

**Sustainable Investing
and Stewardship
Report 2025**



Contents

About this report

Allianz Global Investors: investing with conviction

1 Our vision of sustainability

- 1.1 An introduction from Michael Krautzberger
- 1.2 Our conviction and strategy
- 1.3 Our pivotal themes
- 1.4 Making progress towards our goals
- 1.5 Our view of the year ahead

2 Sustainable investing

- 2.1 Our sustainable investing focus
- 2.2 Our 2025 sustainable investing highlights
- 2.3 Conversation with a portfolio manager: meeting client needs in a changing world
- 2.4 Coding our convictions
- 2.5 Developing our offering
- 2.6 Contributing to the sustainability discussion
- 2.7 Our sustainable investing outlook

3 Impact investing

- 3.1 Our impact investing focus
- 3.2 Our impact investing highlights
- 3.3 Conversation with our portfolio managers: the evolution of impact investing
- 3.4 Expanding our impact offering
- 3.5 Delivering impact outcomes
- 3.6 Contributing to the impact community
- 3.7 Our impact investing outlook

4 Active stewardship

- 4.1 Our stewardship focus
- 4.2 Our active stewardship highlights
- 4.3 Conversation with a portfolio manager: the role of engagement
- 4.4 Our engagement strategy
- 4.5 How we engage
- 4.6 Engagement in numbers
- 4.7 Engagement outcomes
- 4.8 Exercising our voting rights
- 4.9 Managing conflicts of interest
- 4.10 Our stewardship outlook

5 Appendices

- 5.1 UK Stewardship Code index
- 5.2 Engagements in 2025

About this report

Report scope and boundaries

Our Sustainable Investing and Stewardship Report 2025 presents our approach to sustainable investing and our active stewardship activities relating to all Allianz Global Investors (AllianzGI) activities and locations. All measures, activities and figures refer to the 2025 fiscal year (1 January 2025 to 31 December 2025), unless otherwise stated.

UK Stewardship code indexing

This report should be considered as the Activities and Outcomes Report intended to renew our admission to the UK Stewardship Code, one of the most important external accreditations of our stewardship activities. Our Policy and Context Report will be published in a separate document.

Throughout the report, we mark content that specifically addresses the Principles of the UK Stewardship Code. A full index is included on pages 79–81.

Robust review and assurance

The credibility of our sustainability approach, as reflected in our internal processes and external reporting, is crucial to ensuring trust in our company. AllianzGI reviews its sustainability policies at least annually, or more frequently where material changes to the regulatory or market environment occur that may require adjustments in the jurisdictions in which we operate.

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).

Allianz Global Investors: investing with conviction

Allianz Global Investors (AllianzGI) is an active investment management firm and part of Allianz Group. We seek to elevate the investment experience over the long term through our differentiated active investment offering.

AllianzGI has been an active, responsible investor since the launch of its first sustainable investing product in 2002. We offer clients a diversified range of investment strategies across equities, fixed income, multi asset and private markets.

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

Assets under management (AUM)

EUR 591 billion¹

700

Investment professionals

21

Locations worldwide

1) Data as at 31 December 2025. 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. The private markets figure includes private credit and Allianz Capital Partners assets under management, which invests in private equity.

Exhibit 1: AUM by asset class

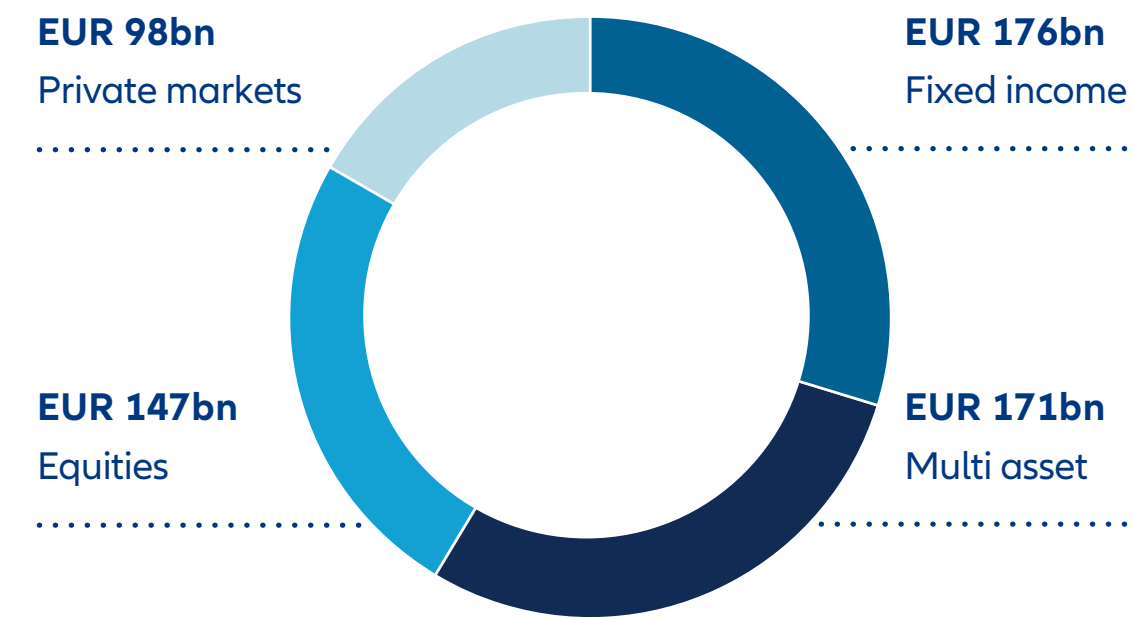
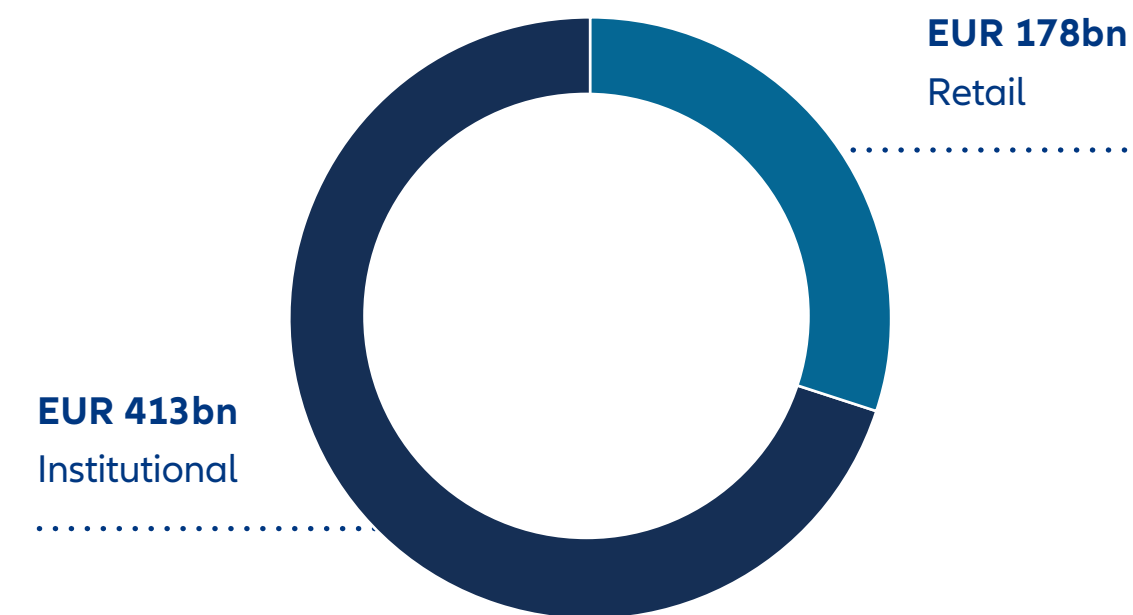


Exhibit 2: AUM by type of business



Message from our CEO

"As perspectives on ESG and sustainability continue to evolve, it is essential that we, as global investors, stay at the forefront of understanding long-term sustainability issues and their implications for financial performance. This report sets out how we do that in practice. The ExCo has reviewed it and considers it a fair and balanced reflection of our sustainable investing and stewardship approach."



Tobias C. Pross,
Chief Executive Officer,
Allianz Global Investors

1. Our vision of sustainability

Contents

- 1.1 An introduction from Michael Krautzberger
- 1.2 Our conviction and strategy
- 1.3 Our pivotal themes
- 1.4 Making progress towards our goals
- 1.5 Our view of the year ahead



1.1 An introduction from Michael Krautzberger

“In a period of rapid change, **sustainable solutions are becoming essential – not optional.**”



Michael Krautzberger,
CIO Public Markets

The events of 2025 brought a sharp reminder of the importance of environmental, social and governance (ESG) factors, even amid the continuing backlash in some quarters.

Extreme weather events – from the Southern California wildfires to the monsoon floods in India and Pakistan – made the effects of climate change impossible to ignore. Meanwhile, the rapid proliferation of artificial intelligence (AI) highlighted the urgent need for better understanding and robust safeguards for technologies that are reshaping global economies and society itself. Geopolitical tensions, intensified by the emergence of a multipolar world, are encouraging countries to bolster their national resilience.

Taken together, these trends reinforced a single message for investors: in a period of rapid change, sustainable solutions are becoming essential – not optional.

Resilience will, therefore, be a defining theme. We see this already in the financing of the energy transition, where the focus has shifted towards building a new model of energy security, availability and accessibility – and where investment opportunities are expanding across a range of different energy sources.

The past year has been characterised by uncertainty. This includes regulatory uncertainty – not only because many market participants are looking for clearer guidance, but also because regulators themselves are showing welcome signs of pragmatism as they adapt frameworks to real-world challenges. For example, the revised scope of the Corporate Sustainability Reporting Directive will simplify processes for EU companies, enabling greater competitiveness.

Mobilising capital at scale to support the opportunities ahead of us requires clear, consistent financing rules, which is the aim of the

Sustainable Finance Disclosure Regulation 2.0¹ (SFDR 2.0) – alongside comparable data and the ability to demonstrate to investors the benefits of a sustainable approach.

For Allianz Global Investors (AllianzGI), this only reinforces the importance of staying true to our principles and maintaining consistency in our convictions. With nearly 25 years of sustainable investing experience, our approach is guided by long-term vision and commitment – and our rise of 48 places into the top 10 among our peers in the most recent ShareAction report² suggests we are on the right track.

As further evidence of our commitment in 2025, we repositioned two products to a climate transition focus and introduced a Proprietary Sustainability Score that turns ESG data into decision-useful insights. We also advanced our

1) SFDR 2.0: Proposed set of amendments to the Sustainable Finance Disclosure Regulation by the European Commission.

2) [ShareAction, Point of No Returns 2025](#).

1.1 An introduction from Michael Krautzberger

active stewardship efforts by engaging with PepsiCo on executive compensation as well as McDonald's on water consumption in the supply chain.¹ The latter is a concrete and tangible example of how our sustainable investing approach can identify material potential risks to a business.

More information on these developments can be found throughout this report, which for the first time includes a dedicated chapter on impact investing – reflecting both growing client interest and the expanding opportunities to generate measurable impact across asset classes. Our in-house expertise, innovation and track record provide us with a strong foundation to lead in this space, and we are on track with our fundraising to successfully establish the largest pure-play private credit impact fund in the market.

As we move through 2026, we will continue to support our clients and investee companies by remaining fiduciary led, expertise driven and innovation focused – delivering sustainable and impact strategies grounded in real outcomes. We remain guided by our pivotal themes of climate change, planetary boundaries and inclusive capitalism – outlined on page 9 – as we navigate a rapidly shifting backdrop.

1) Securities mentioned in this document are for illustrative purposes only and do not constitute a recommendation or solicitation to buy or sell any particular security.



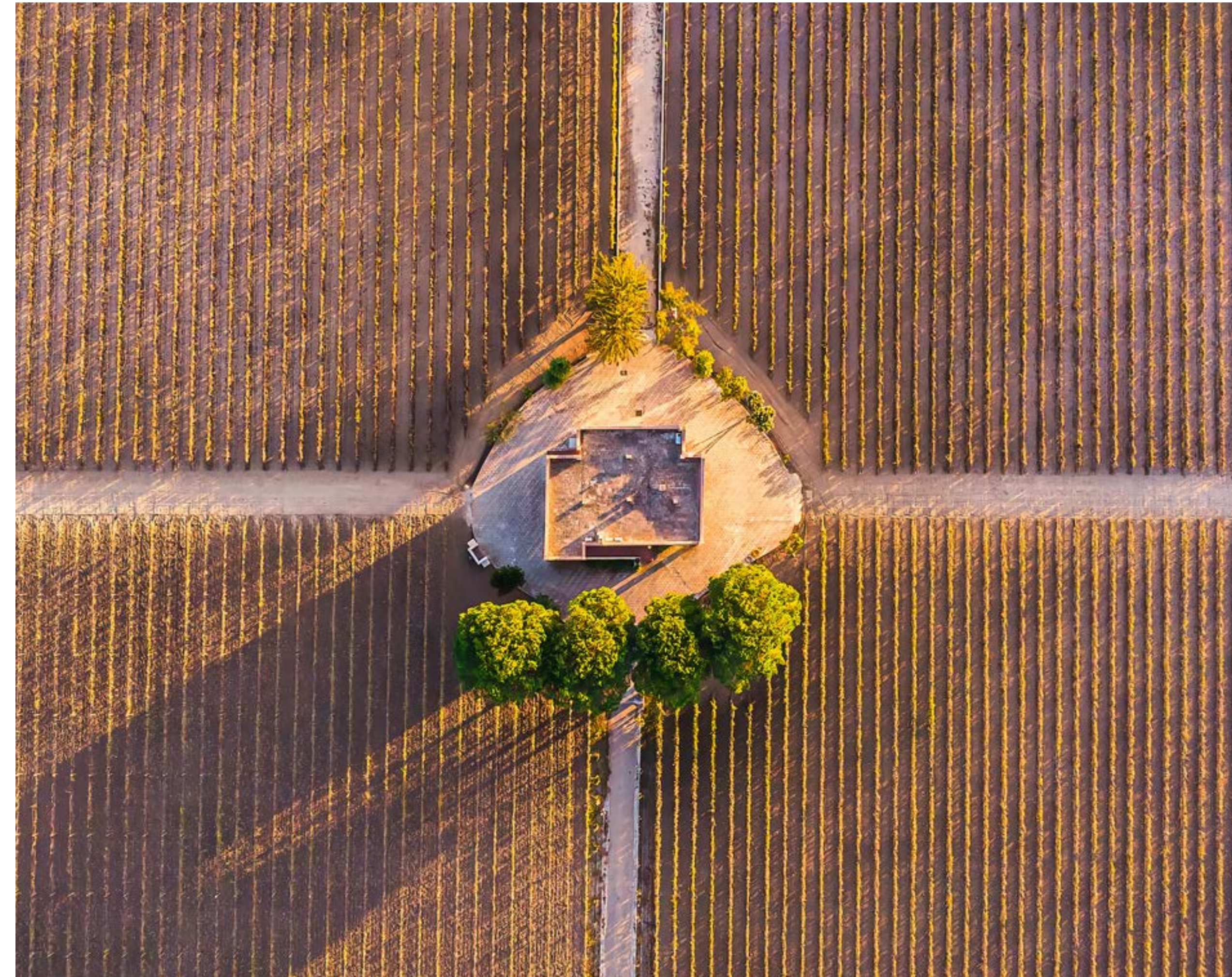
1.2 Our conviction and strategy

Principle **1**

We continue to strengthen our commitment to sustainable investing by increasing our dialogues with clients globally and focusing on risk and long-term resilience. Impact investing in private markets remains a key differentiator, enabling us to deliver credible outcomes that align financial returns with positive environmental and social impact.

