such, five high-emitting underlying portfolio companies with no clear targets or net-zero pathways were identified and engaged with. During our meetings, we validated their net-zero targets and decarbonisation plans. Another example is our infrastructure equity fund, which follows a similar approach, encouraging all high emitters in the portfolio to have, at least, five-year carbon reduction targets and annual progress reporting in place.

3.3 Engagement in numbers

Principle 7 9

In 2024, we engaged with 460 companies on 605 occasions, mostly via virtual engagement meetings. This is a 26% increase in engagements compared to 2023 – doubling the number of engagements since 2021 – and reflects our long-term conviction of the benefits of integrating stewardship into the investment process.

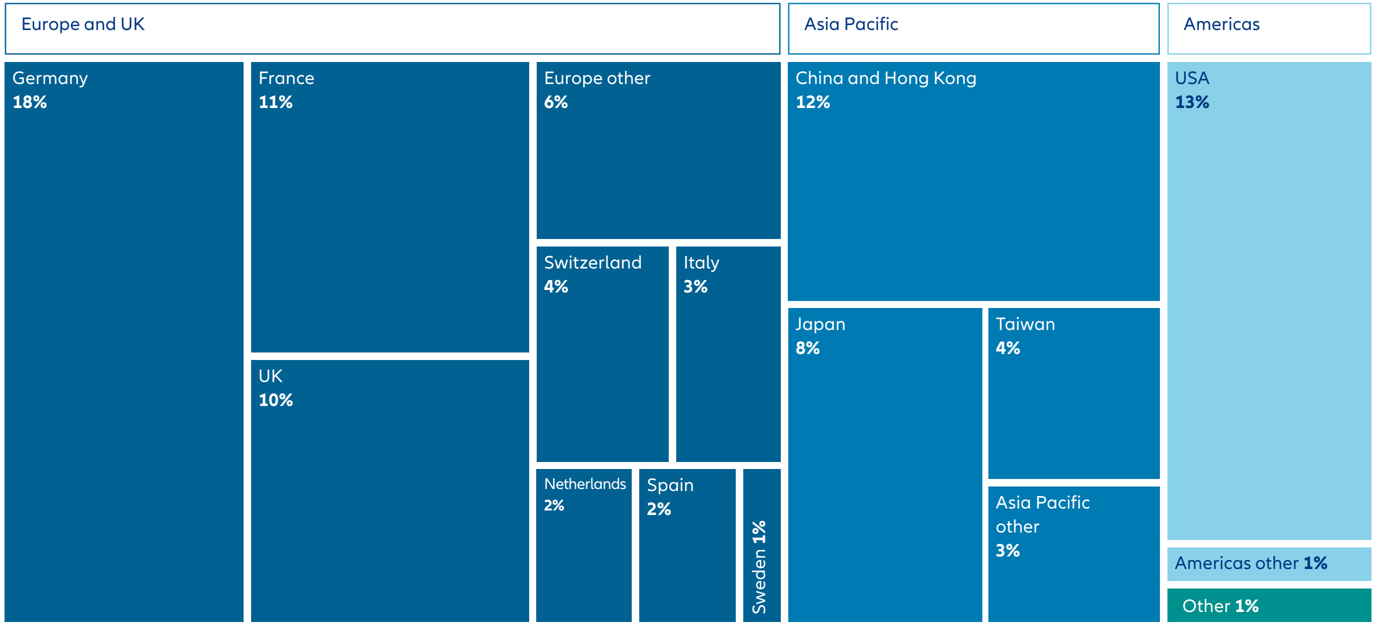
Continued expansion of our engagement activities



Source: Allianz Global Investors, as at 31 December 2024

Engagements covered 1,255 topics (2023: 1,055) and we often engaged on more than one topic per company. In addition, we signed or sent approximately 220 engagement letters via collaborative engagement initiatives that we joined or co-founded. These are not included within our engagement figures.

Percentage of engagements per location



Source: Allianz Global Investors, as at 31 December 2024

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 39 locations globally in 2024 (2023: 32).

- In Europe, we engaged most frequently with companies in Germany, France and the UK, recording a higher number of engagements than previously in all three locations.
- In Asia, which accounted for more than a quarter of all engagements in 2024, we continued to expand our engagements, with a focus on China, Hong Kong, Japan and Taiwan. We also expanded engagement activity in India and Indonesia. With a significant number of portfolio managers and dedicated stewardship resources in Asia, we have broadened and deepened our engagement approach in this region as a growth market for AllianzGI.

3.3 Engagement in numbers

Principle 7 9

Engagement by topic

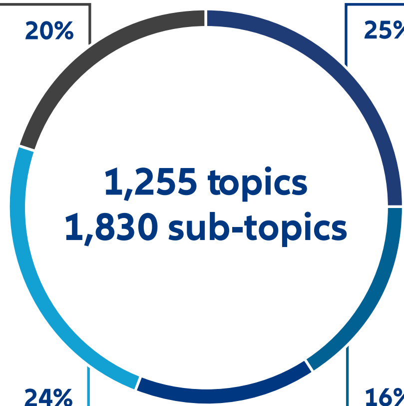
Engagement activities in 2024 covered a broad range of topics. In 32% of cases, we spoke to companies about corporate governance, business conduct and transparency issues – a similar percentage to 2023. Our increased focus on environmental and social topics in line with our three guiding themes continued to be evident, with 66% of engagements touching on either topic. Where we did not see sufficient progress, or wanted to follow up on recent developments, we engaged more than once. This occurred with 22% of the companies engaged, broadly in line with 2023.

Outcomes recorded

We registered 61 stewardship outcomes where companies took steps that we had explicitly referenced during engagements (2023: 51), following multi-year engagements in some cases.

Executive remuneration and governance issues were the focus in around 60% of these cases, in line with 2023 in absolute terms. About 20% of outcomes were related to climate, a year-on-year increase reflecting our strong stewardship work on climate change.

Our engagement priorities per topic



Social risks & opportunities (20%)

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

Environmental risks & opportunities (25%)

- Climate change & greenhouse gas emissions
- Biodiversity, deforestation & water management
- Ecological impacts & environmental incidents
- Waste management

Corporate governance (24%)

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

Other (15%)

- Transparency and disclosure
- Capital management
- Risk management

Strategy & business model (16%)

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

Source: Allianz Global Investors, as at 31 December 2024

3.4 Engagement outcomes

Principle 7 9

In 2024, guided by our three pivotal themes – and based on our long-term vision – we further enhanced our work on thematic engagement.

We built out our engagement frameworks based on thematic research to form the analytical approach for our engagement in areas such as deforestation, water and various aspects of human rights. The frameworks include questions for use in conversations with the companies we engage with and enable comparisons and benchmarking.

We have specialised our approach to existing subject areas and added new thematic projects such as living wages, mental health and responsible AI. The projects described on the following pages have been complemented by further engagement on transition metals, battery recycling and climate lobbying, as well as additional net-zero oriented engagement work.

3.4.1 Thematic engagement: Climate change

With the advent of the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) in Europe, the credibility of companies' climate transition pathways is receiving particular attention – and this has been a focus of our thematic engagement for several years, reflecting the increasing importance clients are placing on portfolio companies' decarbonisation strategies and targets.
In 2024, we had 186 direct conversations with companies about climate change (2023: 211).

We run ongoing engagement projects targeting high emitters such as oil and gas majors, utilities or producers of building materials. This activity also informs our climate-related votes at general meetings.
In 2024, we built out our climate engagement approach for financials to include Asian banks (see "Climate transition in Asia" case study) – reflecting the important role they can play in reducing financed emissions.
We also strengthened our stewardship approach by systematically linking engagement progress to votes (see "Climate accountability" case study) and refining our methodology to track companies' progress on climate transition.

Climate accountability

We believe it is important to hold boards accountable for their climate strategy, targets and transition strategy. To this end, we have developed a targeted stewardship approach linking our proprietary Net Zero Alignment Share (NZAS) methodology (see page 15) to engagement and voting.

We identified a group of high-emitting companies in our sustainable funds and within certain client portfolios. For those with the greatest carbon intensity – and without credible targets and transition plans as signalled by our NZAS methodology – we engaged in writing and scheduled meetings. We sought to understand these companies' intention to develop comprehensive strategies and externally validated targets, their timeline, and any related challenges.
If we are not convinced by a company's approach, we follow up with votes against the chair of the sustainability committee or chair of the board – establishing a consistent stewardship approach on climate. We have started to implement "against" votes in the 2025 proxy voting season.

3.4 Engagement outcomes

Principle 7 9

Climate transition in Asian banks

The banking sector has a limited direct carbon footprint but plays a significant role through the financing it provides, particularly under GHG Protocol Scope 3 Category 15: Investments. This is crucial for Asian banks, which operate regionally in markets that traditionally rely on fossil fuels.

Over the past two years we have engaged with 20 banks headquartered in Asia on their climate strategies, categorising these into four areas: risk assessment and monitoring; financing and investment policies; targets to reduce financed emissions; and transition finance.

Our engagements are built on our bespoke research and engagement framework for analysing banks' climate strategies, which we have now expanded to Asia. Our engagement objective was for companies to demonstrate top-down target-setting and oversight, complemented by bottom-up assessments of domestic and regional exposure, considering relevant national regulations. We have observed significant momentum among these investee companies in addressing material climate topics with government support, notwithstanding challenges such as data scarcity and hard-to-abate portfolios. We will continue to monitor progress and use the outcomes of our engagements to inform our proxy voting recommendation.

Net-zero transition plan of a utilities company

As part of our collaborative engagement with a utilities company under the IIGCC Net Zero Engagement Initiative, in 2024 we recorded a stewardship outcome evidenced by the publication of the company's climate transition plan and the Science Based Targets initiative (SBTi) validation of its net-zero targets.

The company published a comprehensive climate transition report largely informed by the investor recommendations we had conveyed during our engagement in recent years. The report reflects our collective ask of ambitious decarbonisation targets, an explanation of decarbonisation drivers, and a detailed roadmap. We also noted that the SBTi validated the company's decarbonisation trajectory in line with the 1.5°C target and recognised the net-zero plan as the most ambitious among those tracked by Moody's Ratings. Furthermore, we appreciate the quality of the company's transition plan, which is based on the use of proven technologies and a higher-than-average return on transition investments.

3.4.2 Thematic engagement: Biodiversity

We have been prioritising the financial materiality of biodiversity in our engagement efforts. However, identifying the risks and opportunities associated with the impact and dependency of various business activities on different biodiversity factors can be complex.

In 2024, we enhanced our biodiversity engagement framework to cover additional relevant sectors including biopharma and personal care products, and we identified priority issues and approaches for companies to act on. We also extended our engagement to Asian companies.

Throughout 2024, biodiversity was covered in a total of around 70 engagements with investee companies; in 30 of those, it was the main focus. During the year, we saw encouraging outcomes from our multi-year biodiversity engagement project. For example, a Nordic forestry company adopted Taskforce on Nature-related Financial Disclosures (TNFD) guidelines as we had recommended in a prior year engagement, and a UK-based mining company improved its disclosure of qualitative nature KPIs per our feedback. Meanwhile, we escalated unsatisfactory biodiversity engagements with the aim of driving action by laggards, and in 2025 we will be developing a more systematic escalation strategy.

Read more: **When a biodiversity plan comes together**

3.4 Engagement outcomes

Principle 7 9

Biodiversity loss is a systemic issue, but many companies are only just beginning to recognise its importance, and they face challenges in fully integrating this critical topic into their operations. To address this complexity, companies can start with specific sub-topics. In the market, there are well-established tools and methods available to help companies manage water and deforestation risks and impacts. These resources provide an excellent foundation for crafting a more comprehensive biodiversity strategy, proven by our research and engagement experience – and, accordingly, we targeted laggards in water and deforestation for engagement in 2024.

Highlighting water risks

Water risks pose significant threats not only to biodiversity but also to business continuity. To effectively mitigate these risks, we expect companies to conduct water risk assessments, set ambitious water consumption reduction targets, implement water stewardship programmes at high-stress sites, and actively reduce water pollutants.

In 2024, we engaged with 23 laggards to address this topic. Most of these companies already have some water-saving measures in place within their own operations. However, water risks in the supply chain – such as droughts and floods that could disrupt business continuity – are often less recognised. Another critical yet under-managed aspect is water pollution resulting from business activities, especially as regulatory requirements tighten across different regions. Our tailored suggestions during engagements were appreciated by the companies, helping them to better understand the materiality of the topic and navigate the challenges involved.

Deforestation-free supply chains

Deforestation risk was a key focus for us in 2024, and we engaged with 13 companies on this critical issue. Forests, covering 30% of the world's land area, are home to 80% of terrestrial species and serve as crucial natural carbon sinks. Companies sourcing agricultural commodities rely heavily on biodiversity, yet deforestation poses significant risks to natural capital, increases Scope 3 emissions, and can lead to human rights conflicts within supply chains. This issue has come under greater scrutiny in Europe with the upcoming EU Deforestation-Free Regulation (EUDR), set to take effect in 2026.

