



Response to ESG Questionnaire Allianz

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Introduction

The issue of defining ESG and how individual companies express their specific values is now at the forefront of many of our clients' minds. We have researched SRI funds for many years now and have a separate rating category, but we acknowledge that this is now a mainstream strategy for an increasing number of investors and ESG issues are impacting all funds, not just those designated responsible or SRI.

In order to understand each company's stance on ESG factors at the corporate level, and how this is built into the investment managers' research and process we ask all our rated fund managers four questions:

- Please provide an overview of any Responsible Ownership/Stewardship strategy that your business follows.
- Please provide an overview of how ESG is integrated into your business.
- Does your business have a policy of excluding any companies or sectors from all strategies managed? If yes, please provide further details.
- What improvements (if any) have been made over the past 12 months within your business to the points highlighted in the previous questions?

The responses given by Allianz are shown here.

- 1. Please provide an overview of any Responsible Ownership/Stewardship strategy that your business follows.**

Engagement

Philosophy

As an active investment manager, we are committed to driving positive change and believe that constructive engagement dialogue with investee companies is essential.

We find that exposure to a broad range of stakeholders at these firms, including non-executive board members, enhances our understanding of their businesses, their strategy and value drivers, as well as our knowledge of their governance and culture. This in turn enriches our investment analysis. Critically, it helps us assess quality of leadership and oversight, and to build confidence and trust in the board and management.

Allianz Global Investors' approach to company engagement is set out in our Stewardship Statement: <https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports>.

To make engagement meetings impactful and productive, we frequently include relevant investment team members in addition to members of the Sustainability Research and Stewardship team at AllianzGI. This means the company receives insights from all critical parts of our investment platform. Our investment views are influenced by the outcomes of engagements and are linked to the proxy voting process, forming a

consistent stewardship approach. All engagement results are shared on our proprietary sustainability data platform, SusIE, and thus can be accessed globally.

Our engagements rest clearly on two approaches:

- Our risk-based approach focuses on the material ESG risks that we identify. Targeting is closely related to the size of our exposure, whether per market, fund or considering total value of investment. The focus of engagements is determined by considerations such as significant votes against company management at past general meetings and sustainability issues that we identify as below market practice. Engagements can also be triggered by controversies connected to sustainability or governance. Engagement activities typically relate to an investee company's strategy, operational or financial performance, capital management, corporate governance and ESG risks and impacts.
- Thematic approach: We also lead themed engagement projects. These are either linked to our three strategic sustainability themes – climate change, planetary boundaries and inclusive capitalism – or related to governance themes within specific markets or more broadly. We identify thematic engagement projects based on topics that we deem to be important for our portfolio investments, for example energy transition or climate change. We prioritise them based on the size of our holdings per market or portfolio, and also factor in the priorities of our clients. We observe an increasing number of requests from clients for engagement, in particular on topics such as climate and energy transition.

Process and forms of engagement

We use a broad range of engagement tools including one-on-one or group meetings with chairpersons, board members, senior management, company secretaries, heads of specific company functions, as well as written correspondence.

Our preference is to engage with investee companies confidentially. We are prepared to engage in a more public way if a company does not respond constructively or our shareholding is insufficient for an effective escalation on a standalone basis. Options we might consider include:

- voting against resolutions at shareholder meetings
- expressing concerns through company advisers
- collaborating with other institutional investors
- co-filing / filing resolutions at shareholder meetings.

Proxy Voting

Philosophy

Exercising voting rights at shareholder meetings is a fiduciary responsibility to our clients and a core part of our role as an active investor. It allows us to have a say on some of the most important issues affecting the long term development of investee companies – including the election of board directors, executive compensation, capital-related authorities and the appointment of external auditors. Other important voting topics include climate change, workforce diversity, political donations and lobbying activities.

Our goal is to vote at the shareholder meetings of all the companies we invest in where we have the authority to exercise voting rights.

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 discussions with investee companies which we often conduct over several years. Detailed proxy voting policies help shape our voting decisions.