As climate-related challenges intensify, a focus on acute physical risk considerations is important to safeguard portfolios against future disruptions. Active stewardship stands as a cornerstone of our strategy, driving engagement and advocacy to reinforce sustainability convictions across all asset classes.

Through these initiatives, we aim to create enduring value for clients, while contributing to a more sustainable global economy.



1.2 Our conviction and strategy

Principle **1**

Sustainable investing

We've identified a new phase of pragmatism and a pivot towards near and long-term resilience, along with increasing recognition of the risks and costs of misjudging ESG factors. We're responding by consistently delivering transparent, conviction-based sustainability and impact solutions, guided by our three pivotal themes – climate change, planetary boundaries and inclusive capitalism (see page 9) – and aligned with our clients' time horizons, risk appetite and thematic preferences.

Our offering incorporates six defined approaches to sustainable investing built up over almost 25 years across more than 200 funds¹ representing EUR 230 billion of assets under management (AUM)² – and all underpinned by our proprietary Sustainability Insights Engine (SusIE, see page 19), which provides the data infrastructure for our investment decisions. Combined with teams focused on research, stewardship, strategy and sustainable product development, our portfolio managers are fully equipped to support our clients with conviction.



Impact investing

Client interest in impact investing has grown significantly in recent years – it's no longer seen as the preserve of family offices but rather an area for institutional investors with the growing evidence that such investments can deliver financial returns on par with more traditional investments. Our approach has been well received in the market with our impact private credit strategy (see page 36) making us one of the first pure-play impact credit players in Europe and raising 90% of our investment ahead of target. This year, for the first time, we've dedicated a full chapter of our Sustainable Investing and Stewardship Report to this work.

Our three pivotal themes also guide the impact-focused investments we offer, spanning diverse solutions from energy efficiency and technology-enhanced education innovations to sustainable food production. We also work actively with the greater impact investment community as a whole to standardise definitions, methodologies and measurement – so we can prove, with conviction, that there need not be a trade-off between financial return and seeking demonstrable social and/or environmental impact.



Active stewardship

Despite rising politicisation of stewardship in key markets, quality and focused engagement – and judicious exercising of voting rights – remain critical elements of active, conviction-led investing.

The depth, breadth and complexity of emerging opportunities and risks across companies, sectors and locations requires dialogue with investee companies and key stakeholders. We've built proprietary frameworks for industry sectors and for sustainability themes that help us do this, and SusIE is a key tool that we leverage to support our approach – allowing us to share investor perspectives and expectations with investee companies.

Our clients appreciate targeted engagements and selective, materiality-based escalations, especially when peers are less active in their stewardship. In 2025, we engaged with 451 investee companies on 562 occasions.

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) As at 31 December 2025.

1.3 Our pivotal themes

Principle **1** **2**

We've always believed that sustainable investing goes beyond climate change. For assets managed in line with sustainability goals, we focus our efforts around three pivotal sustainability themes based on the areas where society may face severe risks over the long term.

When we first adopted these themes in 2021, we noted how they would prompt long-term structural changes in the modern economy. The events since have not only accelerated the pace of change but moved the conversation to a more pressing, shorter-term need for greater resilience.

For the past five years, we've woven our themes throughout our work in research and engagement, product development and our industry commitments – and, no matter how the market moves, they are long-term priorities that continue to guide our work.

In 2025, we further developed our materiality mapping of both impacts and dependencies across industry sectors, progressed work on location-based assessments, and expanded our thematic engagement projects to identify leading and lagging standards across our investee companies.



1.3 Our pivotal themes

Principle **1** **2**

Climate change

The evidence of climate change is plain to see, especially in the rising incidence and financial impact of extreme weather events. It's essential to understand how companies, sectors and regions are preparing for the very real risks future catastrophes pose for both developed and emerging economies.

In 2025, we developed our thesis outlining six elements needed to support climate transition. We rolled out our framework for assessing energy transition plans with a dedicated engagement project, shared preliminary work on mapping physical risks at a location-based level, and published a whitepaper on contributing to the energy transition through private-market investments.

🔗 Read more: [Getting physical: when climate change hits home | AllianzGI](#) 🔗

1) The views and opinions expressed herein, which are subject to change without notice, are those of the issuer companies at the time of publication.



Planetary boundaries

This year, client enquiries on biodiversity topics have increased and expanded – with a focus on resilient water and food systems, a circular economy, and how to better embed nature into investment decisions.

In 2025, we introduced thematic materiality into our industry sector analysis and research – covering topics including resource and land use, water, oceans, pollution and biodiversity. We also developed our own sustainability rating methodology – the Proprietary Sustainability Score (see page 20) – which includes materiality and performance assessments for natural resources, pollution and waste management, and green opportunities across the value chain.

We launched dedicated training sessions for our investment platform colleagues, targeting the issues of critical minerals and the circular economy, and continued to assess the best biodiversity key performance indicators (KPIs) for portfolio scoring.

🔗 Read more: [The puzzle of pricing water | AllianzGI](#) 🔗



Inclusive capitalism

The 2025 World Economic Forum (WEF) Global Risks Report warned of “a world of growing divisions”, where conflict, technology, climate change and human rights could drive greater inequality and polarisation. This has been heightened by trade tensions and geoeconomic fragmentation and is echoed in the 2026 WEF Report where geoeconomic confrontation has moved from the third highest to the leading risk. We expect clients’ interest in social themes to continue growing.¹

Throughout the year, we engaged with our clients on three core topics related to this theme: defence; changes in the modern workforce; and responsible AI. We also saw strong demand for insights on how we measure, assess and engage on social factors, including just transition and human rights. Later in the year, “sovereignty” broadened into an investment theme focused on nations’ ability to self-govern amid rising geopolitical pressure. We will continue to prioritise these key themes in the course of 2026.

🔗 Read more: [The modern workforce: are we ready for the shift? | AllianzGI](#) 🔗

1.4 Making progress towards our goals

Principle **1** **2**

AllianzGI has navigated a complex year, while retaining its conviction in guiding investors towards achieving their financial and non-financial goals.

In 2025, our results indicate steady progress and ongoing commitment to our long-term strategy. Years of sustainable investing efforts are showing promising outcomes – with industry recognition giving us confidence we are on the right path.

AllianzGI was named “best asset manager”¹ across four key research segments in the Crisil Coalition Greenwich Awards, reflecting service quality, product strength and advisory excellence across the financial industry.

[Read more](#)

Changing market dynamics also required us to evolve methodologies and address recent trends.

Key highlights of 2025:

AllianzGI was **ranked seventh out of 76 global asset managers**¹ – and first among German peers – in ShareAction’s Point of No Returns 2025 report, which assesses the responsible investment practices of the world’s largest asset managers. [Read more](#)

We created **two climate transition strategies** in March 2025 – one equity and one credit. Both leverage the Net Zero Investment Framework 2.0² which is aligned with our Net Zero Alignment Share methodology, providing an innovative way to steer decarbonisation with a forward-looking metric. [Read more](#)

Our **impact private credit strategy raised 90% of its target investment** within the first year at a time when fundraising – across the industry – has slowed, despite growth in the asset class. [Read more](#)

While some clients are questioning whether stewardship outcomes are even possible in the US, **we demonstrated notable success with McDonald’s**.³ Having engaged and co-filed on the company’s water strategy over the last few years, in 2025 the company announced the completion of a water risk assessment to inform its future water-related resiliency strategy. [Read more](#)

We announced the **first closing of our new emerging markets credit strategy**, with USD 690 million in commitments. This strategy will invest in Paris-aligned (climate mitigation and adaptation) projects across emerging markets globally and marks our third blended-finance debt product. [Read more](#)

We introduced **our new Proprietary Sustainability Score (PSS)**, an evolution of our former socially responsible investing (SRI) rating, for sovereign and

corporate issuers. It now serves as a “binding element” across EUR 55 billion in assets managed in our SRI strategies. The PSS provides greater granularity and transparency, strengthening conviction in stock selection and enhancing sustainability insights across the firm.

[Read more](#)

Our new **thematic guide has strengthened our research process**, enabling us to better articulate our conviction in key areas such as responsible implementation of artificial intelligence. [Read more](#)

1) A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

2) Net Zero Investment Framework 2.0 from the Institutional Investors Group on Climate Change Paris Aligned Investment Initiative.

3) Securities mentioned in this document are for illustrative purposes only and do not constitute a recommendation or solicitation to buy or sell any particular security.

1.5 Our view of the year ahead

Principle **2**

The tide appears to be turning back in favour of sustainability for 2026, with stakeholders prioritising adaptation, resilience and transition to the factors facing the world – rather than division over definitions of “green” and “sustainable”.

The more pragmatic, commercial approach to sustainable and impact investing, which we saw emerge in 2025, will need to continue. Thankfully, at a time of stretched public finances, there is a sizeable wallet of private finance to help fund the transition – innovating and motivating private investment is both the greatest challenge and the biggest opportunity.

We anticipate 2026 will see a focus on the following:

Sovereignty

As a watchword of 2025, sovereignty is set to evolve from a resilience theme into a core investment focus in 2026. Once associated only with defence, sovereignty now spans energy, food, climate resilience, water, health, technology and financial ecosystems. The focus will primarily be in Europe, where greater autonomy can generate growth, innovation and technological advancements.

Transition finance

“Transition” has become a catch-all term for sustainable change, but sharper definitions are required. While energy transition is gaining recognition as a critical driver of climate transition, a broader scope – including adaptation, resilience and non-climate priorities – needs to be harnessed. In 2026, we believe that capital flows will be accelerated by a combination of greater regulatory clarity under SFDR 2.0, rising client interest and a

pressing necessity to propel transition finance as a distinct asset class.

Digital resilience

The accelerated growth in the capabilities and integration of technology into our lives and the economy – especially in AI – has not been complemented by an equivalent development in safeguards. Digital resilience is becoming indispensable as technology underpins the global shift towards models that can operate efficiently under future climate, planetary and social conditions. In 2026, we expect digital infrastructure to enter its next phase of development – creating diversification opportunities and an attractive long-term risk-reward profile for investors.

Infrastructure finance

Well-functioning and resilient infrastructure is the backbone of a strong economy – and its scope is expanding beyond basic

systems and services to a more advanced, technology-driven ecosystem that underpins socioeconomic growth. In 2026, we expect infrastructure development and financing to enter a new phase – driven by the urgent need for adaptation, mitigation, resilience, security and transition.

Pricing risks

Enhanced modelling capabilities, growth in systematic and quantitative investment strategies, and improved attribution – including accountability for harm – will accelerate the formal integration of sustainability opportunities and risks into financial models in 2026. And, just as they did when they reshaped perceptions of toxins such as tobacco, asbestos and glyphosate, the insurance and legal sectors are well-positioned to lead the charge.

📖 Read more: [Sustainable investing | AllianzGI](#)

1.5 Our view of the year ahead

Principle **2**

The global landscape will remain fragmented

Attitudes and approaches to sustainable investing are fragmented across geographical and political boundaries – and we don't expect this to change in 2026.

In Europe, while investment strategies classified as SFDR Article 8 have become a standard requirement for many investors, those classified as Article 9 are likely to remain under pressure due to disappointing past financial performance.

In our view, sustainable strategies with a more diversified approach to portfolio construction and portfolio-level KPIs could profit from this shift and attract inflows. A product categorisation regime, as outlined by the draft SFDR 2.0, could re-ignite interest, as long as the combination of sustainability ambition and investment flexibility is met.

On the institutional side, we expect investors to maintain their direction of travel – rather than softening or even removing their sustainability policies, they'll 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, in contrast, the muted growth expectation in sustainable investing continues – with ESG facing considerable political and market headwinds. In the short term, it's likely the US will continue to unwind progress, both in terms of the quality and quantity of sustainable investment assets.

In Asia, sustainable investing is relatively nascent but has reached considerable levels in terms of AUM and sophistication – particularly in markets like Taiwan, Thailand and Singapore.



2. Sustainable investing

Contents

- 2.1 Our sustainable investing focus
- 2.2 Our 2025 sustainable investing highlights
- 2.3 Conversation with a portfolio manager:
meeting client needs in a changing world
- 2.4 Coding our convictions
- 2.5 Developing our offering
- 2.6 Contributing to the sustainability discussion
- 2.7 Our sustainable investing outlook



2.1 Our sustainable investing focus

Principle **1**

Our sustainable investing journey began over 20 years ago and has since become an integral part of our investment philosophy. We are guided by a long-term vision, delivering conviction-based sustainable investments across pivotal themes.