To manage these risks, we expect our investee companies to commit to a deforestation-free supply chain by 2030, establish traceability systems, report on deforestation-free sourcing volumes, and support suppliers in combating deforestation.

In our engagements in 2024, we found that while many companies are aware of the materiality of deforestation, actual mitigation efforts vary. Companies face the greatest challenges in establishing traceability and ensuring no deforestation in their supply chains. Many also lag in setting commitments and disclosing KPIs. In our engagement we provided targeted feedback to help them improve. We will continue to encourage our investee companies to enhance traceability and follow up on the implementation of regulatory requirements and their impacts.

3.4 Engagement outcomes

Principle 7 9

Exhibit 9 – Circularity addressed in various engagements

We engaged various companies on their approach to the circular economy. The ambition of the circular economy is to minimise waste and resource depletion, and promote the continuous use and recycling of materials instead. Due to the wide range of companies we engage with, discussions on this topic have included electric vehicle battery recycling, product design, collaboration along the supply chain and more.

Source: Allianz Global Investors

3.4 Engagement outcomes

Principle 7 9

3.4.3 Thematic engagement: Human rights

We first introduced our proprietary framework for engaging on human rights in supply chains in 2023 and have since engaged with companies facing significant controversies. We aim to assess how these companies are addressing the risks associated with this issue and how we, as investors, can push for improved governance, policies and concrete measures to mitigate potential breaches.

In 2024, we focused on living wages and workplace mental health – two complex issues that deserve greater attention – as key human rights topics and we partnered with industry bodies to increase our effectiveness. We became a member of the Platform Living Wage Financials and a signatory of the global investor statement on workplace mental health led by CCLA[1] – both of which are collecting related data and developing industry benchmarks, which will help us bridge the gap in our own data.

Living wages	Mental health
Working poverty is a global issue, heightened by the cost-of-living crisis in recent years – and tackling this problem extends beyond simply minimum wages. Living wages is an important focus in our human rights due diligence. As a member of the Platform Living Wage Financials coalition we address this topic with select investee companies.	According to the Global Health Data Exchange, approximately 15% of the world's working population experience a mental disorder at any given time. As long-term institutional investors, we use the findings of the CCLA Corporate Mental Health Benchmarks to promote good workplace mental health as a business imperative.

1 Source: **CCLA Investment Management**

Human rights in the supply chain

In 2024, we engaged a French concessions, energy and construction company to discuss governance around human rights, considering its diversity of business lines and – with its presence in more than 120 countries – its broad geographical footprint. The company's level of disclosure in this area has improved since a controversy in Qatar almost 10 years ago, although we still observe a lack of disclosure in other regions it operates in.

We appreciate that the company has a strong risk assessment process on human rights, however we note that each business line is responsible for monitoring its own human rights risks in its supply chain – and that there is no group-level consolidation and control framework. We addressed the issue with the company and will continue our engagement on this concern.

Read more: **Collaborating to protect workers' welfare**

Engaging on labour rights

For several years we have engaged with a US company in an industrial sector around a range of issues, including board composition, executive pay and sustainability reporting. In 2024, our research pointed to elevated levels of controversy around unionisation and collective bargaining. For some of our funds, this also triggered the additional requirement to confirm the accuracy of the data we rely on.

Recognising the need to address multiple dimensions, our Stewardship and Sustainability Research teams worked together on this engagement – and the company responded by allocating additional time and providing access to the board. Our investment teams have also attended calls, adding their perspective on the company's business strategy and on management performance.

While the company contends that its employees are free to unionise, its management believes organised labour is not needed in an environment where fair pay and working conditions are provided and where employees are listened to. The company also told us that, while managers are regularly trained on related policies, they could not assure us that the same is true for all employees. Additionally, the board resists third-party auditing of the implementation of its human rights policy.

We continue to closely monitor the company's position on freedom of association and the right to collective bargaining. We are bringing our views to its 2025 AGM by voting on related resolutions.

Read more: **Engaging to shape a strong workforce**

3.4 Engagement outcomes

3.4.4 Increasing engagement in Asia

In 2024, we continued to expand our engagement footprint in Asia, covering Greater China, Japan, South Korea, South-East Asia and India. These engagements are guided by our three pivotal themes, leveraging our engagement frameworks, and adapted to local market conditions through our on-the-ground market observations and bottom-up securities assessments by the investment platform.

As Asia is not a singular market with a unified structure, we break down our assessment per market to ensure engagement dialogues are tailored to our investee companies' specific situations, aiming for targeted stewardship outcomes.

Read more: **Scaling up stewardship – the Chinese way**

Discussing circularity with a Chinese battery maker

The end-of-life management of electric vehicle (EV) batteries is crucial for completing the circularity loop and offers both economic and ecological benefits. In 2024, as part of our thematic engagement project on EV battery recycling, we engaged with a leading Chinese battery producer to discuss battery lifecycle management.

The company has an in-house battery recycling subsidiary that currently provides sufficient processing capacity and plans to expand production capacity more than fourfold to accommodate future scrap battery supply. We emphasised our expectations for integrating circularity into battery design, maximising cascade utilisation scenarios and committing to higher rates of recycled raw material usage in battery production. We highlighted the significant role battery producers can play in establishing a recycling ecosystem across the value chain.

We appreciated that the company committed to continue collaborating with clients to prioritise battery circularity and meet Asia, EU and US regulatory requirements ahead of schedule. Follow-up engagements are planned to track progress in the coming year.

Renewable energy usage by semiconductor companies

With growing demand for AI, semiconductor companies are expanding their production – leading to a surge in power usage for manufacturing. We engaged with a leading Taiwanese chipmaker on its strategy to reduce Scope 2 emissions, focusing on renewable energy usage.

The company's Scope 2 emissions have increased for five consecutive years due to its continuous expansion and now outweigh its combined Scope 1 and Scope 3 emissions. We noted that the company has joined the RE100[1] initiative, committing to sourcing 100% renewable energy by 2050. However, we observe that most of its energy consumption occurs in Taiwan – where short- or mid-term targets for sourcing renewable energy are yet to be defined.

In our engagement we emphasised that the company should scale up renewable energy sources within its domestic factories and actively lobby the government to develop a concrete roadmap for increasing renewable energy supply without compromising energy security. The company accepted our advice, and we will track their progress in future meetings.

1 Source: **RE100 initiative**

3.5 Collaborative engagements

Principle 7 10

Collaborative engagement with other investors is an important pillar of our stewardship approach as it increases our impact when progressing to a more sustainable future. In some cases, this shared conviction is the most effective way for AllianzGI to achieve engagement objectives for our clients. By joining forces with other investors, we can reach a greater number of our portfolio companies – which is also important for those in which we hold major concerns but only small holdings.

While we still led the majority of our engagements ourselves in 2024, we significantly expanded our collaborative engagement activities – in particular through the 30% Club Germany Investor Group, NA100 and other new initiatives we joined during the year. We selectively added collaborative engagement initiatives to complement our previous work and chose initiatives that resonate with our thematic focus areas – in particular biodiversity and human rights.

In 2024, we led or participated in 46 collaborative engagement meetings, more than twice the prior year (2023: 22). In addition, we signed engagement letters for about 220 companies under the IIGCC Net Zero Engagement Initiative and NA100.

Biodiversity: How we developed collaborative engagement

We use collaborative engagements to extend our biodiversity engagement outreach, explore new biodiversity-related topics, and exchange with peers on this nascent topic.

Having joined NA100 late in 2023, in 2024 we began collaborative engagement activities and provided feedback on the NA100 benchmark methodology, which is the basis for this initiative. In our engagements under the NA100 umbrella, we discussed how companies should build a biodiversity strategy as guided by the benchmark. We expect these engagements to be a continuous, multi-year journey.

We complemented our collaborative work on nature with engagement pillars on oceans and policy – joining the sustainable aquaculture and seafood traceability collaborative engagement programmes by FAIRR, to address ocean biodiversity issues. We also joined the UN PRI Spring initiative to drive the alignment of companies' lobbying activities and biodiversity commitments.

30% Club Germany Investor Group

After co-founding this initiative alongside five other asset managers, 2024 marked both our second year of engagement and our role as co-chair.

This group aims to increase gender diversity on management boards and among senior executives and improve the pipeline of female talent. We led or supported 15 engagements with DAX40 and MDAX companies in 2024.[1] While we observed progress with respect to female participation at management board level, this was often achieved through external hiring – we found that several companies lacked a robust internal pipeline to promote women to the board.

We also addressed the overwhelming lack of disclosure of the gender pay gap, which we expect companies to tackle going forward.

1 The DAX 40 is a stock market index comprising 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.

3.5 Collaborative engagements

Principle 7 10

Human rights: Platform Living Wage Financials

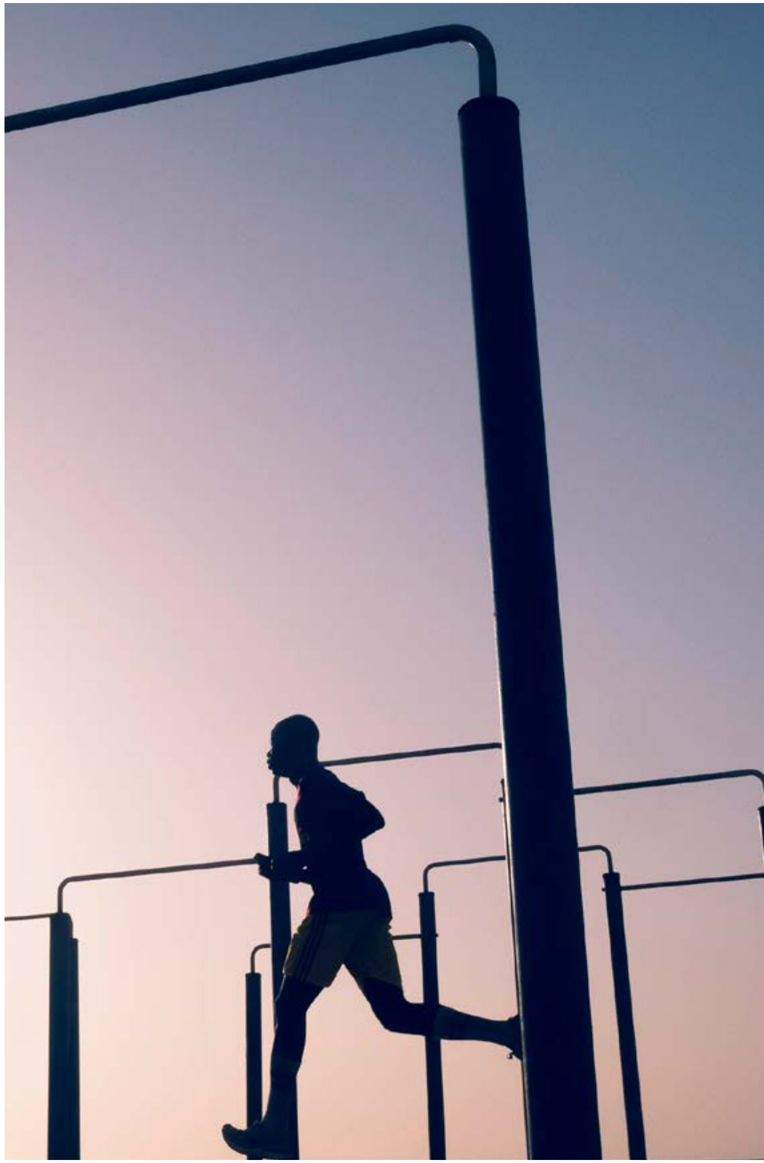
We joined the Platform Living Wage Financials coalition in 2024 to promote the topic of living wages to selected investee companies. Starting with the extensive supply chain of the garment and footwear sector, members of the coalition use a dedicated assessment methodology – considering definitions, policies, assessments, reporting and other living wage factors – to engage with companies.

Beyond promoting the cause, this collaboration amplifies the impact of policies and initiatives to push for systemic change in fair wage standards – and this first year of engagement demonstrated a growing interest from companies across the sector in improving living wages practices.

Positive developments in 2024 included, for example, the extension of responsible purchasing practices and the promotion of freedom of association with suppliers. But there is still a lot of work to do, especially on transparency around the quantitative indicators used to monitor wages and close living wage gaps.