Our Global Corporate Governance Guideline are available at the following webpage:

<https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports>

Continuing from a successful start in 2023, AllianzGI will once again pre-announce selected votes during the 2024 AGM season. Preannouncing voting intentions reflects AllianzGI's willingness to be public with views on matters it considers important and where it is felt that confidential engagement is unlikely to yield the desired outcomes.

2. Please provide an overview of how ESG is integrated into your business.

AllianzGI has a long pedigree in ESG-related research and investing, dating back to 1999, which made us a pioneer in the area of responsible and sustainable investing. We were among the first 50 asset managers to sign PRI in 2007.

As an active asset manager, we create solutions and products that address clients' evolving investment objectives and provide differing levels of sustainability incorporation.

As a baseline, 100% of our strategies assess ESG risks and benefit from AllianzGI's commitment to active stewardship. AllianzGI provides ESG risk-focused products and a range of Sustainable product categories that cater for our client's sustainability objectives and preferences. The combined assets under management of the ESG risk-focused and Sustainable product categories amount to over EUR 288 billion (as at end of December 2023). In addition, risklab – an advisory team within AllianzGI – helps clients understand and enhance the sustainability profiles of their portfolios.



Source: Allianz Global Investors, April 2023. ESG: Environmental, Social and Governance. SRI: Sustainable and Responsible Investing. KPI: Key Performance Indicator. For illustrative purposes only. Exclusions apply to direct investments. Sustainable or impact investing private markets strategies apply the Allianz ESG Integration Framework exclusions. Allianz Global Investors supports the UN Sustainable Development Goals (SDGs). *According to EU SFDR regulation.

Our ESG research is shared across the firm via our Global Collaboration Platform (Investment Chatter) and via our Sustainability Insight Engine (SusIE).

Global Collaboration Platform (Investment Chatter)

All ESG company analyses, ratings as well as engagement notes are published on our Global Collaboration Platform and are readily available to investment professionals globally. The system provides the capability for fund managers across the company to review and challenge ESG research and ratings when making investment recommendations or selecting issuers for portfolios. The discussion and debate around ESG issues is actively encouraged to ensure that the entire investment platform benefits from proprietary insights on ESG topics generated through these debates.

Sustainability Insight Engine (SusIE)

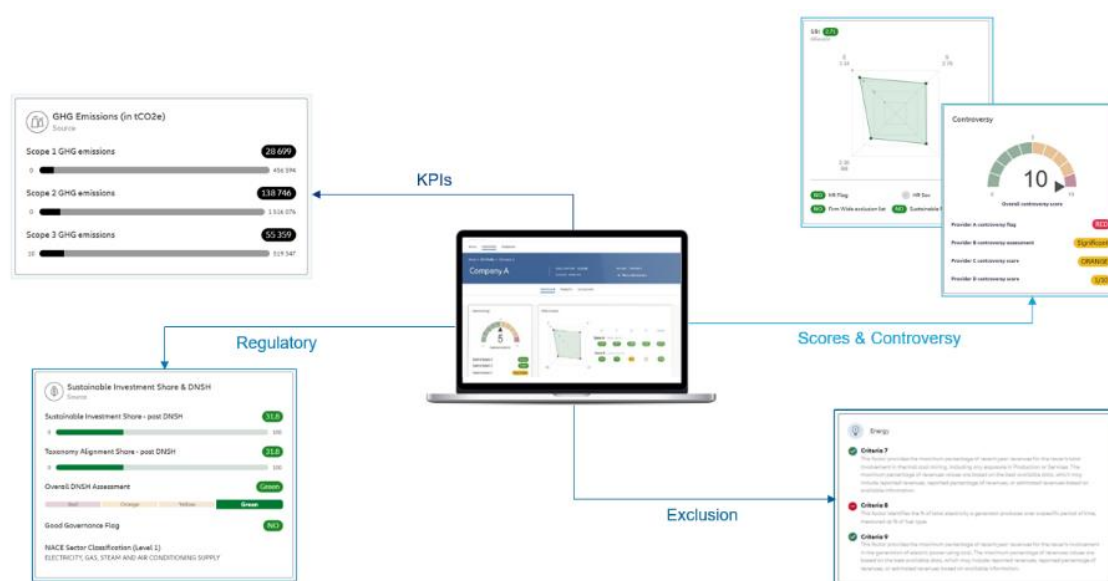
The Sustainability Insight Engine (SusIE) is a digital platform based on state-of-the-art technology to mainstream access to ESG data. This platform allows investment teams to better navigate the ever more challenging ESG data landscape as well as meet client current and future needs.