Our products provide investment solutions with differing levels of sustainability incorporation and ensure transparency according to regulatory standards. Our enhanced product-level sustainability reports add an additional layer of transparency and granularity.

We continuously strengthen our client relationships through training, workshops, and showcasing of our Sustainability Insights Engine (SusIE – see page 19), assessing portfolios for sustainability (see our interview), and exchanging knowledge and insights on relevant developments and trends.

Our conviction

Our team of 35 sustainable investing experts is structured to meet rising, broader and deeper client enquiries, combining specific areas of expertise with a collaborative approach – enabling our sustainability research team to articulate our thematic, sector and entity-level convictions. Dedicated analysts coordinate with our Stewardship team for company and thematic engagements, with the Sustainability Methodologies and Analytics team on scoring, and with the Standards and Integration team on policies, industry bodies and exclusions.

The Sustainability team's knowledge is embedded across the investment platform through our regular webinar series presented by the Research and Stewardship teams – informing and upskilling our workforce on topics from living wages and transition planning to responsible artificial intelligence (AI).

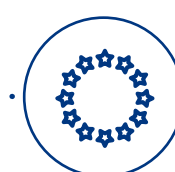
Externally, our thought leadership content programme has continued throughout 2025, while our sustainable investing blog aims to inform and educate our stakeholders.



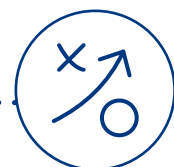
2.2 Our 2025 sustainable investing highlights



Repositioning of two **climate transition products**: a credit strategy and an equity strategy. [Read more](#)



Launch of a dedicated **European autonomy strategy**, which is gaining momentum across our industry as an investable theme. [Read more](#)



Repositioning of the emerging market debt flagship strategies from Sustainable Finance Disclosure Regulation (SFDR) Article 6 products, to align with Article 8 reporting requirements. [Read more](#)



Strong net cash inflows into our **Best Styles Socially Responsible Investment (SRI) strategies**. Good inflows into our **Dynamic Multi Asset Strategy (DMAS) SRI strategies**, reflecting investor demand for a well-rounded sustainable solution. [Read more](#)



We initiated a **strategic project to review our fund names** ahead of the introduction of new requirements outlined by the European Securities and Markets Authority (ESMA). [Read more](#)



Proprietary Sustainability Score – our **evolved environmental, social and governance (ESG) scoring methodology** for corporate and sovereign issuers. [Read more](#)

Client and industry feedback is very important to us and we believe the achievements below reaffirm our strategy and convictions.



Greenwich Awards

Thanks to very strong client feedback, Allianz Global Investors (AllianzGI) was named best asset manager across the four key research segments – **Institutional Asia, Institutional Continental Europe, Intermediary Distribution Asia** and **Intermediary Distribution Europe** – in the Crisil Coalition Greenwich Awards.¹

We again distinguished ourselves with excellent scores in service quality, new business development and sales activity, ranking either first or firmly within the top quartile.

The Coalition Greenwich Awards are an influential barometer of service quality, product strength and advisory excellence across the financial industry. The ratings are based on interviews with senior decision-makers and fund distributors around the world.

1) A ranking, a rating or an award provides no indicator of future performance and is not constant over time.



ShareAction 2025

In 2025, ShareAction – an independent organisation working to “define the highest standards for responsible investment” recognised AllianzGI for advancing responsible investment practices. In its report benchmarking the world’s largest asset managers on policies and practices across key sustainability themes, AllianzGI ranked seventh out of 76 asset managers and was the leading German asset manager.

Our 48-place improvement since 2023, and standout scores in the “Governance & Stewardship” and “Social” pillars, underscores our ongoing commitment to continuously enhancing our sustainability approach. Notably, our biodiversity work was highlighted as a leading practice.²

2) The fact that we have obtained this rating does not mean that our products meet your own sustainability goals.

2.2 Our 2025 sustainable investing highlights

Building our thematic guide

To better articulate our convictions on sustainability themes, in 2025 we developed a new guide informing our investment platform colleagues and supporting investment decisions – combining all our work on individual themes into a single document. This guide introduces each thematic topic and highlights why it’s relevant to AllianzGI and our clients, as well as including an explanation of why we consider these themes “material” and a deep-dive into how each is assessed by our Research team – connecting the dots between our thematic, company and sector research. We have so far developed thematic guides on “just transition” and “circular economy”, and we’re expanding to others such as “responsible AI”.

USE CASE **Assessing responsible AI for investment conviction**

We launched a dedicated Research and Stewardship coverage of responsible AI as a theme in 2025. This involved in-depth and comprehensive analysis of the theme to identify the key drivers, opportunities, risks and materiality assessment for investors. At the end of this process, we produced:

- An assessment framework for investee companies active in AI, in conjunction with associated engagement guidance.
- A mapping of the most impacted sectors across the AI value chain.
- A dedicated deep dive within our sector framework, thematic guide and internal training for our investment professionals.
- Thought leadership publications.
- A dedicated thematic engagement project.
- Guidance on proxy voting decisions in the context of a rise in related shareholder resolutions. Read more on proxy voting on page 65.

Exhibit 3: Responsible AI treats human needs and trust as priorities



[Read more: Responsible AI: a sustainable approach | AllianzGI](#)

2.2 Our 2025 sustainable investing highlights

“We believe sustainability factors will play an increasingly decisive role in shaping future opportunities and risks. To help clients navigate this, we continue to deepen and better connect our thematic, company-level and sector research across our investment platform.”



Mark Wade,
Head of Sustainability
Research and Stewardship



USE CASE

Controversy management

Our approach to controversy assessment is designed to provide a robust, transparent and consistent evaluation of ESG-related incidents that may impact our investments.

In 2025, a European Fintech company was probed by authorities for allegedly supporting clients involved in unlawful and fraudulent activities – and investigations hinted at weaknesses in processes related to anti-money laundering and customer controls (Know Your Customer¹). This triggered an ad-hoc review of business behaviour, where we also found other flaws in key business processes.

1) Know Your Customer (KYC): regulatory process requiring financial institutions to verify client identity and assess financial crime risks.

Subsequently, we observed a remarkable drop in customer satisfaction indicators and informed the investment platform about the financial outlook risks – translating this into a significant score downgrade for both the affected factors (Ethics and Customers) and for Corporate Governance, for the questionable effectiveness of the Board’s oversight on compliance and risk management.

SusIE supports this work, as our central repository for all information, enabling us to monitor such controversies (see more in section 2.3).



2.3 Conversation with a portfolio manager: meeting client needs in a changing world



Isabelle de Gavoty,
Head of European
Equities SRI

How has the sustainability landscape evolved over recent years?

Sovereignty, strategic autonomy and the security of essential resources have moved to the forefront of political and economic agendas. Against this backdrop, sustainability has become a broader concept taking on a renewed meaning – as both a framework for resilience and a strategic paradigm that guides capital towards sectors shaping a more secure and sustainable future.

Energy transition now sits at the core of this shift, with energy independence and decarbonisation deeply intertwined. The pandemic underscored the need for stronger, more secure health systems and supply chains, while climate and geopolitical

pressures have elevated food security and technological leadership as critical priorities.

How are you supporting clients as they navigate this changing landscape?

We're designing approaches that speak directly to clients' long-term challenges, while also updating internal policies to reflect evolving requirements. Our proprietary sustainability framework integrates ESG and business behaviour indicators into the investment process, giving us a deeper view of companies' trajectories and risks, and helping us build solutions that support clients through structural transitions.

What products have you developed to address the challenges and opportunities arising?

We have been pioneering sustainable investing since launching one of the first climate transition strategies in 2015 – an early recognition that decarbonisation would

fundamentally reshape global financial and economic models and investment frameworks.

In 2024, we introduced a European autonomy strategy, focused on companies providing the technologies underpinning Europe's future competitiveness as well those operating in strategic, resilience-critical sectors.

Across our strategies, we aim to capture the opportunities shaping the future economy, while managing transition risks. As active sustainable investors, we maintain constructive engagement with companies to support credible, measurable progress and long-term value creation.

What is needed to further advance sustainable investment?

Clearer regulatory distinctions will help investors allocate capital more effectively and align portfolios with their desired impact

and risk-return profile. Equally important are relevant, robust and comparable metrics.

Anchoring investment decisions in transparent data will help accelerate the flow of capital towards activities that support climate goals, enhance resilience and enable sustainable economic transformation alongside nature preservation.

2.4 Coding our convictions

Principle **2** **6**

Every sustainable investing decision should rely on high-quality data, but this requires a strong ESG data architecture to assess and balance sustainability goals with financial objectives. The challenge is distilling the mass of available sustainability data into insights that make an actionable difference – and launching SusIE, our proprietary sustainability insights engine, was our solution.

We launched SusIE in 2022 as an innovative way of harnessing ESG data, driving our conviction-led investment decisions. SusIE supports investment experts, product specialists, risk management and global stakeholders cut through the deluge of ESG ratings, scores, key performance indicators (KPIs), controversies and more, by aggregating and distributing accurate, reliable and relevant ESG data.

We maintain a highly disciplined approach to gathering data from multiple providers, integrating it into relevant investment KPIs and methodologies, and feeding it through to front-office functions – leading to more effective processing and greater conviction in our outputs. SusIE also incorporates our proprietary scores, engagement data and research inputs. By “coding” these insights into SusIE, we can make them available for colleagues to use in their investment strategies.

The long-term plan is for our proprietary tools and research to be the primary driver of our ESG insights and investment decision making. Having an adaptable and flexible system also helps future-proof against evolving investment, regulatory and reporting needs.

Powered by quality data

SusIE integrates ESG data from 10 providers supplemented by public data sources into standardised datasets, applying automated checks to ensure data quality and integrity.

Our ESG Profile module offers access to over 100 analytics, allowing our experts to select the best companies from their investment universe.

SusIE streamlines workflows, provides accessible, high-quality data for deeper analysis, and enables faster decisions. The platform offers access to exclusive sustainability scores and research, incorporating both internal and external insights to enhance sustainable investment choices.

Supporting engagement

Well-prepared, targeted engagements with companies are key to achieving higher investment conviction and sustainable outcomes – and SusIE is our central platform for such activities. It includes sector-specific engagement questions tailored to the unique sustainability challenges and opportunities of each industry, alongside sector-agnostic questions that maintain a consistent framework across all our engagements.

The “planning” feature in SusIE offers transparency on past and future engagements, enhancing collaboration across asset classes, while additional tools allow colleagues to tag themes, track follow-ups and view related metrics.

Flagging exclusions

A dedicated SusIE module for negative screening provides comprehensive transparency for our investment experts on companies that do not comply with international standards and regulations, our clients’ guidelines or our own convictions.

An easy-to-read traffic light system flags non-compliance and “hidden” risks that could affect market value, while also highlighting opportunities for engagement. Historical scores show momentum and trends, helping colleagues identify potential portfolio impacts.

2.4 Coding our convictions

Principle **2** **6**

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.

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.

2.4.1 Evolving our sustainability scoring methodology

In 2025, AllianzGI introduced a new Proprietary Sustainability Score (PSS) methodology. This is a significant evolution from our previous SRI rating methodology, with greater transparency in assessing the sustainability performance of corporate and sovereign issuers.

The PSS reflects our belief that sustainability is not static – it evolves with market, technology and client expectations. By combining conviction, transparency and innovation, it positions us – and our clients – for success in a world where sustainable investing is no longer optional but essential.

- **Conviction:** Qualitative judgment from our sustainability research analysts – on indicators, sectors and materiality – complements quantitative data for a richer signal. The scores include a human rights flag to ensure the integrity of our sustainable investing approach.

- **Expertise:** our PSS covers 24 sectors, with conviction-based weightings linked to real-world impact – ensuring the relevance and precision of the model. Powered by SusIE, it provides a more independent process for stock and bond selection – ensuring scalability, speed and integration in every layer of investment oversight.

- **Transparency:** Increased granularity allows investors to better understand how scores are derived, and the drivers of a high or low score. More specifically for corporates, data is aggregated into 16 factors across Environment, Social, Corporate Governance and Business Behaviour – with scores reflecting performance adjusted for sector materiality and ranking issuers against peers. The methodology also conveys greater investor resonance with pragmatic adjustments to ensure a well-diversified allocation of risks.

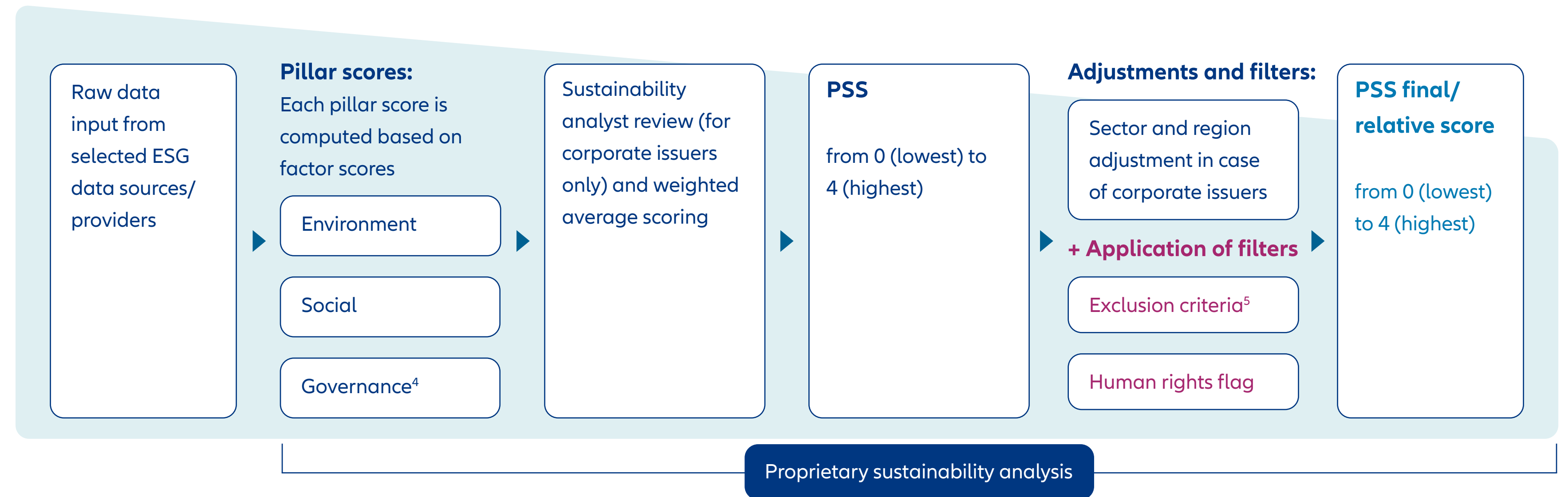
2.4 Coding our convictions

As a key input for our investment teams, the PSS is currently used as the binding element¹ for SRI strategies, representing EUR 55 billion.