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

- 30% Club France Investor Group
- 30% Club Germany Investor Group
- Asian Investor Group on Climate Change (AIGCC)
- Ceres Food Emissions 50
- Climate Action 100+
- CCLA Corporate Mental Health Benchmark
- Emerging Markets Investors Alliance
- FAIRR
- IIGCC
- The Investor Forum
- Nature Action 100
- PRI Advance coalition on human rights
- Platform Living Wage Financials
- UN Principles for Responsible Investment Spring



3.6 Industry engagement and commitments

Principle 4 7 10

We continue to take an active role in inputting into sustainable finance regulation through industry initiatives and commitments. In 2024, we embraced new industry initiatives to support corporate sustainability disclosure and drive sustainable finance regulation forward. We will continue to dedicate resources to impactful initiatives, particularly as we anticipate a significant wave of regulatory developments in 2025.

Supporting corporate sustainability disclosure

IFRS ISSB Investor Advisory Group[1]

We are a member of the ISSB Investor Advisory Group (IIAG), which comprises leading asset owners and asset managers committed to improving the quality and comparability of sustainability-related disclosure to investors. The IIAG serves as an advisory body to the ISSB, providing strategic guidance on developing IFRS Sustainability Disclosure Standards and helping to ensure that the investor perspective is considered in the ISSB's standard-setting process. Representatives of AllianzGI regularly take part in meetings to provide views, for example on ongoing consultations and future projects.

European Financial Reporting Advisory Group

We are part of the European Financial Reporting Advisory Group (EFRAG), whose mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. In 2024, Thomas Roulland, Head of Sustainability Standards and Analytics at AllianzGI, was appointed as a member of the EFRAG Sustainability Reporting Board, representing the asset management industry. EFRAG builds on and contributes to the progress in corporate reporting, an example being its work on sector agnostic standards. During the year EFRAG conducted a public consultation on the draft European Sustainability Reporting Standards (ESRS) for listed small and medium-sized enterprises (SMEs) and for voluntary reporting for non-listed SMEs. Here the group helped define the bounds of reporting for companies of different sizes, finding a level of detail in reporting that is achievable for SMEs.

Driving Sustainable Finance Regulation

SFDR Advisory Group

Our Head of Sustainable and Impact Investing, Matt Christensen, is on the board of directors of Eurosif, which decides on the strategic orientation, main activities and projects of Eurosif with regard to the promotion of socially responsible investing (SRI) and the integration of environmental, social and corporate governance (ESG) into investment decisions at the European level. Its Sustainable Finance Disclosure Regulation (SFDR) Advisory Group provides a forum to critically analyse the SFDR framework and identify areas where this regulation could be enhanced in future.

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 2020. 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 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. This group reported to the Commission on a compendium of market practices in 2024.

Additionally, the platform published its response to the EFRAG public consultation on the draft ESRS for listed SMEs and draft voluntary reporting standard for non-listed SMEs as well as an intermediate report on monitoring capital flows to sustainable investments in 2024.

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

1 IFRS: International Financial Reporting Standards, ISSB: International Sustainability Standards Board

3.7 Escalating engagement concerns

Principle 7 11

Companies are not always adequately responsive to concerns we raise – and their actions often do not give due consideration to the interests of minority shareholders. If we conclude that our concerns cannot be resolved through standard dialogue – and if we believe an engagement has failed to meet our objective – we consider escalation.

We consider the nature and magnitude of unresolved concerns, the relevance of our holdings in certain funds, and our ability to escalate to a more senior level within the company.

Typically, escalation first involves requesting additional meetings with management or seeking more intensive dialogue with non-executive directors, the board chairperson or lead or senior independent directors – we prefer direct, unmediated input from board members. If such interaction is unsuccessful, we may decide to follow up in writing.

While we consistently vote against certain agenda items 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 to well below 2°C, if we observe that companies are not responsive to shareholder concerns, or if management deviates significantly from its climate strategy without consulting shareholders.

Where direct engagement does not progress satisfactorily, or where our shareholding is insufficient for an effective escalation in our own right, we consider:

- 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. We retain full discretion to exercise our rights, including voting.
- Expressing concerns through advisers to the company, for example in merger and acquisition situations.
- Publicly pre-announcing our votes prior to the AGM.
- Co-filing/filing resolutions at shareholder meetings to enhance key engagements.
- Reducing or exiting our investment position. Such decisions are taken at a portfolio level.

We carefully consider making public statements emphasising concerns or lack of engagement progress. Any escalation measures are undertaken in compliance with relevant statutory rules and guidelines from regulatory authorities, including on market abuse, insider dealing and concert party regulations. A clear internal escalation procedure is in place for all public interventions.

We apply this approach across our holdings globally, although portfolio considerations and local practices may affect our decisions. Escalation tools for fixed income holdings are, by nature, more limited – they do not extend to actions taken in the context of shareholder meetings – but to be more effective, we may lead escalation measures across asset classes if we have holdings in both equity and fixed income funds.

In 2024, we expanded our escalation toolkit to convey our sustainability convictions and cover additional markets – including Japan, where we pre-announced our vote for a shareholder resolution on climate lobbying (see page 57), and our home market of Germany.

We continued to pre-announce votes for AGMs – escalating themes that are particularly important to us or those where escalation in this manner is appropriate due to our stake or experience, as part of our active stewardship approach. This draws the attention of the market, clients and other companies to a particular issue or resolution in line with our pivotal themes.

Having co-filed our first shareholder resolution in 2023 (see McDonald's case study), we continued to do so in 2024. Beyond reflecting our conviction with respect to water risk, co-filing resulted in a constructive engagement with McDonald's that we intend to pursue going forward alongside the collaborating investors.

Read more: See also section 3.1.

3.7 Escalating engagement concerns

Principle 7 11

Pre-announcing our votes

By pre-announcing our votes, we can bring greater attention to specific issues and further demonstrate our conviction in our long-term approach. In 2024, we publicly pre-announced our support for two similar shareholder resolutions at PepsiCo and Home Depot. Both companies acknowledge that biodiversity loss is a relevant issue for their business activities and report their ongoing efforts.

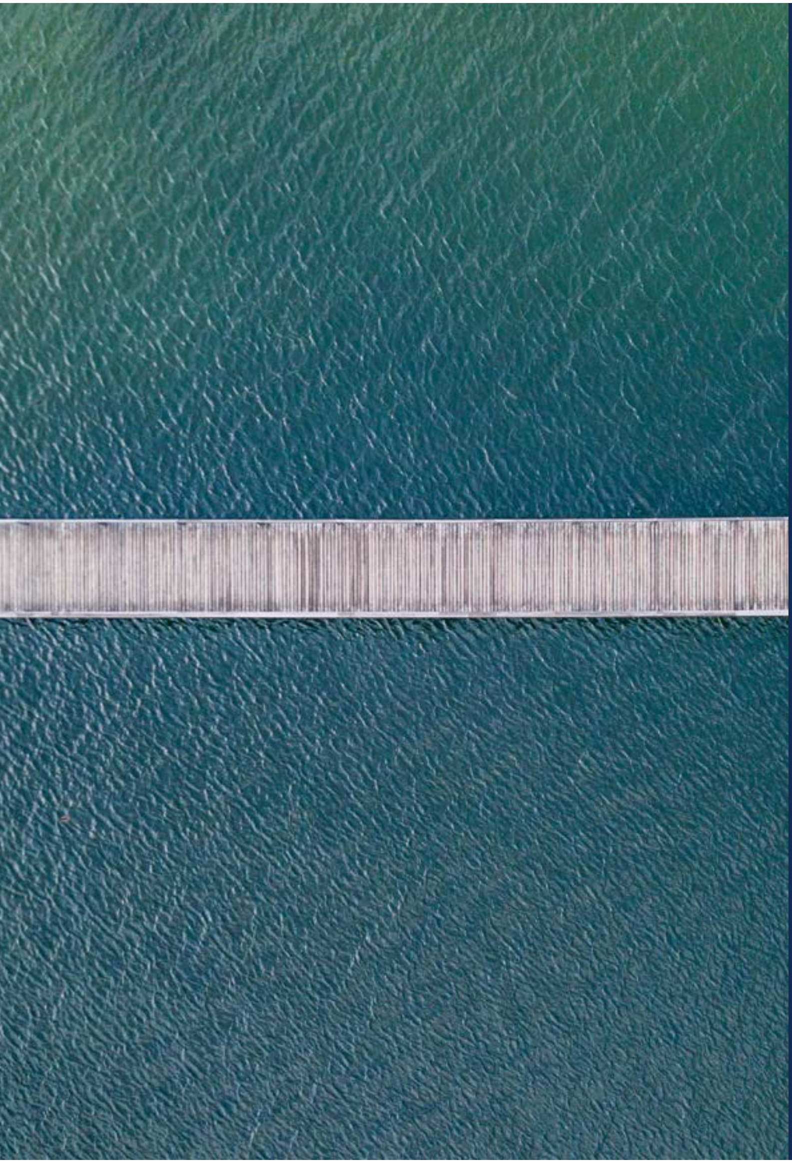
We sought to indicate that we expect to see further progress with the companies' biodiversity impact and dependency assessments, because this is a basis to formulate an effective biodiversity strategy. While ultimately the resolutions were not approved, the level of support highlighted the need for better understanding of biodiversity risks. We continue to engage on this matter.

Divesting from a global steel company

We have historically invested in a global steel company and engaged on various topics including its decarbonisation journey and health and safety performance. Given sector-inherent cyclicality, we noted issues around both the company's performance and a lack of progress on health and safety performance and remedial actions.

Through our engagements, we did not believe the company was implementing the right measures to fundamentally improve performance. As a result, the portfolio managers of one of our European funds decided to divest – especially given the presence of both financial and social concerns, and scepticism around the competitiveness of future European green steel production in a global context.

3.7 Escalating engagement concerns



Co-filing at McDonald's general meeting

By collaborating with others, we can leverage our conviction to drive real change – even within major global businesses.

One of the sectors most vulnerable to biodiversity risks is agriculture and food, and in North America we regularly engage with companies throughout the food chain – upstream, including growers and commodity traders, and downstream, including supermarkets and restaurant chains. Following two years of bilateral engagement activity in the sector, and participation in Ceres Food Emissions 50, we decided to escalate by co-filing a shareholder resolution alongside other investors.

Water risks are material in the food sector – and, relative to other aspects of nature, performance is easier to evaluate. Our research suggested that McDonald's could improve the management of these risks through its supply chains that include water-intense commodities such as beef and pork. An enterprise-wide risk assessment was needed as a first, critical step towards improving risk management – a highly ambitious task, given the scale and complexity of the company's operations.

Co-filing, followed immediately by collaborative engagement with the company, meant that we were able to pursue a much more targeted engagement focusing on specific outcomes than we could have otherwise done, given our holdings.

McDonald's demonstrated focus on the issues right from the outset, contributing to a constructive and productive series of collective engagement calls with all filers – and culminating in a withdrawal agreement stipulating progress to be undertaken by the company and the consequent withdrawal of the proposal. The successful outcome here is further demonstration of our ability to use our engagement strategy and voting rights to trigger a commitment to change.

The withdrawal agreement additionally sets out a follow-up engagement trajectory, which we have already begun to pursue. This will include periodic meetings throughout 2025 and 2026 to track and discuss progress.

3.8 Exercising our voting rights

Principle 5 7 8 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 demonstrate our conviction by having our say on some of the most important issues affecting the long-term development of investee companies.

2024 voting highlights[1]

Voted at 8,879 shareholder meetings.

We opposed 21% of all resolutions.

We opposed 41% of all votes on remuneration.

We opposed 22% of director elections.

We opposed 19% of capital authorisations.

Source: Allianz Global Investors, as at 31 December 2024

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 – where our vote direction is guided by our convictions and our three pivotal themes.

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

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, often conducted over several years. Detailed proxy voting policies help inform our voting decisions.

In 2024, we continued to strengthen our voting policy in line with our three pivotal themes and refined our approach for holding directors accountable on climate issues (see table on page 52). We believe director accountability is particularly important when climate transition strategies are not initiated in good time, or when we deem them insufficiently ambitious. Our guidelines stipulate that we vote against remuneration policies of large-cap EU companies that lack ESG KPIs – and we have expanded this voting rule to include smaller companies from 2025.

Voting on shareholder proposals – which offer companies an important insight into the views and concerns of investors – is a key part of our stewardship programme. Such votes provide meaningful support for issues raised that merit careful consideration by companies' boards and management. We customarily review shareholder proposals for all our holdings.

Given the variety and variability of shareholder proposals, we prefer to review and vote on a case-by-case basis – considering 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.

Our goal, where we have the authority to exercise voting rights, is to vote at the shareholder meetings of all the companies we invest in. We respect the right of clients in segregated accounts to retain voting rights or request rights are exercised in line with their voting policy. They may also delegate proxy voting and engagement activities to a third-party service provider.