- **Company profile:** this module provides access to sustainability scores and KPIs at company level, both proprietary and from external vendors. In addition, it supports analyses and implementation of EU Taxonomy & Sustainable Investment shares, allowing investment professionals to select the highest

scoring companies from the investment universe while considering potential breaches of governance principles and/ or potentially material sustainability risks.

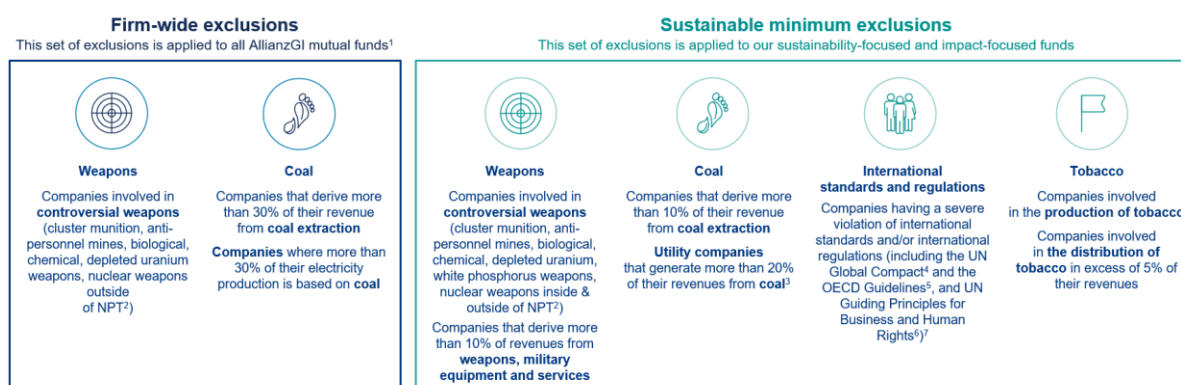
- **Exclusion module:** Negative screening is a standard method used for ESG integration by our clients, in that respect the dedicated Exclusion module provides comprehensive transparency on companies that do not comply with international standards, international regulations, clients' guidelines and/or AllianzGI sustainability convictions.
- **Engagement module:** this module embeds stewardship-related data and outcomes. It offers the capacity to record and navigate all open and historical engagements for a given company over the last few years.
- **Library module:** this module distributes in-house research - thematic, sector and company research - from our Sustainability Research and Stewardship analysts.

An illustration of the tool is provided below:



Source: Allianz Global Investors, June 2023. SusIE: Sustainability Insights Engine. GHG: Greenhouse Gas. DNSH: Do No Significant Harm. KPI: Key Performance Indicator

3. Does your business have a policy of excluding any companies or sectors from all strategies managed? If yes, please provide further details.



Source: Allianz Global Investors, April 2023. This is for illustrative purposes only. Exclusions apply to direct investments. Specific revenue thresholds apply, for further details visit <https://regulatory.allianzgi.com/en/esg>. Sustainable minimum exclusions: for sovereign issuers, an insufficient Freedom House Index score is considered unless otherwise stated in the individual investment restrictions. ¹Applicable as of December 2021, where AllianzGI is acting as the management company. For institutional funds and mandates, it is subject to the consent of respective clients. ² Non-Proliferation Treaty, for further details visit [Treaty on the Non-Proliferation of Nuclear Weapons \(NPT\) - UNODA](#) ³Please note firm-wide exclusion coal criteria on power generation (exclude

companies where more than 30% of their electricity production is based on coal) will be additionally applied for sustainable funds as criteria are not the same. ⁴ More information can be found at <https://www.unglobalcompact.org> ⁵ OECD: Organisation for economic co-operation and development. More information can be found at <https://oecd.org/corporate/mne/>. ⁶ More information can be found at [GuidingPrinciplesBusinessHR_EN.pdf \(ohchr.org\)](#). ⁷ For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when there is our belief that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless we believe that our engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy. SDG: Sustainable Development Goals. SRI: Sustainable and Responsible Investing.