Across both corporates and sovereigns, our PSS closely covers the investment universes of global benchmark indices. Corporate coverage effectively extends to the full breadth of global equity (99%²) and corporate fixed-income markets (95%³), while all the countries of a global treasury benchmark are covered.

Exhibit 4: AllianzGI Proprietary Sustainability Score

A harmonised methodology across all public market asset classes



1) We classify as Article 8 or 9 funds that have two binding elements: our sustainable minimum exclusion policy and one of our sustainable investing approaches. For more information on this see page 24 of our Sustainable Investing and Stewardship Report 2024.

2) 99% of market value weights.

3) 95% of market value weights.

Read more: [ESG ratings – are they still relevant? | AllianzGI](#)

For corporate issuers, the Proprietary Sustainability Score separates the Governance pillar into two distinct pillars: Corporate Governance and Business Behaviour. For sovereign issuers, the score follows more conventional Environmental, Social, and Governance pillars.

Source: Allianz Global Investors, September 2025. For illustrative purposes only. The sources and data suppliers utilised in the creation of the PSS methodology are subject to change over time as new information becomes available and industry standards evolve. PSS: Proprietary Sustainability Score. ESG: Environmental, Social and Governance. 4) In case of corporate issuers, the Governance pillar is split into Corporate Governance and Business Behaviour. 5) Exclusion criteria refer to the [AllianzGI Sustainable Minimum exclusion criteria](#). The Proprietary Sustainability Score is based on third-party ESG data and internal research. It reflects AllianzGI's Sustainability teams' subjective view and relies on evolving assumptions. Peer groups for corporates, sectors and regions are defined internally, which may introduce biases. Despite efforts to ensure data quality, gaps, estimates, and time lags may affect accuracy. The score is not a definitive measure of sustainability and may be used as one input among others in investment decisions.

2.4 Coding our convictions

Principle **1** **2** **6**

2.4.2 Sustainability risk management

Sustainability factors are increasingly defining investment opportunities and risks – and an intense period of testing and conviction in sustainability has resulted in increased investor pragmatism on what’s needed for future resilience. AllianzGI’s combination of strong conviction on existing and emerging themes, coupled with our strong data architecture, provides the best platform to assist our investors in a complex and changing environment.

Our investment strategies are ESG risk-assessed, so investment teams can monitor such risks as part of the investment process. We apply portfolio and individual security-level analysis across all assets to ensure transparency on ESG risks and Principal Adverse Impacts (PAIs).¹ We consider sustainability risks to be

1) Principal Adverse Impacts (PAIs): indicators under the SFDR, measuring sustainability-related effects of investments on environmental and social factors.

potential drivers of idiosyncratic financial risk factors in investments such as pricing, credit, liquidity and operational risks, but they can also be drivers of broader market-wide or systemic risks.

We follow the 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.

More details on our approach to sustainability risk management can be found in the [Sustainability Risk Management Policy | AllianzGI](#) 

Regulatory compliance needs

Regulatory evolution remains a key driver of our sustainability risk management. We continue 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’ve strengthened our climate strategy by implementing Task Force for Climate-related Financial Disclosures recommendations and enhancing engagement with investee companies on climate issues.

For our assets under management, we aim to mitigate climate-related risks, while capturing opportunities. To support this, we use

proprietary tools to monitor key metrics and apply firm-wide policies to reduce exposure to companies facing transition risks.

Climate considerations are embedded in our investment process through sustainability risk assessments and PAI indicators. These include portfolio carbon emissions and footprint, as well as screening for companies involved in coal and fossil fuels or lacking credible emissions-reduction targets.

2.5 Developing our offering

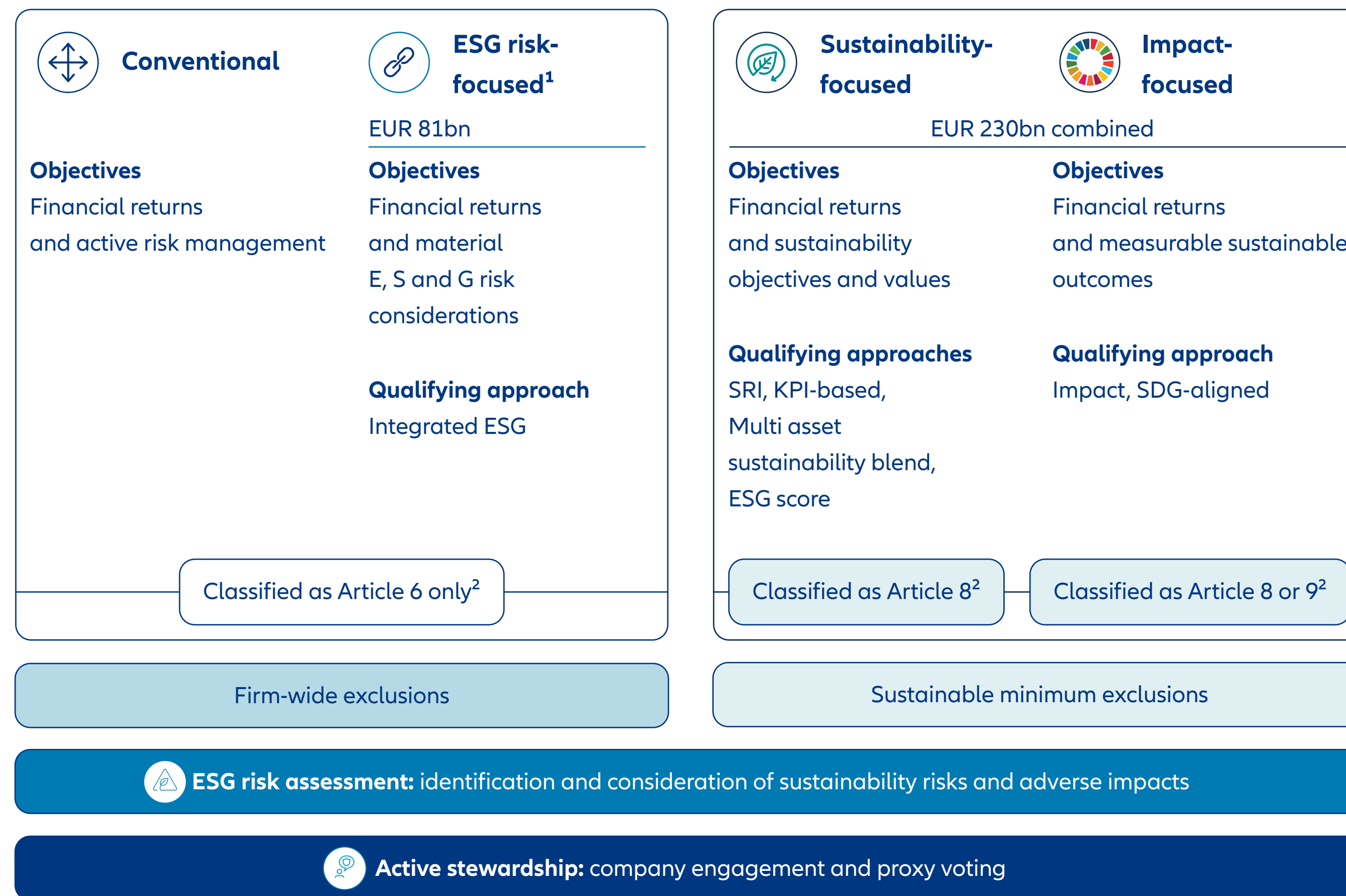
Principle **1** **2**

Our products cater to clients’ sustainability objectives and preferences by providing investment solutions with differing levels of sustainability incorporation. They’re underpinned by ESG risk assessments and the ongoing efforts of our Stewardship team, supporting our convictions and ensuring we can deliver financial returns aligned with our clients’ sustainability objectives.

We also provide transparency on the characteristics of our products according to SFDR, which will evolve as its direction is clarified.

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 qualifying sustainable investment approaches – that are measurable and reportable, providing transparency, clarity and conviction for our clients.

Exhibit 5: Allianz Global Investors’ product offering



Source: Allianz Global Investors as at end of December 2025.

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.

1) 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).

2) We classify as Article 8 or 9 funds that have two binding elements: our sustainable minimum exclusion policy and one of our sustainable investing approaches. For more information on this see page 24 of our Sustainable Investing and Stewardship Report 2024.

2.5 Developing our offering

Principle **1** **2**

“Our product offering translates our convictions into investment opportunities. In the past year, we have been aligning our approach to the shift in sustainability as a driver for greater transparency. Examples of this include, reinforcing our key sustainability funds to meet ESMA’s heightened fund naming standards, transforming two strategies into innovative climate transition solutions and promoting our European autonomy strategy across Europe.”



Dennis Baas,
Lead, Sustainability Strategists

In 2025, key updates to the majority of our Article 8 fund range involved a refinement of defence-related exclusion criteria in the context of geopolitical shifts. Conventional weapons producers and distributors have become eligible for these strategies if they pass the second binding element; however, it’s important to understand we do not consider such investments as sustainable investments according to SFDR. Read more [here](#)

2.5.1 ESG risk-focused¹

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

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

In private markets, 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 – for example, sector frameworks to better understand materiality and as part of the due diligence process.

¹) ESG risk-focused category (also known as the integrated ESG investment approach) is not considered sustainable according to EU Sustainable Finance Disclosure Regulation.

2.5 Developing our offering

Principle **1** **2**

2.5.2 Sustainability-focused¹

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; and either an SRI or KPI-based approach, or a combination of the two.

Socially responsible investing (SRI)

This approach seeks to deliver better risk-adjusted returns, while fostering positive environmental and social outcomes and mitigating reputational risk – underpinned by our new PSS.

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).

KPI-based approach

This approach targets measurable, monitored and reported KPIs to track ESG factors that are significant enough to drive sustainability within the investment process of a portfolio. We aim to either 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.

We have portfolio-level KPIs related to greenhouse gas intensity and sustainable investment share² – which assesses the share of company revenue that is tilted towards sustainable activities. In 2024, we introduced the Net Zero Alignment Share (NZAS) as an additional KPI requiring products to exhibit a certain and relevant share of issuers with a positive NZAS. Our goal is to continuously expand the list of available KPIs.

2) These KPIs are in accordance with the Sustainable Finance Disclosure Regulations (SFDR).

Multi asset sustainability blend approach

These strategies seek to invest the majority of their assets into our sustainable investment approaches or strategies classified as Article 8 or 9 according to SFDR. A predefined proportion of assets is allocated to internal and/or external sustainable investment approaches, providing flexibility to invest across a broad range of sustainable strategies.

SDG-aligned strategies

These strategies invest in companies that exhibit a certain level of contribution towards one or more of the UN Sustainable Development Goals (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.

Green bonds

Green bonds mobilise capital markets to fund projects that deliver environmental benefits. Our green bonds strategy follows a sustainable investment objective to channel funds 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.

2.5 Developing our offering

Principle **1** **2**

2.5.3 Key product developments in 2025

We constantly develop our products to meet our clients' priorities and ambitions.


 In 2025, we successfully **repositioned a credit strategy and an equity strategy to a climate transition focus**. These strategies were designed to accelerate the shift towards a low-carbon economy, while continuing to deliver strong investment opportunities for our clients.


 We also launched a **strategy dedicated to European autonomy**, in line with the increasing momentum around national sovereignty as a driver for greater resilience.


 Read more: [Sovereignty – how it's shaping sustainable investing | AllianzGI](#) 

 Previously positioned as SFDR Article 6 products, our Emerging Market Debt team began **repositioning the flagship emerging market debt strategies to align with Article 8** reporting requirements – beginning with a sovereign bond strategy. We see this move as a reflection of investor interest in the Article 8 fund classification.

 The year saw **strong net cash inflows into our Best Styles SRI and our Dynamic Multi Asset Strategy (DMAS) SRI** product ranges indicating market confidence in our expertise in relation to financial alpha generation as well as credible sustainability incorporation.

 More specifically, good inflows into the DMAS SRI range reflected investor demand for a well-rounded sustainable solution, while the popularity of our Best Styles SRI products also underscored the appetite of investors to **combine a systematic investment style with strong sustainability credentials**.

 In addition, we initiated a strategic project in 2025 to **review our fund names ahead of the introduction of new requirements** outlined by the ESMA fund-naming guidelines. Both the Best Styles and DMAS ranges meet these requirements – and are two of the 31 AllianzGI product offerings with ESG-related terms in their fund names that comply with the ESMA requirements.

 In 2026, we expect to see sustained interest in **product solutions with a transition focus** – particularly around energy – across public and private markets and will continue to build out our product range to reflect this.

 Read more: [Transition financing – set for a transformational year | AllianzGI](#) 

2.6 Contributing to the sustainability discussion

Principle **2** **3**

We support, shape and promote sustainable approaches to investing by working closely with stakeholders across the industry. Alongside our offering to clients, we participate and, often, lead wider conversations with peers, other financial institutions and industry bodies.