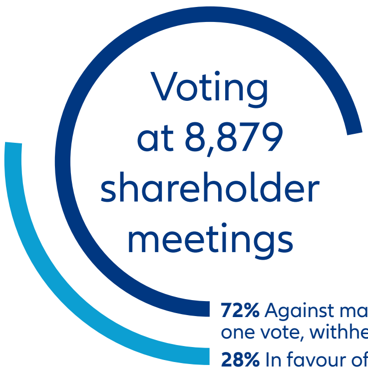
We do not provide clients with the option to influence voting decisions on a case-by-case basis. We are committed to full transparency of our proxy voting activities. Our disclosures include detailed Global Corporate Governance Guidelines, an Engagement Policy Statement detailing our engagement and conflict 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.

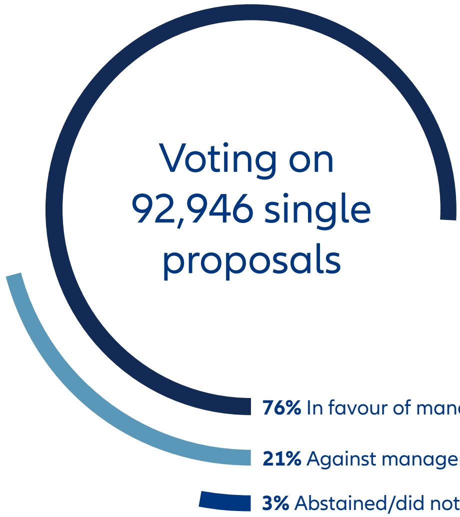
1 Information on our voting behaviour is available in real-time on our **website**.

3.8 Exercising our voting rights

Select changes to our Global Corporate Governance Guidelines in 2024:

Issue	New policy	Reason for the change
Climate	Strengthen board accountability on climate issues based on our proprietary NZAS methodology: Vote against Chair of Sustainability Committee/ Strategy Committee/the Board if company has been confirmed as high-impact company with no alignment according to NZAS methodology (as of 2025).	Strengthening 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.
Gender diversity	Vote against Chair of Nomination Committee or Chair of the Board if the board does not have at least 40% representation of each gender. Applicable for UK, Italian and French large caps.	Aligning with local regulation and advanced market practice in these countries.
ESG KPIs in remuneration	Vote against remuneration policies without ESG KPIs applicable for smaller companies in developed markets, as of 2025.	Setting expectations for companies to set proper sustainability-related incentives.





3.8.1 How we voted in 2024[1]

We participated in 8,879 shareholder meetings in 2024 (2023: 9,137), representing 96% of all votable meetings.[2] We voted against, withheld or abstained from at least one agenda item at 72% of meetings (2023: 71%). We opposed 21% of all resolutions (2023: 22%) to reinforce our dissatisfaction with governance issues or sustainability matters.

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

Our voting decisions are often preceded by multi-year engagement 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 228 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.

Source: Allianz Global Investors, as at 31 December 2024

1 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.
2 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.

3.8 Exercising our voting rights

Engagement campaign in Germany

Some companies in Germany and Austria have received high dissent votes against their remuneration report or policy in recent years. A number of the issues – such as lack of disclosure, discretionary bonuses that deviate from remuneration policy, overly high pension contributions and unjustified salary increases – are recurring.

To address these concerns, we have systematically reached out to these companies with customised engagement letters, encouraging the adoption of market best practices to more effectively incentivise executives. We engaged 17 companies in 2024, with all responding positively that our feedback was well received by the board.

We will monitor how our recommendations are integrated into their next remuneration report or policy and use the outcome to influence our voting decisions.

How we voted by topic

Executive compensation

Compensation-related proposals continued to stand out as the most contentious area globally, and we voted against 41% of such proposals in 2024 (2023: 41%). 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 long-term pay plans often reward underperformance, which we do not support.

In Europe, we recorded most against votes in Belgium (54%), Italy (50%) and Germany (44%), although there has been some progress in transparency and practices. Concerns persist regarding boards' discretion in granting special payments, as seen in Italy. In addition, despite improvements in remuneration report transparency, particularly in Germany, some companies still hesitate to fully disclose the link between performance, target achievements and pay-outs.

The broader adoption of climate and social KPIs in remuneration policies is welcome – and now standard in large companies – however, we expect transparency on these KPIs to equal that of financial KPIs, with a focus on financial materiality and SMART[1] targets.

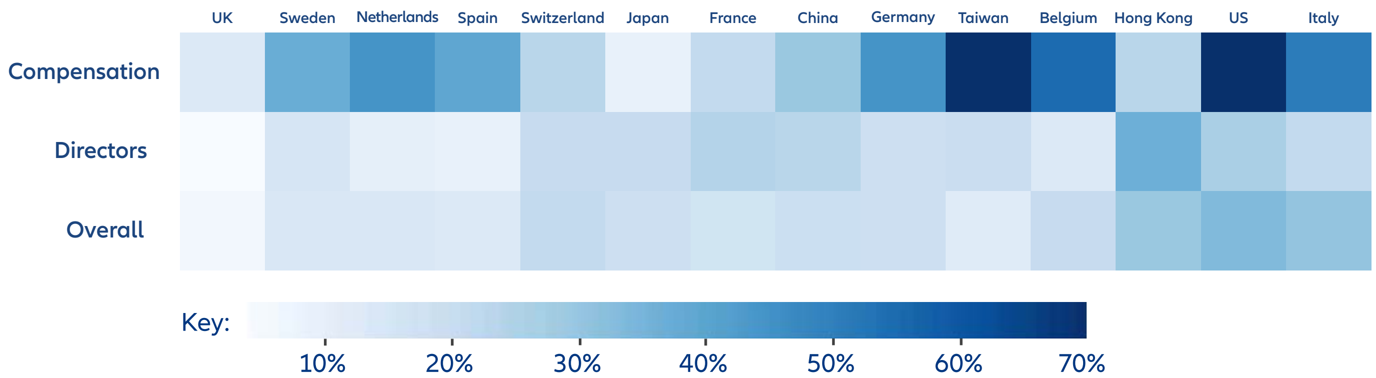
Our rate of opposition to pay-related proposals in the US in 2024 continued to be high at 69%. With the US market performing strongly over 2024, especially large companies, those companies that maintained good alignment between pay levels and performance generally avoided controversy, resulting in slightly higher average levels of "Say on Pay" support compared with the last two years.

Board independence, over-boarding and the role of the chair

In 2024, we voted against 23% of all director-related proposals – consistent with 2023 levels. We opposed 22% of all director elections (2023: 24%) as we place high importance on board quality, believing that strong governance is closely linked to better financial performance and high sustainability standards.

We voted against several companies where we deemed the board of directors to be insufficiently independent – either because directors had a long tenure or where they were representatives of major shareholders. While non-independent chairs can fill interim positions and often bring industry experience, investors are increasingly critical of their appointments – as observed in Germany during the most recent AGM season. To counterbalance this, we expect companies to appoint a lead independent director (LID) to the board, and this a key consideration for our vote.

Breakdown of proxy voting by topic and location



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

1 SMART: Specific, measurable, achievable, relevant and time-bound

3.8 Exercising our voting rights

We also voted against elections where board committees lacked sufficient independence, with audit committees being a particular area of focus. We advocate for an independent chair of the audit committee, which led to "against" votes in some markets, such as Switzerland. AllianzGI voted against 34% of board chair elections in Switzerland, mainly due to the fact that many board chairs also serve as chair of the audit committee, which we expect to be independent.

Over-boarding[1] also remains a major, ongoing concern in many markets. As demands on non-executive directors increase in times of economic uncertainty and geopolitical risk, we typically voted against full-time executives taking on more than one non-executive role, or non-executive directors taking on too many appointments in public and private companies.

In Asia, our highest rates of opposition were recorded in Hong Kong (as in 2023) due to the low independence level of many boards and their committees, as well as over-boarding. 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.

Independence concerns at a European biotech company

A European biotech company we invest in has a dual CEO/chairman who is also the founder and majority shareholder. Although more independent directors have joined the board, and a LID was appointed, the extent to which oversight is performed by the independent directors is unclear – and, while we had an engagement with the LID for the first time in 2024, our questions were not answered satisfactorily.

While the board committed to adding more independent directors, our concerns centred on whether they would act independently and have sufficient senior management expertise. We suggested adding independent directors with top management experience who could challenge management on strategy.

We will keep engaging with the company on this concern – and, if no clear improvement is seen, we will consider escalation by voting against the discharge or re-election of the board chair.

Supporting a long-standing chair

One investee company produces residential and commercial building material, offering its products globally. The industry focus, and product lines such as insulation, mean the company can play an important role in the decarbonisation of real estate – something we are keen to support.

For the past three years we have been engaging with the company on board independence and emission reductions, among other topics. Our discussions on governance provided a better understanding of board leadership, for example with respect to the role of the company's long-standing chair following the more recent appointment of a new CEO.

Consequently, at the 2024 AGM we were able to exercise a more supportive voting outcome than is implied by our policy.

1 Overboarding is where one person sits on too many boards, which may compromise their ability to serve an organisation effectively.

3.8 Exercising our voting rights

Principle 5 7 8 11 12

Climate-related resolutions

We consider "Say on Climate" (SoC)[1] a helpful tool for holding companies accountable for their climate ambitions. In 2024, we voted on only 28 such resolutions – compared with about 30 in 2023 and a peak of around 50 in 2022 – confirming our assessment that SoC is losing momentum, despite Germany's first SoC resolution of a DAX company being tabled this year.

With half of these resolutions happening in France and the UK, and the rest scattered across Europe, there is no level playing field for investors to vote on these plans. In some countries there were only two or three resolutions, making comparability challenging for shareholders.

With this decline, we expect director votes to become the channel for signalling views on companies' climate strategies and we will channel concerns through these.

Escalating our concerns

We have continuously engaged an Australian oil and gas company on its climate transition strategy. However, we do not see any significant progress towards a credible pathway. In 2024, the company put its updated climate transition plan to vote, but we still observe the same issues prevailing – such as overuse of carbon offsets, a weak Scope 3 commitment, and targets not aligned with the Paris Agreement.

We escalated our concerns and voted against the SoC and the re-election of the chairman, to hold the board accountable for the inaction on climate. We have also pre-announced our voting decisions as part of our escalation approach.

Voting against a transition plan

We had the opportunity to vote on the climate transition plan of a global, diversified natural resources company. We recognised some progress had been made on reductions in the full emissions footprint, its continued transition investment, and its adoption of medium-term targets. However,≈the company's expansionary activities in fossil fuels could not be aligned with wider net-zero strategies – and we questioned the credibility of its trajectory.

Weighing up both sides, we decided to vote against the report and continue to review the company's strategy over the long term. The company also decided to move away from annual votes towards triennial strategy votes, raising concerns that this was being relitigated each year (rather than votes being focused on progress) and thereby investors were allowed to share their views less frequently.

1 Say on Climate puts a company's climate transition strategy to a shareholder vote.

3.8 Exercising our voting rights

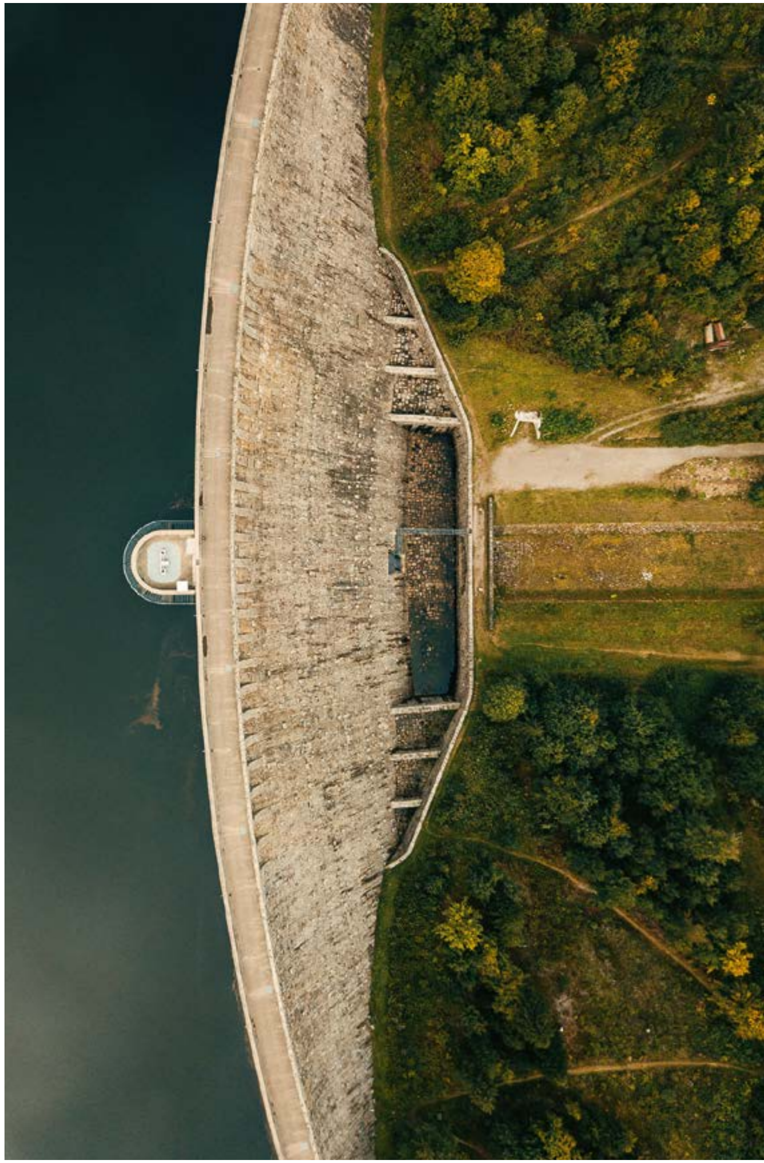
Principle 5 7 8 11 12

Voting on shareholder resolutions
In 2024, we voted on more than 2,300 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 those 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.[1]

In the US, sustainability-related issues typically find their way on to the agenda of a general meeting via shareholder resolutions, but support remained geared towards governance in 2024. The number of proposals at Russell 3000 companies[2] rose to another record in the year to 30 June 2024, but support remained low at just under 20% of votes in favour. And the number of resolutions securing majority support fell dramatically – only one environmental resolution and no social resolutions passed this year, versus 36 governance proposals.[3]

In the US, we voted on 695 proposals. These included 77 on corporate governance (excluding director elections and director-related), 50 on compensation and 230 on social themes. The remainder were environmental resolutions or a blend of areas. We supported 98% of all climate-related shareholder resolutions, 97% of human-rights related resolutions and 93% of resolutions with respect to greater transparency on political contributions and lobbying. A notable new category of shareholder resolutions focused on the responsible development and application of artificial intelligence (responsible AI). We generally support resolutions asking boards to evolve their risk oversight and demonstrate that associated risks are properly managed.