Allianz Global Investors, as part of its firm-wide exclusion policy, refrains from investing in:

Coal

- Securities issued by companies that derive more than 30% of their annual revenue from thermal coal extraction.
- Securities issued by companies deriving more than 30% of their electricity production from coal.

Weapons

- Securities issued by companies involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of:
- anti-personnel mines
- cluster munitions
- biological weapons
- chemical weapons
- nuclear weapons outside the Treaty on the Non Proliferation of Nuclear Weapons
- depleted uranium weapons.

Allianz Global Investors acknowledges and supports the principles of the Oslo Convention on Cluster Munitions, the Ottawa Convention on Anti-Personnel Mines, the Biological Weapons Convention, the Chemical Weapons Convention, the Treaty on the Non-Proliferation of Nuclear Weapons and the Belgian Loi Mahoux.

For more details, please refer to our Exclusion Policy at <https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports>

Additional exclusions for our SRI Best-in-Class and SDG-aligned investment strategies.

Allianz Global Investors, as part of its sustainable minimum exclusion policy, refrains from investing in:

Securities issued by companies having a severe violation of international standards and/or international regulations:

International standards and/or international regulations in this meaning include, but are not limited to, the Principles of the United Nations Global Compact Violators, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles for Business and Human Rights. For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when there is our belief that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless we believe that our engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

Weapons

- Securities issued by companies involved in controversial weapons (including Nuclear Weapons inside & outside of the NPT, Biological & Chemical Weapons, Cluster Munitions, Anti-personnel mines, Depleted Uranium and White Phosphorus).
- Securities issued by companies that derive more than 10% of their revenues from conventional weapons.

Climate change

- Securities issued by companies that derive more than 10% of their revenue from thermal coal extraction.
- Securities issued by utility companies that generate more than 20% of their revenues from coal.

Tobacco:

- Securities issued by companies involved in the production of tobacco.
- Securities issued by companies involved in the distribution of tobacco in excess of 5% of their revenues.

For sovereign issuers, an insufficient Freedom House Index score is considered.

Allianz Global Investors uses various external data and research providers for the above mentioned exclusions.

4. What improvements (if any) have been made over the past 12 months within your business to the points highlighted in the previous questions?

Below are key highlights of 2023:

- Development of our Sustainability Insights Engine (SusIE). This digital platform uses a state-of-the-art technology to facilitate mainstream access to a range of ESG data in one place.
- Conversion of a substantial number of products to our sustainable product line. Our Art 8/9 funds represent over 60% of our mutual funds AuM (as of February 2024).
- Roll-out of our KPI-based approach, which targets measurable, monitored and reported KPIs to track ESG results that are significant enough to drive sustainability in the investment process of a portfolio.
- Launch of innovative investment strategies in public and private markets. For example, our newly launched Allianz Social Conviction Equity strategy invests in the Eurozone equity markets with a focus on companies that have a superior social profile, and our Impact Credit Strategy, which addresses the funding gap for small / mid-cap corporates, invests in companies that provide solutions to society's most pressing issues and generate a substantial impact through their products and services.
- Enhanced stewardship strategy, with a more activist sustainability orientation. For example, we have started to publicly pre-announce our voting intentions for a selected number of cases.
- Strengthening of our voting guidelines regarding Pay, Gender diversity and Climate.
- AllianzGI joined 7 new initiatives, including the Taskforce on Nature-related Financial Disclosures (TNFD) and the Net Zero Engagement Initiative (NZEI) of the Institutional Investors Group on Climate Change (IIGCC).
- Publication of our Biodiversity Policy Statement
- New research publications, including a set of thematic papers focusing on three themes: Climate Change, Planetary Boundaries, and Inclusive Capitalism
- Cross-functional project focused on the implications of several regulatory developments, including SFDR level 2.

Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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