This includes participating in events with investors, asset owners and policymakers. In October 2025, Edouard Jozan, Head of Private Markets, was invited to join the One Planet Sovereign Wealth Fund (OPSWF) Summit in Paris, hosted by the President of France, Emmanuel Macron.

We continued to develop our robust thought leadership content through a programme of sustainability-related content – illustrating the importance of our pivotal themes, while explaining how a sustainable approach can both offer investors opportunities and help mitigate risks.

In 2025, we published 12 **thought leadership papers** [↗](#) primarily around thematic research and stewardship, and more than 30 posts on “Sustainability Now” – **our dedicated sustainability blog** [↗](#) – often taking a deeper dive into sub-themes and news-driven issues.

The blog has developed into a resource used by colleagues across Europe and Asia Pacific regions – extending the reach of our expertise. In 2025, topics ranged from the decarbonisation of the concrete and marine sectors to the rise of sovereignty in Europe and how stewardship has changed over the course of the year.

Addressing the market-wide and systemic risks our clients face is important to us. We take an active role in sustainable finance regulation, contributing to industry initiatives and commitments, and embracing new initiatives to support corporate sustainability disclosure and progress sustainable finance standards and regulation. Such initiatives include:

- **The Net Zero Asset Managers initiative (NZAMi)** [↗](#)

AllianzGI is a member of the NZAMi and we welcomed its strategic repositioning in 2025 as an important evolution. We actively contributed to the process through individual discussions and by participating in consultations and roundtables – reflecting our dedication to constructive dialogue and shaping a framework that supports meaningful climate action across the asset management industry. We believe such collaborative initiatives are essential in progressing towards a net-zero economy.

- **European Financial Reporting Advisory Group (EFRAG)** [↗](#)

Thomas Roulland, Head of Sustainability Standards and Analytics, represents the asset management industry as a member of the EFRAG Sustainability Reporting Board – which is responsible for all sustainability reporting positions of EFRAG including technical advice to the European Commission on draft EU Sustainability Reporting Standards.

The group’s focus in 2025 was on revising the European Sustainability Reporting Standards (ESRS) in line with the Omnibus legislation, which aims to simplify ESRS requirements, reduce administrative burdens and support EU competitiveness.

- **Eurosif SFDR Advisory Group** [↗](#)

AllianzGI is active in Eurosif’s SFDR Advisory Group – a forum critically analysing the SFDR framework and identifying areas for future enhancement.

- **IFRS ISSB Investor Advisory Group (IIAG)**¹

Membership of the ISSB Investor Advisory Group (IIAG), which brings together asset owners and asset managers to provide strategic input on IFRS Sustainability Disclosure Standards.

2.6 Contributing to the sustainability discussion

Principle **2** **3**

Our Stewardship team is also active in industry dialogues. In 2025, the team addressed systemic stewardship issues in China – a major market for our clients – with the aim to support broader market reform and advance shareholder value for the long term.

- In our role as a core member of the UN Principles for Responsible Investment (PRI) China State-Owned Enterprise (SOE) Working Group, we contributed to the group's three-year strategic plan and participated in high-level dialogues aimed at driving effective, outcome-focused engagement with Chinese SOEs. Specifically, the group collaborated with leading industry associations such as the China Iron and Steel Association, on steel decarbonisation, and at the China Petroleum and Chemical International Conference on the oil and gas sector transition. As an active asset manager, we're well-placed to collaborate with critical

stakeholders, supporting Chinese SOEs in advancing their sustainability objectives despite the unique structural considerations of majority state ownership.

- This year, we also co-signed an engagement letter addressed to the China Securities Regulatory Commission (CSRC) – the primary regulator overseeing listed issuers in China. The letter consolidated global investor expectations, including our own, on several capital market and corporate governance reform proposals – such as enhanced disclosure requirements for debt instruments at issuance, clearer terms for executive compensation, and improved granularity and timing of general meeting materials.

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

2.7 Our sustainable investing outlook

We see 2026 as a year of disciplined execution, where sustainability moves from pledge to performance – and where client allocations to SFDR Article 8 strategies continue to anchor ESG exposure.

As we continue to support our convictions, we'll provide further granularity in our methodologies and strategies and fine-tune the information available to portfolio managers – empowering them to make better investment decisions.

We'll do this by further integrating our new PSS methodology into SusIE to show whether specific companies are leaders or laggards and adding a new dashboard module to assess how fund-of-fund investments perform against our own sustainability methodologies and criteria. We also want to reduce our time-to-market when it comes to introducing new data and modules to SusIE and will explore how we can apply more flexible technology to enable this.

AllianzGI is leaning into areas where we have strong conviction and demonstrable demand – above all transition funds, which we expect to benefit from durable policy support, electrification, and capital formation across renewables, grids, storage and enabling technologies. Across public and private markets, we'll use our proprietary alignment metrics – including NZAS and our Energy Transition spectrum framework – to create additional solutions for our clients.

The goal is straightforward: convert sustainability fundamentals into persistent investment outcomes by directing capital to solutions with real-world impact and robust financial profiles.



3. Impact investing

Contents

- 3.1 Our impact investing focus
- 3.2 Our impact investing highlights
- 3.3 Conversation with our portfolio managers: the evolution of impact investing
- 3.4 Expanding our impact offering
- 3.5 Delivering impact outcomes
- 3.6 Contributing to the impact community
- 3.7 Our impact investing outlook



3.1 Our impact investing focus

Impact investing – that is, investing for real-world change – is rapidly evolving. We believe it offers substantial growth potential and are strong advocates of its increasingly important role in addressing social and environmental challenges, while generating financial returns for investors.

Building out our impact investing approach

Assessing and measuring the delivery of impact in a robust and credible way is essential, especially if impact-focused investing is to advance across asset classes – so we make concerted efforts to engage with the wider impact community (see page 38). In private markets, we are able to help shape blended finance (developing markets) as well as impact-focused investments (developed markets) as potential opportunities for institutional investors. In public markets, where impact measurement is less directly attributable, we utilise our Sustainability Insights Engine (SusIE) to gather data on the progress of companies towards the UN Sustainable Development Goals (SDGs).

For our blended finance strategies, we generally align with the impact methodologies of our development finance partners, while for our

impact-focused strategies in developed markets we apply a proprietary impact framework covering four broad pillars:

1. **Establish** impact objectives targeting key societal challenges in line with the SDGs.
2. **Assess** the significance and contribution of potential investments by applying our proprietary impact scoring system.
3. **Identify** core impact key performance indicators to measure and report against, with the aim of demonstrating impact delivery.
4. **Test and learn** continuously to inform future impact investments in private markets and, over time, in public markets.

In recent years, our impact investing approach has developed both in terms of breadth and depth. With the launch of our impact private credit strategy (see page 36) we've

taken impact investing into a new asset class in developed markets – a fast-growing area that has attracted the interest of large institutional investors.

In addition, we recently developed an energy transition methodology spanning impact-focused and sustainability-focused investment strategies. The energy transition requires both investment into environmental solutions that help companies decarbonise, as well as into transitional companies that could enable significant emissions reductions at a system level – and that may have a positive contribution over time, while they themselves are decarbonising. While the methodology was first developed for application in private markets, there's potential to extend this to public markets in the short to medium term.

This year, we also launched a new web page dedicated to our impact offering: [Impact investing | AllianzGI](#) 

3.2 Our impact investing highlights

“In recent years, our impact investing approach has matured significantly. We are strengthening the way we assess impact opportunities and risks through more systematic due diligence, while enhancing how we measure performance and engage with investees on the impact they deliver.”



Diane Mak,
Head of Impact and Sustainability
Private Markets



Our impact private credit strategy vastly **exceeded the original fundraising target of EUR 500 million** and is on track to becoming one of the largest pure-play impact private credit products in the market. [Read more](#)



In December 2025, we announced the first closing of our **new emerging markets credit strategy**, with **USD 690 million** in commitments.¹ [Read more](#)



Responding to client demand, we launched a paper setting out **our proprietary framework** for energy transition in private markets investments.

[Read more: Investing across the energy spectrum | AllianzGI](#)



The first recipient of our new **Impact Research Award**, Associate Professor Taren Sanders, was recognised both internally and through external communications, and joined the judging panel for these annual awards. [Read more](#)



An award win for our impact private credit strategy in the impact investing category at the **ESG Transformation Awards** in Germany.

1) Commitments as at end of December 2025.

3.3 Conversation with our portfolio managers: the evolution of impact investing



Alexandra Tixier (AT),
Head of Impact Private Credit



Leticia Ferreras Astorqui (LFA),
Head of Development Finance

How is impact investing evolving?

LFA: The impact investing market is growing and maturing – and organisations worldwide are taking notice.

Japan's Government Pension Investment Fund (GPIF)¹ – the world's biggest pension fund – has made impact investing a key focus, while several major pension funds in France² publicly announced similar intentions in 2025. Five years ago, impact investing might have been confined to more of a niche within our client base. Today, many clients across different segments are actively looking to allocate

capital to such strategies, to generate financial returns, while also addressing pressing societal challenges. As climate change, geopolitical instability and economic shocks have continued to challenge progress towards the UN Sustainable Development Goals (UN SDGs), clients are starting to see an opportunity to combine real-world positive change with their financial ambitions.

AT: In terms of focus areas, impact investments are helping scale solutions to mitigate global warming, in sustainable agriculture, the circular economy and waste management, as well as social challenges such as improving access to quality healthcare, education and affordable housing.

Robust measurement is essential, however, as large investors want to know precisely what impact their investment is having. This comes down to alignment and collaboration across the impact community – we all need to be on the same page about how impact is measured and managed.

What sets Allianz Global Investors (AllianzGI) apart here?

LFA: At AllianzGI, we've been developing strategies focused on impact investing for 10 years. We started our journey in emerging markets through the launch of blended finance vehicles, and we now manage five large-scale blended solutions across the platform. In addition to blended finance, we have also made significant progress by growing the scale of our solutions and expanding into impact investing in Europe through the launch of the impact private credit strategy in 2024. Now we are seeing impact being considered as a significant value-add and strategic differentiator.

A key strength of our offering is the collaboration between the investment teams and our Impact and Sustainability Private Markets team. While portfolio managers in other firms typically do not have this type of internal support and may revert to the use of

third-party consultants, our investment teams work directly and collaboratively with our in-house impact team.

AT: This also extends to how we work externally. When we're supporting companies through impact private credit, for example, we maintain close relationships with management teams and may even have an observer seat at the board. As a lender, we won't make decisions on corporate strategy, but we represent shareholders and sponsors and can influence decision making and ensure we're building that impact journey together.

By selecting companies that provide solutions through their products or services, and have strong credit fundamentals, and by financing and supporting their growth, we can help them scale their contribution to tackling some of the planet's biggest challenges – while generating financial returns for our clients.

1) [GPIF publishes the 2024 Sustainability Report.](#)

2) [France's FRR launches €500m private equity fund-of-funds mandate with focus on domestic growth.](#)

3.4 Expanding our impact offering

To enable clients to maximise their exposure to positive environmental and social outcomes, we offer impact-focused investments through private markets – such as through private credit or private equity fund-of-funds – and public markets, most notably through green bonds and SDG-aligned funds.

Our impact-focused strategies aim to tackle a broad range of social and environmental challenges, and part of our differentiation in the market is that we extend impact investing to include our long-term commitment to blended finance structures to invest in emerging markets – where capital from private sector commercial investors is combined with that from public sector funds. More specifically, private investors benefit from credit de-risking provided by the public sector investors.

1) Principal Adverse Impacts under the Sustainable Finance Disclosure Regulation (SFDR) measure sustainability-related effects of investments on environmental and social factors.

3.4.1 Impact-focused investing in public markets

Generating real impact through public markets can be challenging, especially when it comes to determining whether a specific company should be included in a fund. For example, large corporations often exhibit both positive and negative sustainability outcomes across diverse revenue streams.

One significant positive when investing in public markets is the public availability of sustainability data. We can feed this into SusIE to give our Stewardship team greater conviction when engaging with those that are making less progress on sustainable outcomes.

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

Our approach applies a set of sustainable minimum exclusions, as well as analysis of the environmental, social and governance (ESG) factors of investee companies. In addition, we analyse Principal Adverse Impacts¹ (PAIs) to avoid companies with poor ESG practices and those that cause significant harm.

Our SDG-aligned strategies often follow our thematic investment approach, built on a solid understanding of secular drivers and the ability to identify companies with long-term potential. We believe these companies have greater growth potential, are more resilient

to macroeconomic and political volatility, and benefit from regulatory tailwinds.

In 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 – and, therefore, having a multiplier effect. Such companies not only manage their own footprints but have a potentially much larger positive effect on others.

3.4 Expanding our impact offering

3.4.2 Impact-focused investing in private markets

Our private markets impact strategies target the generation of positive, measurable impact through direct and indirect investments across private debt and equity. AllianzGI is a pioneer in blended finance, raising over USD 3.5 billion since 2017 to provide catalytic capital that supports client portfolio diversification and sustainability goals.



Our new emerging markets credit strategy

December 2025 marked the first close of our new emerging markets credit strategy with USD 690 million in commitments. This strategy marks our third blended-finance debt vehicle and fifth blended finance structure for our private markets platform. It is one of the largest blended finance products launched in the market. The strategy will invest in Paris-aligned

projects across emerging markets globally, aligning strongly with our sustainability and climate ambitions. It aims to support capital-scarce markets to become more climate-resilient, while contributing to social outcomes such as financial inclusion and gender equality.

This highlights the power of public-private collaboration: meeting the scale and risk-return requirements of private investors, while addressing development priorities across emerging markets.

3.4.2.1 Engaging in private markets

Our engagement approach for impact-focused strategies centres on managing material risks and supporting sustainability performance and value creation in private markets. We publish an annual impact report for our impact investment strategy detailing our approach

to supporting impact delivery across the investment lifecycle, including engagement. In 2024, to encourage better impact management, assessment, key performance indicator (KPI) setup and data collection, we held 14 impact engagements with our underlying investees via in-person or virtual meetings. We will report on our engagement activities for 2025 in our 2026 report.