In Japan, shareholder resolutions remained a key topic, with an increase in both volume and diversity. We supported 50% of climate-related shareholder proposals, including a pre-announcement of voting in favour of the climate lobbying resolution at Toyota Motor Corp's AGM (see case study).



1 Please refer to our **Global Corporate Governance Guidelines** for more detailed guidance.
2 The Russell 3000 Index is a capitalisation-weighted broad equity index comprised of the 3000 largest US listed stocks.
3 Source: Georgeson, "An Early Look at the 2024 Proxy Season". The growing support for governance resolutions is notable also in average voting approval levels, which rose from 29% in 2023 to 36% in 2024

3.8 Exercising our voting rights

Principle 5 7 8 11 12

Supporting transparency on climate lobbying

We supported a shareholder resolution at **Toyota Motor Corp**, requesting reports on corporate climate lobbying aligned with the Paris Agreement. During pre-AGM engagement, we noticed encouraging improvements in the coverage of its lobbying organisation in its annual lobbying report and the introduction of a third-party assessment.

However, based on our evaluation, the report falls short of demonstrating that the company's climate lobbying approach is aligned with a Paris Agreement pathway. We conveyed our expectations on more granular reporting on its interactions with trade unions, including escalation case studies when associations fall short of the company's climate commitments.

We decided to support the shareholder resolution on climate lobbying and to continue our engagement activities in the run-up to the 2025 AGM.

Shareholder resolution on healthy food

We engaged several times with a food producer in 2024 and noted areas for improvement – including the company's methodology for assessing its global portfolio from a health perspective, and transparency on what is currently included under its "more nutritious products" area. The company's ongoing engagement with its investors on this topic is a positive, however, and we appreciate that the company has disclosed a target to grow the sales of its more nutritious products.

Against this backdrop, we assessed a shareholder proposal asking the company to disclose a target to increase the proportion of its sales derived from healthier products. The request appeared too prescriptive and, given the overall positive development, we decided not to support it.

We will continue to engage and monitor whether the company improves transparency on the underlying methodology, as encouraged in past engagements.

3.8 Exercising our voting rights

Workers' rights at Starbucks

In 2023, we pre-announced our support of the shareholder resolution regarding an assessment of **workers' rights commitments at Starbucks**.

We were pleased to note the resolution passed – and that, in response, the board has retained an independent third party to evaluate the company's adherence to its commitment to the principles of freedom of association and the right to collective bargaining in 2024.

3.8 Exercising our voting rights

Shareholder rights

We place great importance on the rights of minority shareholders and vote against resolutions that impair these. This includes, for example, amendments to bylaws that would disadvantage minority shareholders in their rights to participate in AGMs. We also advocate for the "one share one vote" principle as we would not like to see that control over a publicly listed company is disproportionate, to the economic interests of investors. As of 2025, we will vote against board members who benefit from unequal voting rights.

Increase of voting rights in Italy

Following the recently introduced DDL Capitali[1] law in Italy, we have faced some agenda items at Italian AGMs that requested either the increase of voting rights and/or allowing meeting attendance exclusively via proxy representative. We have opposed all such requests.

First, an increase of voting rights is not aligned with our corporate governance guidelines – which promote the "one share, one vote" principle – and mainly benefits incumbent major shareholders to the detriment of minority ones. Second, while the designated representative format has been used since Covid – and while we recognise the potential benefits of enabling participation via electronic means – we would not support the complete removal of any real-time shareholder participation at the AGM. We do not support closed-doors shareholder meetings.

3.8.2 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 (such as ELFA[2] and EMIA[3]) – 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 2024, we strengthened the collaboration between the sustainability and fixed income teams significantly with respect to engagement and increased the number of engagements led by the fixed income teams. The teams have been in regular dialogue to improve the uptake of internally developed tools and expand credit-specific engagement activity.

1 Source: **DLA Piper Finance Alert Approval of the Capital Law ("DDLI Capitali") main changes for the Italian capital market**
2 European Leveraged Finance Association
3 Emerging Markets Investors Alliance (emia.org)

3.9 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. Please refer to our **Engagement Policy Statement** on how we identify and manage conflicts of interest.

In 2024, the Proxy Voting Committee convened twice to decide on proxy voting decisions that constituted a potential conflict of interest. This concerned voting matters relating to our parent company, Allianz, and a major distributor.

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 interests 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 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.

3.10 Looking ahead: active stewardship

Principle 7

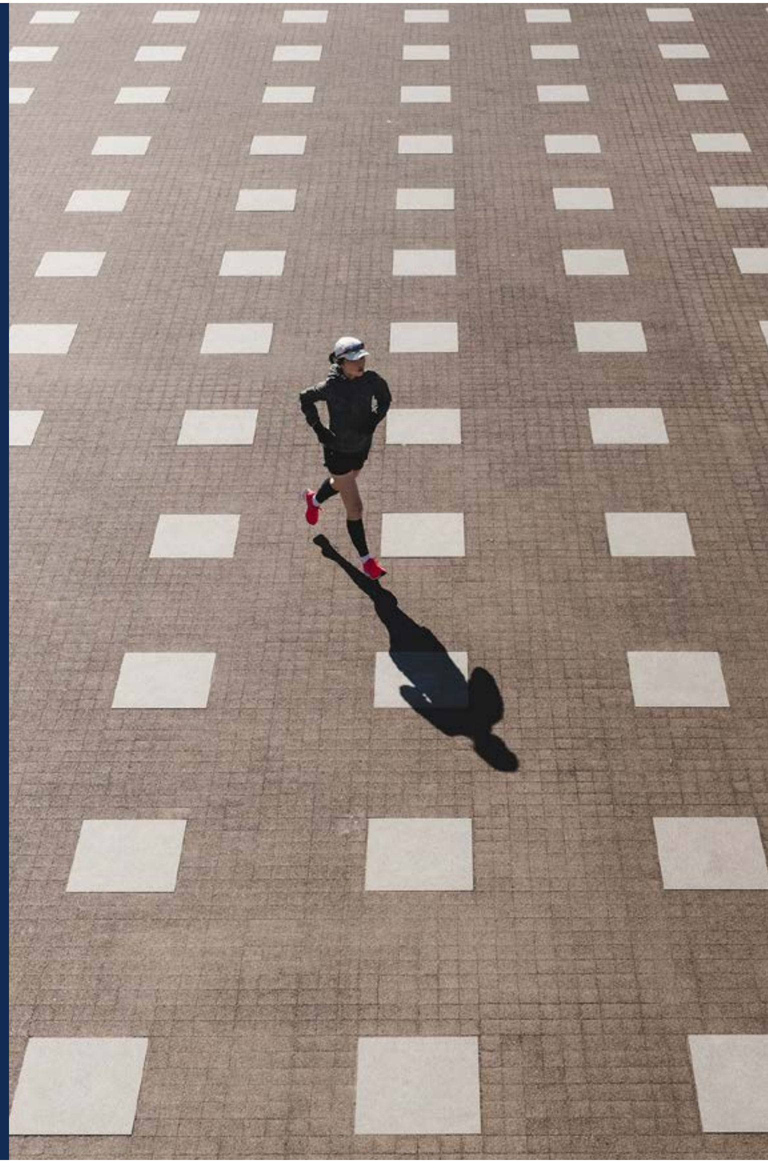
In 2025, our plans to strengthen our voting guidelines include:

Regarding executive remuneration, expanding our **ESG KPI requirement** to small and mid-cap companies in developed markets.

Strengthening our guidelines on shareholder rights, whether to oppose dual-class share structures or vote against companies that decide to take advantage of the benefits offered by the various new capital market regulations, such as the DDL Capitali law in Italy.

Extending our guidelines on gender diversity to small and mid-cap companies in developed markets in 2025, expecting one gender to represent no more than 70% of the board.

Strengthening board accountability on controversies through both engagement and proxy voting rules.



Governance and resources

4

Find out more

Allianz Group disclosed its first Sustainability Statement compliant with the Corporate Sustainability Reporting Directive (CSRD) in the 2024 Allianz Group Annual Report. This covers CSRD data – including data related to the impact of our operations – that Allianz reports on behalf of all operating entities including AllianzGI.

Read the Allianz Sustainability Statement in the Annual Report 2024.

4.1 Being CSRD compliant

In 2023, the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) were introduced. CSRD sets out the obligations and reporting requirements for all companies, while the ESRS guides the detailed reporting by providing the disclosure framework and methodology to meet these requirements.

To assess the materiality of sustainability matters, Allianz Group conducted a double materiality assessment (DMA) in accordance with the CSRD, covering both impact materiality (impacts on people and the planet) and financial materiality (risks and opportunities from a business perspective). A dedicated assessment was conducted for the asset management segment which was updated in 2024.

In 2025, Allianz Group begins CSRD-aligned reporting for the financial year 2024. As an Allianz entity, AllianzGI collects and reports data to Allianz in line with ESRS requirements for material indicators and to meet reasonable assurance audit standards. For detailed outcomes, please refer to the **Allianz Sustainability Statement 2024**.

Target-setting: CSRD implementation and DMA

AllianzGI's specific environmental targets are regularly reviewed to align with Allianz Group's environmental ambitions and CSRD DMA. These targets are updated annually, if necessary, for the upcoming three years as part of the Planning Dialogue cycle with Group and are mandatory. Additional internal targets are set at the function level relevant to specific operations, such as IT.

Based on the materiality assessment outcomes for own operations in accordance with CSRD and ESRS, the relevant KPIs for reporting and performance assessment are changing. Through the CSRD DMA, Allianz Group identified the following ESRS sector-agnostic standards as material for its own operations:

- Environmental: E1: Climate change; E5: Resource use and circular economy
- Social: S1: Own workforce
- Governance: G1: Governance, risk management, and internal control

The CSRD DMA for own operations redefined the relevance and scope of KPIs that AllianzGI must disclose to Allianz Group.

CSRD: external verification

Allianz Group is committed to high standards of quality in its sustainability reporting and recognises the need for reliable data and processes for robust business integration and to ensure external disclosures are reliable. For that reason, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, was mandated to perform a "reasonable assurance" audit of all AllianzGI's CSRD disclosures. CSRD-relevant metrics in this report relating to environmental, social and governance factors, and the underlying processes, have been audited.

To mitigate the risks of potential misstatement and the dissemination of incorrect information, a quality assurance process has been implemented at the level of the operating entities, in addition to the CSRD-related audit. Data is signed off by the local CEO and CFO by means of a Statement of Accountability. This approach ensures the individuals responsible for the content verify its accuracy and completeness before dissemination.

4.2 Governance structure

Principle 1 2

As part of Allianz Group, we are subject to its governance requirements relating to ESG matters. Allianz has increased the importance of sustainability with the ambition to fully integrate it 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. Allianz also has a Global Sustainability function supporting the Sustainability Board to integrate sustainability throughout the business.

Within AllianzGI, we have established clear lines of responsibility for sustainability that enable effective oversight and accountability. Our Global Head of Sustainable and Impact Investing is a member of the Investment Executive Committee and reports to the Global Head of Investments, who is a member of the Executive Committee – anchoring sustainable and impact investing at the top of the organisation.

Executive Committee (ExCo): 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.

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.

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 – and the overall consistency of frameworks across asset classes. It also oversees sustainability and corporate sustainability indicators as targets for AllianzGI and has reporting obligations to the Legal, Compliance and Risk Committee and the ExCo.

Investment Executive Committee (IEC): the decision-making body for the management of the firm's investment platform, with responsibility for all sustainability-related topics within investments.

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[1] and reported to the IEC.

We also have several working groups dedicated to sustainability for investments and corporate positioning, covering topics including reputational risk, high-quality sustainable investing, stewardship standards, ESG data, sustainable methodologies, net zero and decarbonisation across asset classes. These groups inform and make recommendations to the IEC/SGC and the ExCo.

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 and 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 – including strategic updates regarding sustainability.

Linking sustainability with goal setting

Our International Management Group (IMG) – comprising senior functional heads from across the firm – has sustainability performance embedded through company-wide global solidarity goals. Solidarity goals are corporate goals specific to AllianzGI that include, for example, financial targets, client service metrics and employee engagement targets.

A specific sustainability goal introduced in 2022 targets sustainability achievement, measured by the delivery of above-median signatory scoring for Principles for Responsible Investment (PRI) results. We were pleased in 2024 to achieve this goal for the third consecutive year. 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 specifically reflecting the way sustainability is integrated into each fund and focus areas of each team. We have also started rolling out engagement approaches and training for our investment personnel, which contributed to an increased number of engagements with investee companies.

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

4.3 Sustainability resources

Principle 2

We have more than 45 dedicated sustainability experts across Europe and Asia, with an average of 13 years' relevant experience. They drive our approach to sustainability, with clearly established lines of responsibility enabling effective oversight and accountability. Our sustainability function is organised as follows:

The **Sustainable and Impact Investing team** is focused on investments:

- **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 team:** provides thematic, sector and issuer research, and drives our active stewardship approach across asset classes and proxy voting.
- **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.

Across the firm's operations, additional sustainability teams provide business services:

- **Sustainability Standards and Analytics:** part of the Finance, Legal, Compliance and Risk function. Reinforces our regulatory and reputational risk governance and strengthens the segregation of duty, comprising:
  - **Sustainability Standards & Integration team:** ensures consistent and appropriate processes across the firm to meet good governance and sustainable finance regulation requirements.
  - **Sustainability Methodologies & Analytics team:** uses ESG data and advanced technology to develop sustainable investing methodologies and solutions.
  - **Corporate Sustainability Reporting team:** provides high-quality sustainability disclosures, expertise and analysis at firm level to a variety of internal and external stakeholders – helping them make informed, strategic business decisions.
- **Sustainable Investment Advisory (risklab):** a core part of our overall offering to institutional investors.

Expanding our knowledge

Members of the sustainability teams have a diverse range of professional backgrounds, including finance, investment, legal, environmental and sustainability. Gender balance is considered part of the overall design and recruitment of the team, and we continuously assess training needs; several members have participated in the CFA Certificates in ESG Investing and Climate and Investing. Additionally, staff have helped develop the content of some of the CFA courses, including 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.

Appendices

5

5.1 UK Stewardship Code index

	2020 United Kingdom Stewardship Code Principle	Section	Page
1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	About this report	1
		1.1 Allianz Global Investors: Investing with conviction	3
		4.2 Governance structure	64
2	Signatories' governance, resources and incentives support stewardship.	1.3 How did we demonstrate our conviction in 2024?	5
		2.1 How are we evolving sustainable investment?	11 – 12
		3.1 What does active stewardship mean to us?	31 – 33
		4.2 Governance structure	64
		4.3 Sustainability resources	65
		Refer to 2023 report: Chart "Sustainability governance structure"* page 6* **Refer to 2023 report: Chart "Resources dedicated to sustainability"* page 8***	
3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	3.9 Transparently managing conflicts of interest	60
		Refer to 2023 report: 03.9 Transparently managing conflicts of interest* pages 71–72*	
4	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	1.3 How did we demonstrate our conviction in 2024?	5
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		2.2 Leading the sustainability conversation	13 – 19
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		2.4 Our sustainable investing offering	23 – 28
		3.6 Industry engagement and commitments	47
5	Signatories review their policies, assure their processes and assess the effectiveness of their activities.	About this report	1
		2.3 Our data-powered approach to sustainability	20 – 22
		3.8 Exercising our voting rights	51 – 59
		Refer to 2023 report: 03.8.2 Strengthening our voting policy* page 66*	
6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	1.1 Allianz Global Investors: Investing with conviction	3
		Box-out: How we support clients	12
		2.4.4 Our advisory service	28
		Box-out: Client feedback informs our stewardship approach	31
7	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.	2.2 Leading the sustainability conversation	13 – 19
		2.3.2 Sustainability risk management	21 – 22
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* **Access our 2023 report**

5.1 UK Stewardship Code index

	2020 United Kingdom Stewardship Code Principle	Section	Page
8	Signatories monitor and hold to account managers and/or service providers.	2.3 Our data-powered approach to sustainability	20 – 22
		3.2.3 Selecting and engaging with fund managers	36
		3.8 Exercising our voting rights	51 – 59
		Refer to 2023 report: 03.8.1 Ensuring a robust voting process* page 65*	
9	Signatories engage with issuers to maintain or enhance the value of assets.	3.1 What does active stewardship mean to us?	31 – 33
		3.2 How we engage	34 – 36
		3.3 Engagement in numbers	37 – 38
		3.4 Engagement outcomes	39 – 44
10	Signatories, where necessary, participate in collaborative engagement to influence issuers.	3.5 Collaborative engagements	45 – 46
		3.6 Industry engagement and commitments	47
11	Signatories, where necessary, escalate stewardship activities to influence issuers.	3.7 Escalating engagement concerns	48 – 50
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12	Signatories actively exercise their rights and responsibilities.	3.8 Exercising our voting rights	51 – 59

* **Access our 2023 report**

5.2 Engagements

Key

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

Company name	E	S	G	C	O
3i Group PLC			•		•
A2A SpA			•		
AAC Technologies Holdings Inc	•				
ABB Ltd	•			•	•
ADEKA Corp					•
AIA Group Ltd		•	•		•
ANDRITZ AG			•		
ANTA Sports Products Ltd	•	•			•
ASML Holding NV			•		
AT&T INC	•				
ATALAYA MINING COPPER SA			•		•
AXA SA			•		
Adani Ports & Special Economic Zone Ltd	•			•	•
Advantest Corp		•			•
AerCap Holdings NV	•				
Aercap Sukuk Ltd/ Cayman Islands	•				
Air Liquide SA	•		•	•	•
Air Products and Chemicals Inc	•			•	
Airbus SE		•			
Airoha Technology Corp					•
Akelius Residential Property AB			•		•
Albemarle Corp	•	•		•	•
Alibaba Group Holding Ltd			•		•
Align Technology Inc	•	•	•	•	•
Allianz SE			•		
Allwyn International AS					•
Aluminum Corp of China Ltd	•		•	•	•
Amazon.com Inc	•	•	•	•	•
Ambu A/S			•		
Amkor Technology Inc	•	•			
Amplifon SpA			•		
Anglo American PLC	•				•
Anhui Conch Cement Co Ltd	•			•	
Antofagasta PLC	•	•			•
Applied Materials Inc	•	•	•	•	
ArcelorMittal SA	•	•		•	•
Archer-Daniels-Midland Co		•			
Aris Mining Corp	•	•		•	•
Arkema SA	•	•	•		•
Aroundtown SA			•		
Aryzta AG	•			•	
Asahi Diamond Industrial Co Ltd	•	•			•
Asics Corp		•			
Assa Abloy AB		•	•		•
Associated British Foods PLC		•			
AstraZeneca PLC	•				•
Atlas Copco AB			•		
Aurubis AG		•	•		•
Auto Trader Group PLC			•		
Axis Bank Ltd	•	•	•	•	•
Azzurra Aeroporti SpA	•			•	•
BANCO BILBAO VIZCAYA ARG			•		
BAWAG Group AG			•		•
BHP Group Ltd	•	•		•	•
BOC Hong Kong Holdings Ltd			•		•
BP PLC	•			•	•
Bafang Yunji International Co Ltd		•			•
Baidu Inc		•			
Banca Monte dei Paschi di Siena SpA	•	•			
Banco Santander SA			•		
Bank Central Asia Tbk PT	•	•	•	•	
Bank Rakyat Indonesia Persero Tbk PT	•		•	•	•
Bank of America Corp		•	•		•
Bank of East Asia Ltd/The	•		•	•	•
Bank of the Philippine Islands	•	•	•	•	
Banque Cantonale de Fribourg		•			
Barclays PLC	•	•		•	•
Bayerische Motoren Werke AG	•		•	•	•
Bechtle AG		•	•		
Beiersdorf AG		•			
Beijing New Building Material Group Co Ltd	•			•	•
BellRing Brands Inc	•				•
Bouygues SA		•			
Braskem SA	•				
Brenntag SE			•		•
Burberry Group PLC		•			
CF Industries Holdings Inc	•			•	
CK Hutchison Holdings Ltd	•			•	
CMA CGM SA	•			•	
CMOC Group Ltd	•	•	•	•	
CNP Assurances SACA		•			•
CTS Eventim AG & Co KGaA			•		
Capgemini SE			•		
Carmila SA					•
Cewe Stiftung & Co KGAA			•		
Chanel Ceres PLC	•	•			•
Charles Schwab Corp/The	•	•	•	•	•
Chenbro Micom Co Ltd	•			•	
China Construction Bank Corp	•		•	•	•
China Everbright Environment Group Ltd	•		•	•	
China Hongqiao Group Ltd	•			•	
China Jushi Co Ltd			•		•
China Longyuan Power Group Corp Ltd	•	•		•	•
China Mengniu Dairy Co Ltd	•		•	•	•
China Modern Dairy Holdings Ltd	•				•
China National Building Material Co Ltd	•			•	•
China Railway Group Ltd		•			•

5.2 Engagements

Key

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

Company name	E	S	G	C	O
China Resources Building Materials Technology Holdings Ltd	•			•	
China State Construction Engineering Corp Ltd	•	•	•	•	•
China Water Affairs Group Ltd	•				
Cie Financiere Richemont SA			•		
Cie de Saint-Gobain SA		•	•		
Clean Harbors Inc	•	•			
Close Brothers Group PLC			•		•
Coca-Cola Bottlers Japan Holdings Inc					•
Coca-Cola Icecek AS	•			•	•
Cofinimmo SA	•				
Commerzbank AG		•	•		•
Compass Group PLC			•		
CompuGroup Medical SE & Co KgaA			•		
Concentric AB			•		•
Concordia Financial Group Ltd		•			•
Conduit Holdings Ltd			•		
Contemporary Amperex Technology Co Ltd	•	•		•	•
Continental AG			•		•
Corning Inc	•			•	
Coty Inc	•	•	•	•	•
Covestro AG			•		•
Credit Suisse Group AG		•			•
DCC PLC	•		•	•	
DFS Furniture PLC			•		•
DSV A/S		•	•		•
Daiei Kankyo Co Ltd	•				•
Daifuku Co Ltd	•	•		•	•
Daiichi Sankyo Co Ltd		•			
Daikin Industries Ltd					•
Dalata Hotel Group PLC			•		•

Company name	E	S	G	C	O
Danone SA			•		•
Danske Bank A/S		•			•
Davide Campari-Milano NV		•			
Delta Electronics Inc	•		•	•	•
Deutsche Bahn Finance GMBH		•			
Deutsche Bank AG		•			
Deutsche Boerse AG		•	•		•
Deutsche Post AG		•	•		
Deutsche Telekom AG			•		•
Diales PLC					•
Diploma PLC			•		
Diversified Energy Co PLC	•			•	
Eastroc Beverage Group Co Ltd					•
Ebara Corp		•	•		•
Edenred SE			•		
Electricite de France SA	•			•	•
EnBW Energie Baden-Wuerttemberg AG	•	•			
Enagas SA	•			•	
Encavis AG			•		•
Enel SpA	•	•	•	•	
Energean PLC					•
Engie SA	•				
Eni SpA					•
Enphase Energy Inc	•	•	•	•	•
Epiroc AB			•		
Equinix Inc	•				
Eurocell PLC			•		
Eurofins Scientific SE			•		•
Eurogrid GmbH	•			•	
European Stability Mechanism	•	•		•	•
Evergreen Marine Corp Taiwan Ltd	•	•		•	•
Evotec SE		•	•		
Exxon Mobil Corp	•	•	•		•