For our impact private credit strategy, we engage as an impact lender. This includes negotiating for the relevant impact and sustainability requirements to be included in investment documentation (including, for example, information undertakings and impact targets), participating where feasible as an observer in the portfolio company's advisory board to enable more frequent discussions of impact and sustainability topics, and exploring the potential for structuring impact or sustainability-linked margin ratchets to further incentivise delivery of impact and sustainability outcomes.

“The first close of the emerging markets credit strategy marks an important milestone in leveraging our expertise in blended finance investments to channel meaningful private capital toward the world’s most urgent sustainability challenges. Emerging markets hold extraordinary potential for climate progress and long-term value creation. Thoughtful structuring can unlock that potential at scale to deliver a solution that combines resilient financial performance with real-world impact.”



Ludovic Subran,
Chief Investment Officer and
Chief Economist, Allianz Group

3.5 Delivering impact outcomes

While impact investing has become increasingly mainstream, AllianzGI has been a leader in this space for close to a decade – with a strong track record and expertise across both developed and emerging markets. Guided by our convictions, which remain steadfast regardless of short-term market trends, we are consistently achieving real-world impact, while delivering financial returns for our clients.

Our Impact and Sustainability Private Markets team, established in 2021, is responsible for developing AllianzGI's impact due diligence approach for impact investing strategies and leading on impact value creation across the lifecycle of impact investments. This includes engaging with investees to support impact value creation, helping generate positive social or environmental outcomes aligned with client

impact objectives – alongside financial returns – and monitoring and analysing impact data from portfolio companies to enable transparent reporting to clients.



Our impact private credit (IPC) strategy

Our recently launched impact private credit strategy made its first investments in 2025 across core themes in Europe, including in circular economy business models delivering more sustainable waste management and sustainable agriculture solutions contributing to measurable reductions in chemical pesticide use.

In 2025, we achieved the IPC's fourth closing, raising EUR 705 million in commitments from leading European institutional investors including Allianz, APG Asset Management,

the European Investment Fund (supported by the EU's InvestEU initiative), and La France Mutualiste across two products.¹

This outcome was significant for AllianzGI's private market platform, underscoring strong market confidence in institutional-ready impact investment solutions. The products are classified as Article 9 under the SFDR.

Although impact investing in private credit is relatively new, we're seeing an increasing pipeline and opportunities for AllianzGI to partner with – and create value for – both impact and non-impact sponsors, especially as the latter do not typically have in-house impact teams.

¹) Comprising a multi-investor fund and a single-investor fund.

3.5 Delivering impact outcomes

CASE STUDY **Bioline Agrosciences**

In 2025, Bioline Agrosciences – a global leader in biological crop protection – entered a new phase of growth through the joint support of AllianzGI and Eurazeo’s Planetary Boundaries Fund. AllianzGI provided impact-focused private credit alongside Eurazeo’s equity investment, enabling the 100% acquisition of Bioline and a robust plan to accelerate its sustainable impact.

Specialising in microbial solutions – insects and mites that are beneficial to agricultural practices – Bioline Agrosciences enables growers in over 40 countries to reduce chemical pesticide use, supporting healthier food systems and biodiversity. In doing so,

the company addresses the urgent challenge of pesticide resistance, environmental contamination and regulatory pressure for sustainable agriculture. Bioline Agrosciences partners with distributors and directly serves farmers across the globe.

Eurazeo and AllianzGI’s investment brings capital and impact expertise to scale Bioline Agrosciences’ reach, enhance impact measurement, and drive further decarbonisation, supporting science-driven innovation to transform agriculture for people and the planet.

CASE STUDY **Fluo Group**

In 2025, we also successfully co-arranged a tailored financing package to support H.I.G. Capital’s buyout of Fluo Group, a Finnish circular economy provider. Our involvement will enable Fluo Group to seize compelling growth opportunities in sustainable waste management.

Fluo plays a critical role in Finland’s circular economy, operating a fully integrated platform that spans waste collection, sorting and treatment, as well as the downstream production of recycled plastics and lubricants.

3.6 Contributing to the impact community

Our involvement with the wider impact community underscores our belief that standardisation and consistency in impact investing – especially in terms of definitions, principles and methodologies – are critical to scaling the impact investing market. For example, last year, Diane Mak, Head of Impact and Sustainability Private Markets, attended the Fide Oxford Congress 2025 to discuss with industry peers and investors how impact investing is moving into the mainstream, sharing with attendees our frameworks and methodologies for achieving and scaling measurable impact – a hallmark of our approach. Diane also discussed impact convergence and the advancement of standardised impact measurement on panels at the Responsible Investment Forum Europe and at the Impact Investor Global Summit.

1) [Impact Convergence Forum for Private Equity](#).

2) Avoided Emissions & Climate Investing: [A Guide for Investors and Businesses | WBCSD](#).

3) [Certificate in Impact Investing | CFA UK](#).

By aligning with our industry peers, and by working together on more consistent approaches to impact due diligence, measurement and management – we can provide the clarity and confidence that large investors require. Investors need evidence that their capital is making a measurable impact, avoiding the risk of green or impact-washing.

In 2025, we continued to raise awareness around impact investing “demystifying” it to interested potential clients across multiple locations. There are still investors who have never invested in private credit, or who may not even fully understand what impact investing entails. Our presence at relevant conferences and events, collaboration with peers and internal training all help generate greater awareness – not only of what impact investing means, but the value it creates.

Leading the conversation

We are one of the founders and a Steering Group Member of the Impact Convergence Forum (ICF)¹, with the objective of encouraging convergence in impact measurement and management practices among asset owners and asset managers, to ensure high-integrity practice, while enabling better decision making. This year, in partnership with Prime Coalition (Project Frame) and the World Business Council for Sustainable Development, we contributed to the ICF’s guide to avoided emissions and climate investing for investors and businesses.²

In 2025, we contributed to the CFA UK’s Impact Investing certificate³ as co-authors of the Impact Measurement and Management topic. This not only supports our ambition to raise broader awareness of impact investing but helps develop talent and attract new people to this growing field.

We also led a dedicated task force hosted by France Invest, to develop and publish best practice guidance on “Impact Investing: Lenders’ Investor Contribution”. This guide explains the pivotal role lenders play in driving impact, both prior to, and following, an investment – providing a detailed exploration of how lenders can actively contribute to the creation of meaningful social and environmental outcomes.

In addition, AllianzGI colleagues spoke at the Phoenix Capital’s Impact Summit Europe, the Global Impact Investment Network Impact Forum, the Financial Investigator’s pension seminar on impact investing, the SuperReturn Emerging Markets conference, and others.

3.6 Contributing to the impact community



Recognising impact research

Now in its second year, our annual Impact Research Award recognises the critical role that independent academic studies play in our impact due diligence process. Robust external evidence is essential for assessing the contribution that prospective investments can make to meaningful social and environmental outcomes. Academic research forms a core part of this evidence base, strengthening our confidence that the investments we select will help deliver real-world impact.

To further enhance the rigour of the process, this year's panel also included two external academic judges.



Impact Research Award 2026 award winner

This year's award is presented to the Netherlands Mental Health Survey and Incidence Studies (NEMESIS) research team at the Netherlands Institute of Mental Health and Addiction (Trimbos Institute), led by Margreet ten Have, senior researcher in the Department of Epidemiology. The team also includes Marlous Tuithof, Saskia van Dorsselaer, Simone Korteling and Annemarie Luik.

Their winning paper, "Prevalence and trends of common mental disorders from 2007-2009 to 2019-2022: results from the Netherlands Mental Health Survey and Incidence Studies (NEMESIS)", offers a rigorous analysis of mental health trends before and during the Covid-19 pandemic.

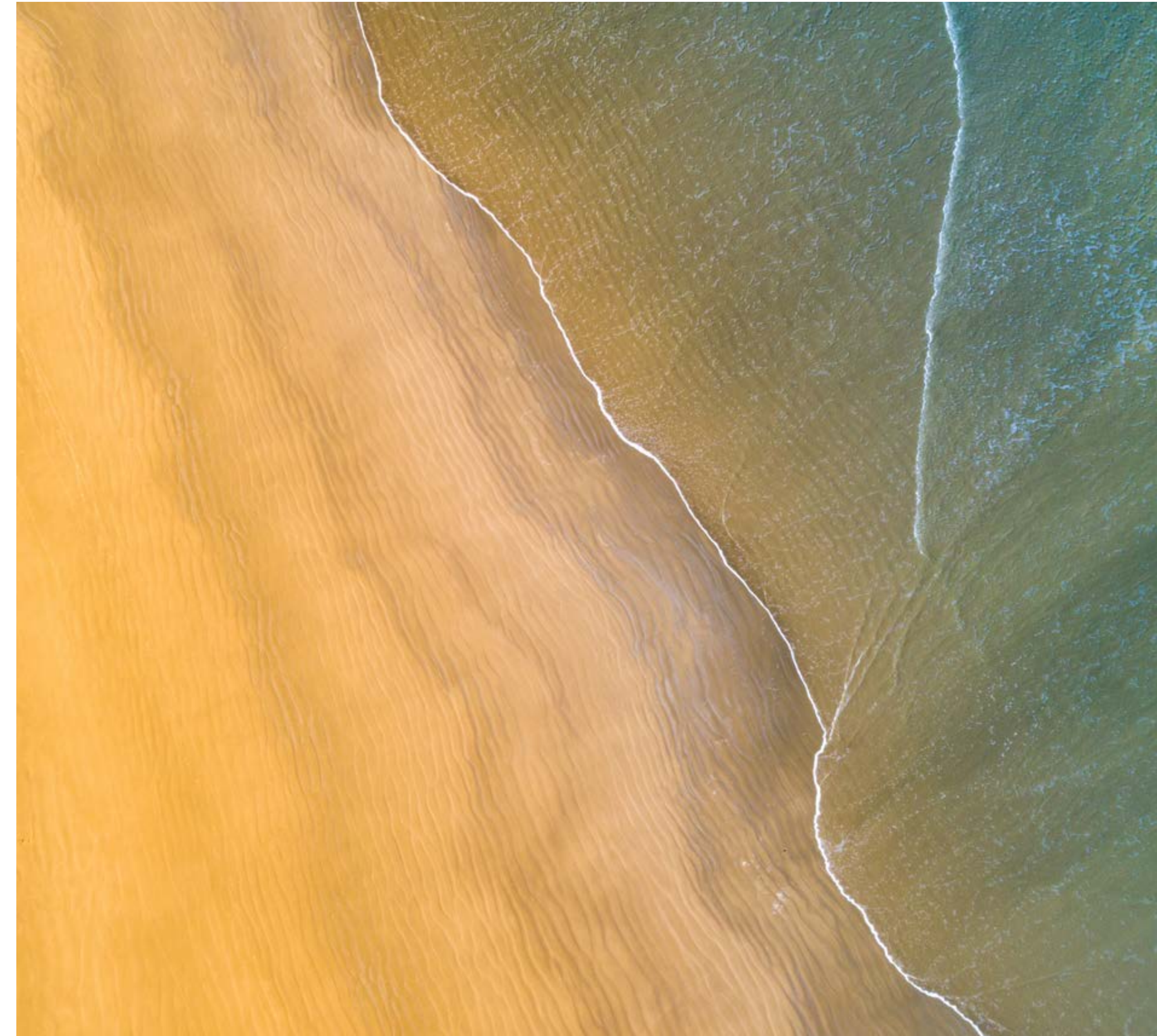
A key finding is that more than one quarter of respondents aged 18-75 (25.9%) met diagnostic criteria for a mood, anxiety, or substance-use disorder in the previous 12 months. This evidence is vital for understanding the scale of mental health needs and for informing both policy interventions and investment approaches aimed at improving health outcomes.

[Read the full paper | Wiley](#)

3.7 Our impact investing outlook

In 2026, we aim to:

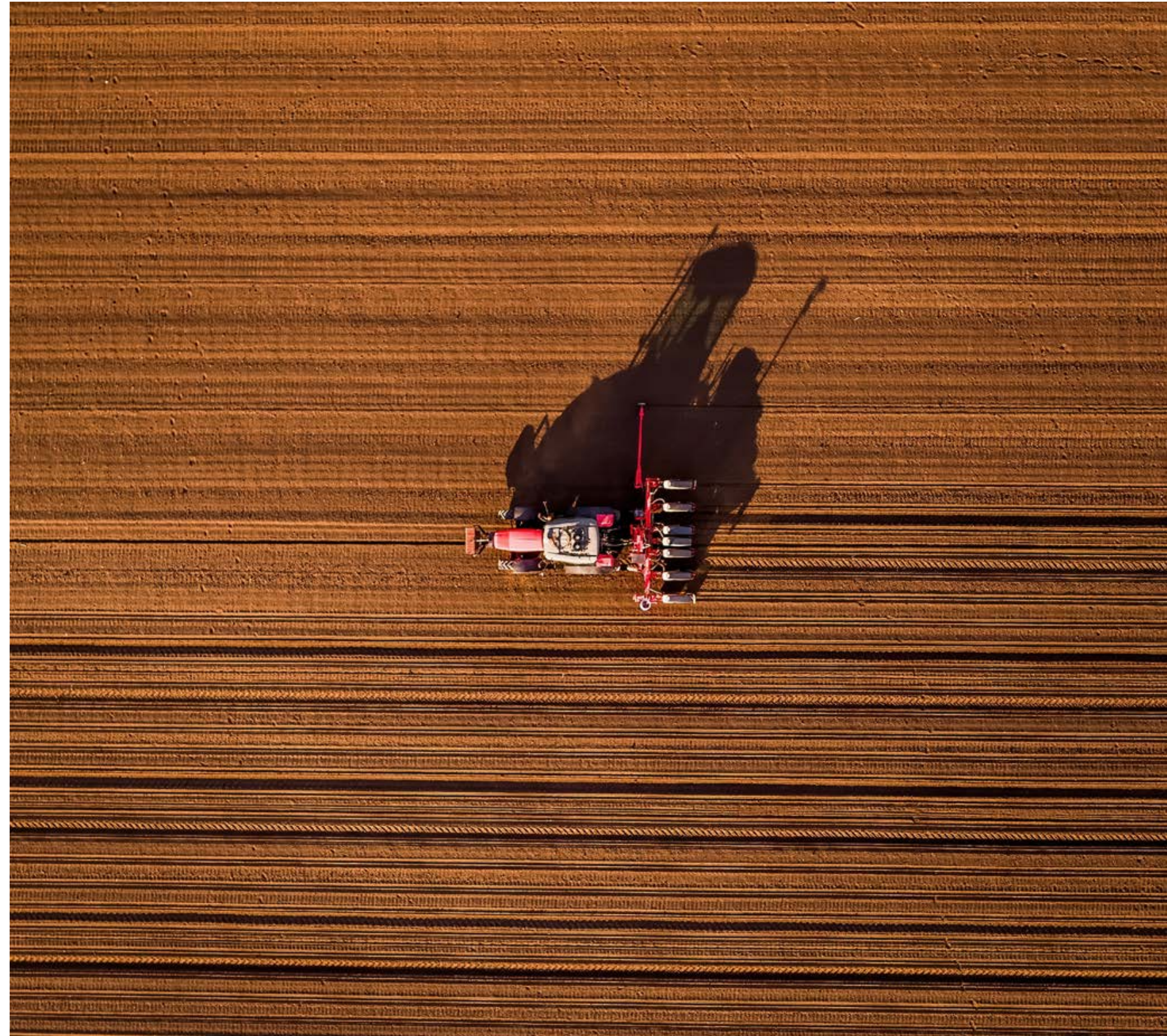
- Continue to develop and implement impact and sustainability-focused investing approaches and offerings across a broader range of asset classes – including by building on our new emerging market credit strategy and deploying and implementing our impact approach for IPC.
- Further contribute to impact convergence activities, working closely with asset owners and asset managers to build on initiatives that improve consistency in impact due diligence and measurement methodologies.
- Continue to build our impact data management system to enable better impact monitoring to inform engagement – for example, to better analyse data for our IPC and emerging market credit strategies.
- Apply our energy transition methodology across a broader range of offerings, for example private credit and infrastructure asset classes.
- Innovate on developing impact-linked margin ratchets for impact private credit – collaborating with private equity sponsors and companies to design new market mechanisms.
- Continue to develop our impact reporting capabilities across developed and emerging markets strategies, including through independent impact verification.



4. Active stewardship

Contents

- 4.1 Our stewardship focus
- 4.2 Our active stewardship highlights
- 4.3 Conversation with a portfolio manager: the role of engagement
- 4.4 Our engagement strategy
- 4.5 How we engage
- 4.6 Engagement in numbers
- 4.7 Engagement outcomes
- 4.8 Exercising our voting rights
- 4.9 Managing conflicts of interest
- 4.10 Our stewardship outlook



4.1 Our stewardship focus

Principle **1** **3**

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.

Our approach to active stewardship

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 targeted discussions with companies covering a diversity of major governance and sustainability themes – and proxy voting, where we exercise our voting rights at company annual general meetings (AGMs), as well as targeted escalation.

With our investee companies, we address material topics of importance to us as a firm – defining clear engagement objectives and then assessing progress towards targeted outcomes. For our equity holdings, our proxy voting is linked to outcomes of our engagements, ensuring transparency of how we act as stewards of our clients' assets, while giving them confidence we're meeting our fiduciary duty.

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

Engagement informs our investment decisions. Our investment professionals across equities and fixed income 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 headwinds in one of the major markets for filing shareholder resolutions.



4.1 Our stewardship focus

Principle **1** **3**

“Through an active and engaged approach to stewardship, investors like Allianz Global Investors can play a meaningful role in addressing global sustainability challenges – helping underperforming companies transition towards more resilient and sustainable paths. Our stewardship and funding strategies reflect our convictions and leadership across key themes, including climate, governance and biodiversity.”



Antje Stobbe,
Head of Stewardship

Client feedback informs our approach

Client feedback shapes our stewardship strategy. During regular client meetings, we discuss stewardship activities and gain important insights that define our thematic engagement priorities and target companies.

For some clients, investee companies’ climate strategies are a focus. We hold dedicated feedback meetings to discuss the decarbonisation pathway of the portfolio and the outcomes of engagement and voting.

In 2025, we also held deep-dive conversations on our proprietary research approach in assessing companies’ climate transition plans and methodology to track their long-term progress. In addition, we discussed outcomes of climate engagements on areas of concern.

We continued to 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 took clients’ preferences into account when selecting biodiversity-related engagement targets and focused on circularity as a deep-dive topic.

On proxy voting, we provided clients with insight into our policy, processes and decision making, along with an outlook for the upcoming season. Client feedback on how to enhance our processes and transparency fed directly into our proxy voting policy review.

4.2 Our active stewardship highlights

Principle 1



4.3 Conversation with a portfolio manager: the role of engagement

Principle **1** **3**

Giles Money,
CIO Global Sustainability/SRI Equity

How does engagement drive positive outcomes for your portfolios?

Engagement is central to around 25% of our portfolio outcomes. We work with selected companies on topics such as strategy, communication, pay alignment, resourcing and, where needed, controversy management – all with the aim of improving the value of both the company and our shareholding.

Effective engagement takes time: corporate decision making moves more slowly than markets, so building strong relationships with boards and management requires a long-term commitment.

What makes a successful engagement?

Good data and a meaningful shareholding help, but impact depends on preparation and approach. We come to meetings with deep research – on the business itself and its governance – to ensure our asks are grounded and credible.

A recent example is our engagement with a housing products company on product recyclability. With building waste rising on regulatory agendas, firms need to stay ahead of evolving rules. Understanding how a company is preparing helps us identify those positioned to innovate and grow. In this case, our expertise in biodiversity, plastics and governance helped us secure direct access to the firm's head of sustainability and research and development.

How do you collaborate with AllianzGI's Sustainability team?

The Sustainability team is integral to our work in portfolio management. Their sector and regional expertise, as well as their strong company networks, allow us to quickly develop informed views and ensure engagements align with client needs.

Colleagues from the Sustainability team often join us at our engagement meetings with target companies, and we have frequent meetings to share learnings with other investment colleagues.

What role does AllianzGI's Sustainability Insights Engine (SusIE) play?

Engagement without the right data is impossible. Our proprietary data platform, SusIE, provides extensive datapoints – but its value lies in how we contextualise them through qualitative frameworks. This ensures we use the right data for the right client and can tailor our analysis to different objectives.

At the stock-picking level, SusIE gives us a complete, integrated dashboard of what we need to know when researching companies and sectors. In 21 years of running sustainable investments, I find this a very impressive tool.

4.4 Our engagement strategy

Principle **1** **3**

While the overall sustainable investing landscape is undoubtedly changing – and despite headwinds over the past year – our engagement strategy stayed on course. Given the undiminished demand from many of our clients, we continue to believe in the importance of stewardship, and address financially material sustainability and governance topics with our investee companies globally.

Our engagement strategy rests on two pillars: thematic engagement and risk-based engagement. We lead many one-to-one engagements and increase our influence by complementing these with collaborative engagements with other investors.

We’re convinced that engagement can play an important role for all our asset classes, and extend engagement in public markets across equities and fixed income. Our activities in multi asset and private markets are led separately by

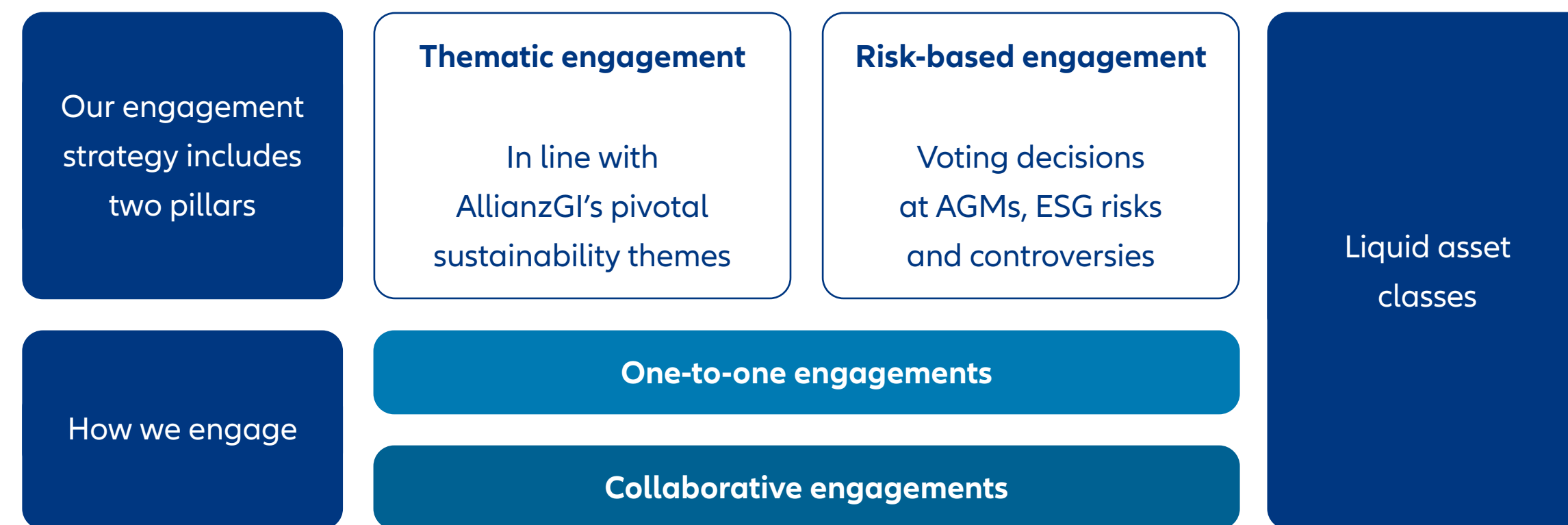
the respective teams. Our engagements and voting decisions are shaped by our long-term thematic conviction as laid down in our Engagement Policy Statement and our Global Corporate Governance Guidelines.

Using this approach, we strike a good balance: reducing environmental, social and governance (ESG) risks across our portfolios, while guiding clients and companies towards inclusive, sustainable change. It also ensures we set clear engagement objectives from the outset.

4.4.1 Thematic engagement

Our engagement is guided by our three pivotal themes: climate change, planetary boundaries and inclusive capitalism. Our Research and Stewardship teams continued to cooperate closely on these themes throughout 2025, working alongside the Sustainability Methodologies and Analytics team. This close collaboration gives us more in-depth thematic or sectoral analysis and knowledge, allowing

Exhibit 6: AllianzGI’s engagement approach



Source: Allianz Global Investors, 2025

us to better compare and benchmark company performance – and identify best practices and laggards. This translates into a consistent process for engagement and voting involving rigorous application of data and research.

Given the urgency of climate transition, we continued to engage key high-emitting sectors and financial institutions, and built out our work on hard-to-abate sectors.

Within planetary boundaries, we built out deep-dive engagements on water and deforestation, and – based on the analysis of our Research team – refined our engagement framework on circularity, which requires a sector-specific approach.

For inclusive capitalism, we maintained our focus on gender diversity and human rights, where we deepened project work on living

4.4 Our engagement strategy

Principle **1** **3**

wages. And, with the topic continuing to rise in importance throughout 2025, we intensified our engagement on responsible artificial intelligence (AI) – especially on certain issues where we have identified laggards.

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

4.4.2 Risk-based engagement

Our risk-based approach focuses on the most material sustainability or governance issues and controversies we identify at our key holdings. 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.

We initiate engagements where our research signals material sustainability or governance-related risks or controversies. In 2025, we established 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 not properly addressed.

4.4.3 Collaborative engagement

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, shared conviction and collaboration with other investors is the most

effective way we can achieve engagement objectives for our clients. By joining forces, we can increase our impact and reach a greater number of our portfolio companies – which is especially important for those in which we hold major concerns but only small holdings.

During the year, we continued to work across our three pivotal themes and deepened our work in the collaborative engagement initiatives we joined or co-founded in previous years. Our Stewardship team is also working with others in our industry to address systemic stewardship issues, for example via the International Sustainability Standards Board (ISSB) and in China – see section 2.6 for further detail.

While most of our engagements in 2025 were one-to-one with target companies, we intensified our work through the 30% Club Germany Investor Group, NA100, UN Principles for Responsible Investment (PRI) Spring, and Platform Living Wage Financials (PLWF).

We also took the lead of an engagement group within the PRI Advance stewardship initiative on human rights. Climate continues to be a major focus of our stewardship work, where we leveraged the Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative (NZEI) and Climate Action 100+.

In 2025, we led, or participated in, 40 collaborative engagement meetings, broadly in line with the prior year (2024: 46).

4.4 Our engagement strategy

Principle **1** **3**

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 initiative on human rights
- PLWF
- UN Principles for Responsible Investment Spring

30% Club Germany/France Investor Groups

We co-chaired the 30% Club Germany Investor Group in 2025 – for the third year. We have also been a member of the 30% Club France Investor Group since 2021. These groups aim to increase female representation on management boards and among senior executives, and to improve the pipeline of female talent. We led or supported 12 engagements with DAX 40 and MDAX companies in 2025¹ and another four meetings with French companies. Focus areas in 2025 were the implications of the US backlash on companies' gender diversity strategies, and conclusions from the gender pay gap disclosure under the Corporate Sustainability Reporting Directive (CSRD).

4.4.4 Escalating engagement concerns

Where companies aren't adequately responsive to concerns raised, or where their actions don't give due consideration to the interests of minority shareholders, escalation is an explicit part of our active stewardship strategy. While our preference is to engage investee companies confidentially, we're prepared to escalate to public engagement if we conclude that our concerns cannot be resolved through standard dialogue – or if we believe an engagement has failed to meet our objective. Please refer to the [Policy and Context Report](#) for our escalation process.