Company name	E	S	G	C	O
FPT Corp	•	•		•	•
FUCHS SE	•				
Fast Retailing Co Ltd		•			
Ferrovie dello Stato Italiane SpA		•	•		
Formosa Plastics Corp	•	•	•	•	•
Fortune Electric Co Ltd	•				•
Forvia SE		•			
Fresenius SE & Co KGaA		•	•		
Frigorifico Concepcion SA					•
Fujian Sunner Development Co Ltd	•	•			•
Fuyao Glass Industry Group Co Ltd		•	•		•
GEA Group AG	•			•	
GFL Environmental Inc	•			•	
GFT Technologies SE			•		
GRENKE AG			•		
GSK PLC	•	•		•	•
Gamma Communications PLC			•		
Ganfeng Lithium Group Co Ltd		•			•
Gaztransport Et Technigaz SA			•		
Geely Automobile Holdings Ltd	•			•	•
Generali		•	•		•
Genting Malaysia Bhd			•		•
Georg Fischer AG		•	•		•
Giant Biogene Holding Co ltd	•	•		•	•
Glencore PLC	•	•		•	•
Goldman Sachs Group Inc/The	•			•	
Goldwind Science & Technology Co Ltd	•	•		•	•
Grafton Group PLC	•		•	•	•
Grifols SA					•
Gruenenthal GmbH		•			
HDFC Bank Ltd	•	•		•	
HSBC Holdings PLC	•	•	•	•	•
HUGO BOSS AG			•		•

5.2 Engagements

Key

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

Company name	E	S	G	C	O
HUTCHMED China Ltd	•	•		•	•
Halma PLC	•		•		•
Hana Financial Group Inc		•	•		•
Health & Happiness H&H International Holdings Ltd	•			•	•
Heidelberg Materials AG	•			•	
Helical PLC			•		•
Helios Towers PLC	•			•	
HelloFresh SE			•		
Hermes International SCA		•	•		
Hershey Co/The		•			
Hexagon AB			•		
Hexpol AB			•		•
Hilti AG	•			•	
Hitachi Ltd		•			•
Holcim AG	•				
Home Depot Inc/The	•			•	•
Hon Hai Precision Industry Co Ltd	•	•	•	•	•
Honda Motor Co Ltd	•				•
Hormel Foods Corp	•			•	
Howden Joinery Group PLC			•		
Huaming Power Equipment Co Ltd	•		•		•
Huntington Bancshares Inc/OH		•	•		•
Hyundai Motor Co			•		
IHS Holding Ltd	•		•	•	
IMI PLC			•		
IOI Corp Bhd	•	•			
ITOCHU Corp	•	•		•	•
Iberdrola SA		•			•
Iccrea Banca SpA		•			•
Inchcape PLC					•
Indigo Group SAS	•			•	•

Company name	E	S	G	C	O
Industrial & Commercial Bank of China Ltd	•			•	•
Infineon Technologies AG	•	•	•	•	•
Insyde Software Corp					•
Intermediate Capital Group PLC			•		•
Interroll Holding AG			•		
Intuit Inc		•			
Iren SpA	•				
J Front Retailing Co Ltd		•			•
J M Smucker Co/The	•				•
JDE Peet's NV	•	•			•
JOST Werke SE			•		•
JPMorgan Chase & Co	•	•	•	•	•
JSW Steel Ltd	•			•	
Jenoptik AG			•		•
Jiangsu Hengli Hydraulic Co Ltd	•			•	•
Johnson & Johnson		•	•		•
K+S AG	•		•	•	
KION Group AG			•		•
Kao Corp		•			•
Keller Group PLC			•		•
Kering SA		•	•		•
Keyence Corp	•	•	•	•	•
Kia Corp			•		•
Kinder Morgan Inc	•			•	
Kinetik Holdings Inc	•			•	•
Kingspan Group PLC			•		•
Kohoku Kogyo Co Ltd	•			•	
Kontron AG			•		
L'Oreal SA	•				•
LANXESS AG			•		
LEG Immobilien SE			•		•
LVMH Moet Hennessy Louis Vuitton SE	•	•			•

Company name	E	S	G	C	O
La Banque Postale SA		•			•
La Poste SA	•	•			
Lai Yih Footwear Co Ltd					•
Lamb Weston Holdings Inc	•			•	
Landesbank Baden-Wuerttemberg		•			•
Li Auto Inc	•				•
Linde PLC	•			•	
Lloyds Banking Group PLC	•	•	•	•	•
Longchen Paper & Packaging Co Ltd					•
Lonza Group AG			•		
Lotes Co Ltd	•	•		•	•
M31 Technology Corp					•
MINEBEA MITSUMI Inc		•	•		•
MIPS AB		•			•
MTU Aero Engines AG	•			•	
Mahle GmbH	•			•	
Man Group PLC/Jersey			•		
MarketAxess Holdings Inc			•		
Marubeni Corp	•		•	•	•
McDonald's Corp	•				•
Mercedes-Benz Group AG	•	•	•	•	•
Merck KGaA		•	•		
Microsoft Corp	•	•	•		•
Mister Spex SE			•		
Mitsubishi Corp	•				•
Mitsubishi Logistics Corp		•	•		•
Mitsubishi UFJ Financial Group Inc					•
Moncler SpA		•			
Mondelez International Inc		•			
Morinaga Milk Industry Co Ltd					•
Mueller Water Products Inc	•		•		•
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen		•	•		•

5.2 Engagements

Key

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

Company name	E	S	G	C	O
Mundys SpA					●
Mutuelle Assurance Des Commercants et Industriels de France et Des Cadres et Sal		●			●
Muyuan Foods Co Ltd	●				
NARI Technology Co Ltd			●		●
NIKE Inc		●			
NatWest Group PLC		●			●
National Grid PLC	●			●	
Naturgy Energy Group SA	●			●	
Nederlandse Waterschapsbank NV	●			●	●
Nemetschek SE			●		
Nestle SA		●	●		●
Netcompany Group A/S			●		
Netflix Inc		●			
Netherlands Government Bond	●		●	●	
New Oriental Education & Technology Group Inc		●	●		●
Nichirei Corp	●				●
Nidda Healthcare Holding GmbH	●			●	
Ningxia Baofeng Energy Group Co Ltd	●	●	●	●	●
Nippon Steel Corp	●		●	●	
Nissin Foods Holdings Co Ltd	●			●	
Norsk Hydro ASA	●		●	●	●
Novartis AG	●		●		●
OCI NV	●			●	
OMV AG					●
ONEOK Inc	●	●	●	●	
OSB Group PLC			●		●
Odido Group Holding BV	●	●			●
Organon & Co	●	●	●	●	
Oversea-Chinese Banking Corp Ltd	●	●	●	●	●
Owens Corning	●		●	●	●

Company name	E	S	G	C	O
PATRIZIA SE			●		
PZ Cussons PLC					●
Pacific Basin Shipping Ltd	●			●	
Pan Pacific International Holdings Corp			●		●
Panasonic Holdings Corp	●				●
PepsiCo Inc	●		●		
Perenti Ltd	●	●			
PetroChina Co Ltd	●	●	●	●	●
Petrobras Global Finance BV	●	●			●
Pfandbriefbank schweizerischer Hypothekarinstitute AG			●		
Pfandbriefzentrale der schweizerischen Kantonalbanken AG			●		
Praj Industries Ltd	●			●	●
ProGroup AG	●		●	●	
Publicis Groupe SA		●	●		
REWE International Finance BV			●		●
ROBLOX Corp		●			
ROCKWOOL A/S	●			●	
Raiffeisen Zentralbank Oesterreich AG		●			●
Randon SA Implementos e Participacoes			●		●
Reckitt Benckiser Group PLC			●		
Regie Autonome des Transports Parisiens EPIC		●	●		●
Region Wallonne Belgium			●		●
Reliance Industries Ltd	●	●	●	●	●
Renault SA	●			●	
Renesas Electronics Corp					●
Repsol SA	●			●	
Resona Holdings Inc	●			●	
Resonac Corp	●	●	●	●	●
Rio Tinto PLC	●	●	●	●	●
Rohto Pharmaceutical Co Ltd	●				●

Company name	E	S	G	C	O
Rubis SCA			●		
Ryanair Holdings PLC			●		
SAP SE		●	●		
SCOR SE			●		
SEB SA	●				
SIG Group AG			●		●
SIGMAXYZ Holdings Inc			●		●
SNF Group SACA	●			●	
SOITEC			●		
STRATEC SE			●		
SThree PLC			●		●
Salesforce Inc		●			
Sally Beauty Holdings Inc	●	●	●	●	
Samsung Electronics Co Ltd	●	●		●	●
Samsung SDI Co Ltd	●				●
Sandoz Group AG	●	●		●	
Schaeffler AG		●			●
Schneider Electric SE			●		
Schott Pharma AG & Co KGaA	●			●	
Scout24 SE		●	●		
Seagate Technology Holdings PLC	●			●	
Shell PLC	●	●	●	●	●
Shenzhen Envicool Technology Co Ltd	●	●	●		●
Sherwin-Williams Co/The	●				
Shin-Etsu Chemical Co Ltd	●	●	●	●	
Siemens AG		●			
Sika AG			●		●
Siltronic AG			●		
Snam SpA	●		●	●	
Societe Des Grands Projets EPIC		●	●		
Societe Nationale SNCF SACA			●		●
Société Générale	●	●	●	●	●
Sojitz Corp		●			●

5.2 Engagements

Key

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

Company name	E	S	G	C	O
Solvay SA	•			•	
Spring Airlines Co Ltd	•	•		•	•
Stabilus SE			•		•
Standard Chartered PLC	•	•	•	•	•
Standard Foods Corp					•
State of North Rhine-Westphalia Germany	•			•	•
Stora Enso Oyj	•	•			•
Stroeer SE & Co KGaA			•		•
Sumitomo Forestry Co Ltd	•			•	•
Sumitomo Mitsui Financial Group Inc	•		•	•	•
Sungrow Power Supply Co Ltd	•		•		•
Sunresin New Materials Co Ltd		•			•
Sunrise HoldCo IV BV	•	•			•
Suzuki Motor Corp	•	•	•		•
Symrise AG	•	•	•	•	•
TC Energy Corp	•			•	
TCC Group Holdings Co Ltd	•			•	
Taiwan Hon Chuan Enterprise Co Ltd	•		•	•	•
Taiwan Semiconductor Manufacturing Co Ltd	•	•			
Tate & Lyle PLC	•		•	•	•
Technip Energies NV	•		•	•	
Teco Electric and Machinery Co Ltd	•	•		•	•
Telefonica SA		•			•
Teleperformance SE		•	•		
Tencent Holdings Ltd	•	•	•	•	•
Tesco PLC	•			•	•
Tesla Inc		•	•		•
Thai Oil PCL	•				•
The Campbell's Company	•			•	
Tiangong International Co Ltd	•			•	•
Tokio Marine Holdings Inc		•	•		•
Topkey Corp					•

Company name	E	S	G	C	O
TotalEnergies SE	•		•	•	•
Toyo Seikan Group Holdings Ltd	•				•
Toyota Motor Corp	•		•	•	•
Trafigura Group Pte Ltd					•
Trex Co Inc	•				•
Tyman Ltd			•		•
Tyson Foods Inc	•			•	
UPM-Kymmene Oyj	•			•	
US Bancorp	•	•		•	•
UniCredit SpA			•		
Unilever PLC	•				
Unimicron Technology Corp		•			•
UnitedHealth Group Inc	•	•	•	•	
Unum Group		•	•		•
VEOLIA ENVIRONNEMENT SA	•		•	•	•
Viasat Inc		•			
Vinci SA	•	•	•		•
Virgin Media Finance PLC		•	•		
Volkswagen AG	•	•	•	•	•
Volvo AB			•		
Wallenius Wilhelmsen ASA	•			•	
Walmart Inc		•			•
Western Digital Corp	•			•	
Western Midstream Partners LP	•	•	•	•	•
Westwing Group SE			•		
Whitbread PLC			•		
Wienerberger AG	•	•	•	•	
Williams Cos Inc/The	•			•	
Wizz Air Holdings Plc	•	•	•	•	
Woodside Energy Group Ltd	•	•		•	•
Worldline SA/France			•		
Wuliangye Yibin Co Ltd			•		•
Wurth Finance International BV			•		•

Company name	E	S	G	C	O
XP Factory PLC			•		
XPeng Inc	•	•		•	•
Xcel Energy Inc	•	•	•	•	
Xiaomi Corp		•			
Yangzijiang Shipbuilding Holdings Ltd		•			•
ZF Friedrichshafen AG		•			
Zalando SE		•	•		
Zhejiang Dingli Machinery Co Ltd			•		•
Zhengzhou Yutong Group Co Ltd	•	•		•	•
Zijin Mining Group Co Ltd	•	•	•		•
Zoetis Inc	•				
adidas AG		•	•		
eMemory Technology Inc			•		
flatexDEGIRO AG			•		

5.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' position	Description	Date – present	Topics	Region/location of scope
30% Club France	Member	Engage with companies on gender diversity to drive systemic change on company boards and within senior management teams.	2021 – present	Inclusion and diversity	France
30% Club Germany	Member		2023 – present	Inclusion and diversity	Germany
AFG – the French Asset Management Association	Member of the Corporate Governance Committee	Promotes best governance practices at French issuers and discusses proxy-related issues such as the role of proxy advisors, shareholder activism.	1961 (since inception) – present	ESG, corporate governance	France
AIGCC – Asia Investor Group on Climate Change	Member	Raises awareness among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change.	2018 – present	Climate	Asia
	Member of the Engagement and Policy Working Group	Enables investors to understand how their increasingly important role in policy advocacy can help drive more ambitious corporate climate action.	2021 – present		
	Member of the Paris Aligned Investment Working Group	Develops investor solutions for facilitating the transition to a net-zero emissions economy in Asia and tracks global progress.	2021 – present		
ATNI – Access to Nutrition Initiative	Member	Develops tools that track and drive the contribution made by the food and beverage sector to address the world's global nutrition challenges.	2022 – present	Nutrition	Global
BVI – Bundesverband Investment und Asset Management	Member of the Sustainability Committee	Resolves strategic and technical issues related to sustainable investing.	2020 (since inception) – present	ESG	Germany
	Member of the Responsible Investing Working Group	Prepares the association's positions on responsible investing.	2011 – present		
	Member of the Corporate Governance Working Group	Develops positions on current legislative projects relating to corporate governance at national and European level.	2015 – present		
	Member of the ESG Risk Management Working Group	Develops positions on sustainability risks in the risk management processes of fund portfolios and at company level.	2020 – present		
CDP – Carbon Disclosure Project	Investor Member	Promotes carbon reporting by requesting information from leading companies about their GHG emissions and other environmental impacts.	2015 – present	Climate	Global
CCLA – Mental health	Collaborative engagement	Encourages companies to protect and promote good workplace mental health, using findings of the CCLA Corporate Mental Health Benchmarks.	2024 – present	Mental health	UK
Ceres Food Emissions 50	Collaborative engagement	Engages high-emitting food companies in North America to improve climate disclosures and develops climate transition plans in line with the Paris Agreement.	2023 – present	Biodiversity	North America

5.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' position	Description	Date – present	Topics	Region/location of scope
CBI – Climate Bonds Initiative	Partner	Mobilises the USD100 trillion bond market for climate change solutions.	2015 – present	Climate	Global
CFLI – Climate Finance Leadership Initiative	Founding member	Unlocks climate finance in emerging markets, mobilising private capital to help finance the climate transition.	2019 – present	Climate	Emerging Markets
CII – Council of Institutional Investors	Member	Advocates for effective corporate governance practices for US companies and strong shareowner rights and protections.	2017 – present	Corporate governance	US
	Member of the Corporate Governance Advisory Council	Provides input to the board about CII activities that promote effective corporate governance.	2022 – present		
Climate Action 100+	Participant	Ensures the world's largest corporate greenhouse gas emitters take necessary action on climate change.	2017 – present	Climate	Global
The Conference Board	Member	Connects businesses across geographies, providing them with insights to improve their performance and to better serve society.	2019 – present	Corporate governance	Global
	Co-Chair of the Corporate Governance Council	Improves effectiveness of the corporate board including corporate secretaries, legal counsel, and institutional investors responsible for corporate governance policies.	2019 – present		
DVFA – Deutsche Vereinigung für Finanzanalyse	Member Kommission Sustainable Investing	Improves integration of sustainability in analysis, addresses policy and regulation in the German market with a focus on education and formation of analysts.	2018 – present	ESG	Germany
	Member Fachausschuss Governance & Stewardship	Promotes best practice for corporate governance in listed companies, developing standards and helping shape relevant regulatory processes.	2015 – present		
EFAMA – European Fund and Asset Management Association	Member of the Stewardship, Market Integrity, ESG Investment Standing Committee	Addresses shareholders' rights and obligations, stewardship, responsible investment, ESG labels, market abuse and sanctions.	2015 – present	ESG	Europe
EFRAG – European Financial Reporting Advisory Group	Sustainability Reporting Board	Provides sustainability reporting positions of EFRAG, including technical advice to the European Commission on draft standards.	2024 – present	ESG	Europe
ELFA – European Leveraged Finance Association	Member	Advocates for improved reporting and governance in the European leveraged finance arena. Promotes asset management engagement with issuers on ESG.	2020 – present	ESG, Corporate governance	Europe
	Member of the ESG Committee	Improves disclosure on ESG topics in the leveraged finance market and develops best practices.	2020 – present	ESG	
FAIR (previously Finansol)	Member	Unifies stakeholders of social impact finance in France and manages the Finansol label.	2021 – present	Social impact	France

5.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' position	Description	Date – present	Topics	Region/location of scope
FAIRR Initiative	Member	Raises awareness of ESG risks and opportunities in intensive animal agriculture and helps build a more sustainable food system.	2019 – present	ESG	Global
FIR – Forum pour l´Investissement Responsable	Member	Addresses policy and other ESG topics specific to the French market.	2009 – present	ESG	France
FFS – Forum per la Finanza Sostenibile	Participant	Addresses policy and other ESG topics specific to the Italian market.	2011 – present	ESG	Italy
France Invest	Member	Promotes the growth of private equity among entrepreneurs, global savings managers, French and European public authorities and opinion leaders.	2021 – present	Impact investing	France
	Member of the Impact Commission, Signatory of Best Practice Guide to Sustainability-Linked Loans	Discusses the issues faced by impact investing players, assists members with regulatory and financing issues and best practices.			
	Member of the Private Debt Commission	Brings together investment professionals to foster exchange and raise awareness of the trends faced by the private debt market.			
GBP – Green Bond Principles	Member	Provides issuers with guidance on launching a credible Green Bond and aids investors in evaluating the environmental impact of their Green Bond investments.	2015 – present	Environment	Global
	Member of the Advisory Council for Green Bonds and Social Bonds	Advises the Executive Committee, increases market awareness and outreach and enables further engagement with specific membership categories.	2019 – present		
GFANZ Asia Pacific Network	Member	Supports the expansion of net-zero finance in Asia Pacific and helps accelerate the region's transition to a net-zero economy.	2023 – present	Climate	Asia Pacific
	Working Group on the managed phaseout of coal – financial viability workstream	Develops voluntary guidance and practical steps for financial institutions to support the financing of the managed phaseout of coal-fired power plants.	2023 – present		
GIIN – Global Impact Investing Network	Member	Increases the scale and effectiveness of impact investing globally by building critical infrastructure and developing activities, education and research.	2018 – present	Impact investing	Global

5.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' position	Description	Date – present	Topics	Region/location of scope
HKGFA – Hong Kong Green Finance Association	Member	Gathers industry experts and provides policy suggestions to develop green finance in Hong Kong.	2022 – present	ESG	Hong Kong
	Member of the Sustainability related Disclosures, Policy & Standards Working Group	Promotes interoperability and harmonisation of international sustainability standards aligned to local markets. Develops best practices for integration into investment strategies.	2022 – present		
HKIFA – Hong Kong Investment Funds Association	Member	Represents and fosters the development of the fund management industry of Hong Kong.	2004 – present	ESG	Hong Kong
	Member of the ESG Working Group	Brings together fund managers to discuss current ESG topics in the industry, shaping the development of sustainable investment in Hong Kong.	2021 – present		
IA – The Investment Association	Member	Ensures UK investment management supports British savers, investors and businesses.	2015 – present	ESG	UK
iCI Initiative Climat International	Member	Facilitates the sharing of expertise and knowledge around climate change related best practices among its members.	2021 – present	Climate	Global
IFRS – ISSB Investor Advisory Group	Member	Improves the quality and comparability of sustainability-related disclosures to investors.	2020 – present	ESG	Global
IIGCC – The Institutional Investors Group on Climate Change	Member	Encourages public policies, investment practices, and corporate behaviour that address the long-term risks and opportunities associated with climate change.	2016 – present	Climate	Global
	Net Zero Technical Working Group (Under Paris Aligned Investor initiative)	Addresses analytical gaps where further development of methodologies and approaches is required to support implementation of the Paris Agreement.	2021 – present		
	Climate Solutions Working Group (Under Paris Aligned Investor initiative)	Develops best practice and supports members to increase investment in climate solutions.	2020 – present		
	Net Zero Engagement Initiative	Scales and accelerates climate-related corporate engagement and supports investors to align their investment portfolio with the goals of the Paris Agreement.	2023 – present		
	Bond Holder Working Group	Supports investors in using their influence as bondholders to meet their clients' and their own climate objectives.	2022 – present		
	Net Zero Stewardship Working Group	Addresses how best to operationalise 'net zero stewardship' and works with proxy advisors to ensure they are ready to support investors.	2021 – present		

5.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' position	Description	Date – present	Topics	Region/location of scope
Impact Convergence Forum for Private Equity	Founding member	Promotes the standardisation of impact measurement metrics in private equity, bringing together private equity impact investors and fund managers.	2024 – present	Private markets	Global
JSIF – Japan Sustainable Investment Forum	Member	Premier sustainable investing initiative in Japan, part of the Global Sustainable Investment Alliance.	2023 – present	Sustainable investing	Japan
UK Investor Forum	Underwriting signatory	Facilitates dialogue between UK corporates and their investors.	2015 – present	ESG	UK
The Investor Mining and Tailings Safety Initiative	Participant	Convenes institutional investors, including major asset owners and asset managers, that are active in extractive industries.	2019 – present	ESG	Global
Nasdaq Sustainable Bond Network	Member of the Advisory Board	Increases transparency and accessibility to environmental, social and sustainability bonds.	2019 – present	Climate	Global
Nature Action 100	Member	Drives greater corporate ambition and action to reverse nature and biodiversity loss.	2023 – present	Biodiversity	Global
NZAMI – The Net Zero Asset Managers initiative	Member	Supports 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
OPAM – One Planet Asset Managers Initiative	Member	Accelerates the understanding of the implications of climate-related risks and opportunities within long-term investment portfolios.	2021 – present	Climate	Global
	Member of the Steering Committee	Shapes the future of the One Planet Sovereign Wealth Funds framework with technical expertise from participants.	2021 – present		
PLWF – Platform Living Wage Financials	Collaborative engagement	Encourages, supports and monitors investee companies to enable living wages and living incomes in global supply chains.	2024 – present	Living Wages	Global
EU Sustainable Finance Platform	Participation as part of Allianz SE membership	Advises the European Commission on the usability of the EU taxonomy and monitors capital flows into sustainable investments.	2020 – present	Sustainable investing	Europe
UN Principles for Responsible Investment	Signatory	Mobilises greater integration of ESG factors in day-to-day investment decisions and processes.	2007 – present	ESG	Global
	Member of the Global Policy Reference Group	Strengthens PRI's and signatories' public policy engagement. Encourages alignment between signatories' responsible investment commitments and public policy efforts.	2018 – present	ESG	
	Member of the Private Debt Advisory Committee	Drives ESG integration in private debt.	2022 – present	Private markets	
	PRI Spring	Addresses the systematic risks of biodiversity loss to protect the long-term interests of investors.	2024 – present	Biodiversity	
	Member of 'Advance' Stewardship Initiative	Advances human rights and positive outcomes for people through investor stewardship.	2022 – present	Human rights	

5.3 Sustainability initiatives overview

Initiative	Allianz Global Investors' position	Description	Date – present	Topics	Region/location of scope
SIF – Spain Sustainable Investment Forum	Member	Addresses policy and other ESG topics specific to the Spanish market.	2018 – present	ESG	Spain
SSFA – Singapore Sustainable Finance Association	Member	Advances leading ideas and drives synergies across the financial and non-financial sectors, to promote sustainable finance development in Singapore.	2024 – present	ESG	Singapore
	Co-Lead Blended Finance Workstream	Implements initiatives to establish Singapore's thought leadership as a global hub for blended finance.	2024 – present		
Swiss Sustainable Finance	Member	Strengthens Switzerland´s position as a leading voice and actor in sustainable finance.	2021 – present	ESG	Switzerland
TCFD – Taskforce on Climate-related Financial Disclosures	Supporter	Develops recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient.	2019 – present	Climate	Global
TNFD – Taskforce on Nature-related Financial Disclosures	Member	Enables organisations to shift financial flows to nature positive outcomes.	2023 – present	Biodiversity	Global
World Benchmarking Alliance	Supporter	Generates a movement around increasing the private sector's impact towards a sustainable future for all.	2019 – present	ESG	Global
ILPA ESG Advisory Council	Member	Advances the ESG agenda of Institutional Limited Partners Association, the global association of investors in private equity.	2021 – present	ESG	Global
Level20	Board member	Advances gender diversity in the private equity industry.	2023 – present	Inclusion and diversity	Europe

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投資顧問契約および投資一任契約のお客様は以下をお読みください。

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