Co-filing shareholder resolutions is an important part of this process. In 2024, we co-filed our second shareholder resolution at PepsiCo – targeting the 2025 AGM season and asking the company to prepare a public report assessing the extent to which its supply

chains and operations impact biodiversity and are vulnerable to biodiversity loss. We also continued our engagement with McDonald's, having co-filed our first shareholder resolution in 2023 – reporting an important stewardship outcome in 2025 with respect to water risk management (see case study on page 61).

We continued to pre-announce votes for AGMs, escalating themes important to us or those where our stake or experience makes escalation in this manner appropriate. This emphasises our conviction to our investee companies and draws the attention of the market, clients and other companies to particular issues or resolutions in line with our pivotal themes.

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.

4.4 Our engagement strategy

Principle **1** **3**

In 2025, we pre-announced votes on issues such as climate, responsible AI, children's rights, shareholder rights and various governance issues. Our approach expanded globally in 2025, covering five companies in the US, Japan, the Netherlands and Germany.

We also used collaborative engagements or targeted votes – against directors, for example – to escalate concerns. Reducing or exiting our investment position is a last resort, with the decision taken at a portfolio level.



CASE STUDY

Divesting a Chinese skincare company

In May 2025, we engaged a leading Chinese skincare company – in which we held a position – on concerns of corporate governance, with a focus on capital allocation.

Following its 2022 IPO, the company conducted equity placements in 2024 and again in 2025. A significant portion of the 2024 proceeds remains unused, while what was raised in 2025 is designated only for a broad overseas expansion plan lacking specific targets or a defined timeline. This activity appeared to be opportunistic fundraising during a phase of share price strength and was further complicated by a skewed dividend policy – with approximately half of the distributions flowing to the founding family.

These practices raised significant concerns regarding governance and capital discipline, and no improvement plans or new commitments were identified to mitigate this risk. After engagement and further consideration, we did not participate in the 2025 equity share placement by the company – and subsequently exited our position, partly as a result of our governance concerns.



4.5 How we engage

Principle **1** **3**

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 an 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 also 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.

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 responsible AI or defence. This collaboration supports the development of our engagement frameworks. 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.

Our investment views are influenced by the outcomes of engagements – and our engagement results are linked to the proxy

voting process to support a consistent stewardship approach. All engagement results are shared via the engagement module in our Sustainability Insights Engine (SusIE) and can be accessed by our investment professionals globally.

4.5.1 Engaging across asset classes

4.5.1.1 Engagement with corporates

Our engagement activities apply to all public market activities, comprising equity and fixed income strategies globally. Broadening our stewardship approach across liquid asset classes and integrating stewardship outcomes into the investment process has been the focus of our internal stewardship strategy over the past two years.

Reflecting these efforts, 37% of our engagements were led by equities and corporate credit

investment professionals in 2025 – and 18% were led by fixed income alone, which marks a sizeable increase since 2023 (4%).

Portfolio managers are supported by the Stewardship team through two dedicated ambassador groups in equities and fixed income, who provide guidance on how to conduct engagements and discuss engagement topics, outcomes and potential escalation strategies.

These groups have also proven effective in facilitating the coordination of engagements and collaboration across the investment platform – we regularly combine the expertise of the Stewardship, Equity and Fixed Income teams in joint engagement meetings, and have significantly enhanced this collaboration over the past two years. SusIE's engagement module plays a key role here, enabling teams to plan engagements and seamlessly informing teams of their outcomes.

4.5 How we engage

Principle **1** **3**

Training is an important element of our internal stewardship strategy – and, in 2025, we deepened the sustainability and engagement skills of our investment professionals via our Sustainability Series training, hosted by Research and Stewardship team members.

4.5.1.2 Emerging market sovereigns

Our experience investing in emerging market sovereign debt has taught us that engagement requires a long-term approach – naturally, sovereigns do not work towards quarterly earnings or other corporate deadlines. Establishing a rapport, raising issues and monitoring change over ESG issues aligns with our fiduciary duty towards our clients and supports investment decision making.

In 2025, our ESG-related contacts with emerging market sovereign delegations across the globe covered Angola, Argentina, Bosnia and Herzegovina, Brazil, Colombia, Costa Rica, the Czech Republic, El Salvador, Ghana,

Iraq, Kenya, Kuwait, Lebanon, Nigeria, Oman, Panama, Peru, Romania, Saudi Arabia, South Africa and Turkey.

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 emerging markets ESG sovereign framework, which is maintained and updated every six months by our Sustainability Methodologies and Analytics team.

To quantitatively assess emerging market sovereigns, this framework uses 20 publicly available indicators – across 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.

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. Our new Proprietary Sustainability Score (PSS) sovereign framework – based on our new proprietary sustainability score methodology (see page 20) – helps us engage in more tailored, deeper discussions with the emerging market sovereigns in which we invest.

In emerging markets, these discussions can be fraught with political and economic uncertainties and lack of data access – structuring them around reliable public data from reputable institutions helps us conduct more meaningful and objective engagement.

Engagement via 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 specific issuer in our sustainability-focused portfolios. It also helps us, as investors, gain insight into both the mechanics and the incentives systems at play in specific sovereign policy areas.

As a member of the Emerging Markets Investors Alliance (EMIA), we also conducted collective emerging markets sovereign engagement for the fourth consecutive year. The EMIA is a pro-bono industry association that gathers emerging market investors, non-governmental organisations and think tanks to advocate for better ESG outcomes in the emerging market sovereign and corporate issuers we invest in.

We aim to continue to engage with sovereign issuers in 2026 via a mix of country visits and roadshows, as well as via the collective engagement platform provided by the EMIA.

4.5 How we engage

Principle **1** **3** **5** **6**

CASE STUDY Water scarcity in Jordan

Jordan scores just below the emerging markets average in our proprietary ESG sovereign framework. However, under the environmental pillar, water stress and management issues represent a particularly acute vulnerability – something we’ve regularly discussed with the relevant authorities over the years, as these issues have resulted in fiscal repercussions and challenges to the financial sustainability of the water sector.

In June 2025, after much negotiating, the authorities agreed with the International Monetary Fund to a USD 700 million Resilience and Sustainability Facility – which aims to support their efforts to address long-term vulnerabilities in the water and energy sectors. In particular, they will focus on the Aqaba–Amman Conveyance (AAC) project, which will transport desalinated seawater from Aqaba to Amman.

Following a competitive selection of the project manager, they are working on financial closure of the project – anticipated in the first quarter of 2026. They have also finalised a masterplan for the investment needs and timeline required for the readiness of the distribution network, which is expected to be financed through donor grants and concessional financing.

The high unit cost of AAC water is expected to place significant pressure on the financial viability of the Water Authority of Jordan (WAJ) – it’s highly likely that continued engagement on the topic will be necessary to maintain momentum on reforms to ensure sector sustainability.

4.5.1.3 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’ve 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’s 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.

4.5 How we engage

Principle [1](#) [3](#) [5](#) [6](#)

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.



4.6 Engagement in numbers

Principle **1** **3**

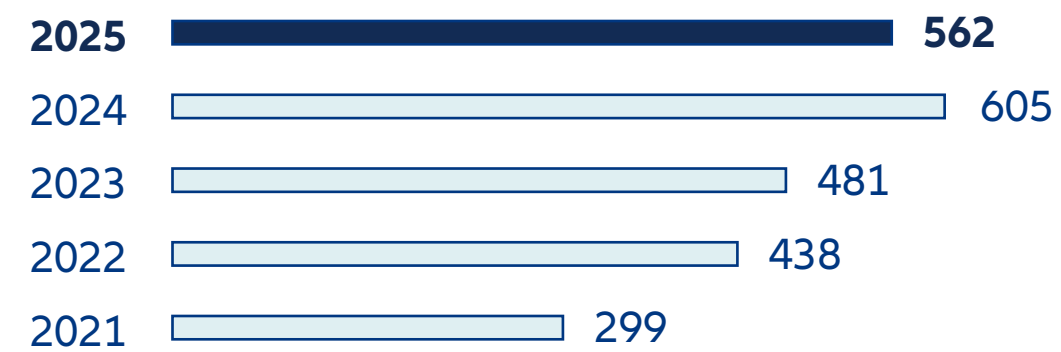
In 2025, we engaged with 451 public companies on 562 occasions. This is a slight decrease in engagements compared to 2024 – which marked a record year in terms of engagement activity. While our long-term conviction of the benefits of integrating stewardship into the investment process remains high – and our engagement remains well above the levels seen in 2023 – we observed headwinds in the past year, not least due to the developments in the US.

Engagements covered 1,151 topics (2024: 1,255) and we often engaged on more than one topic per company (see Exhibit 9).

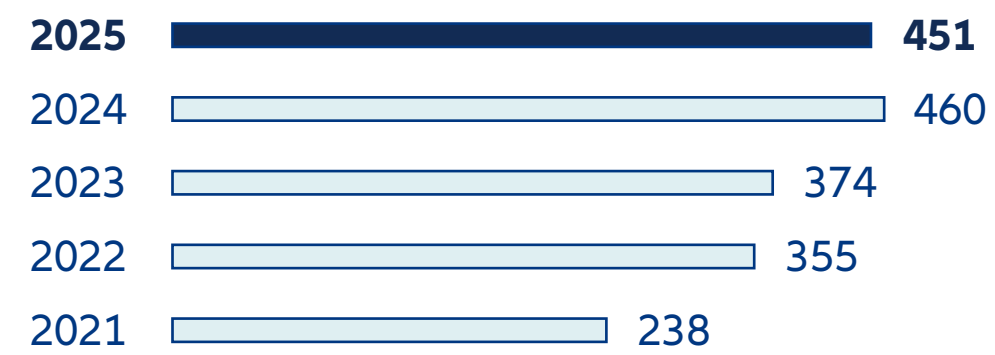
Exhibit 7: Our engagement activities

Maintaining strong engagement activities

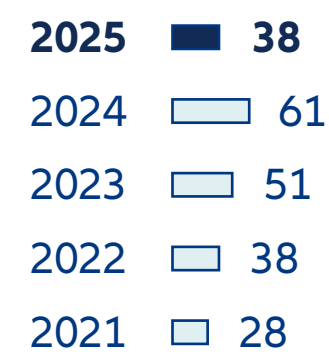
Engagements



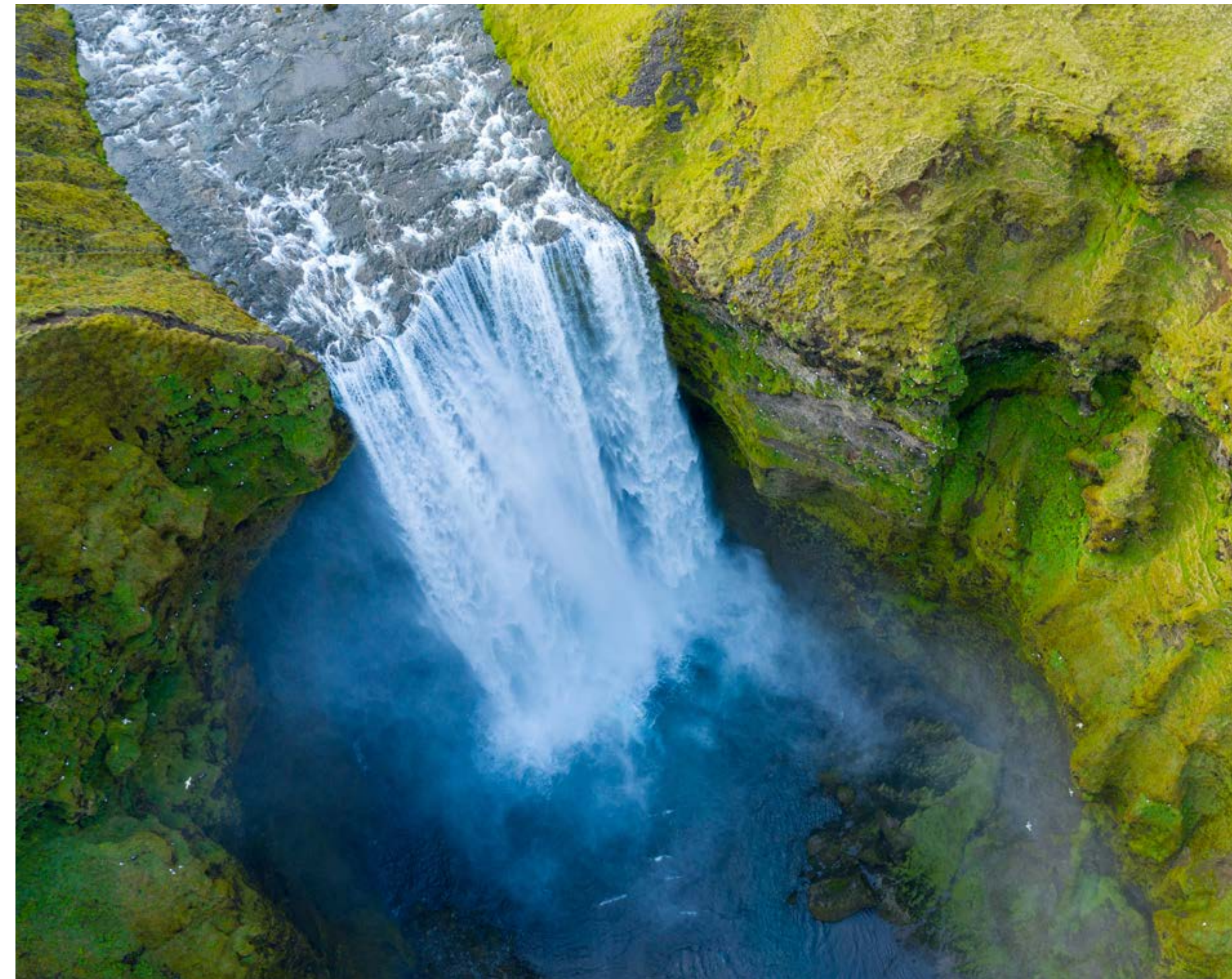
Companies engaged



Stewardship outcomes



Source: Allianz Global Investors, as at 31 December 2025



4.6 Engagement in numbers

Principle **1** **3**

Engagement by geography

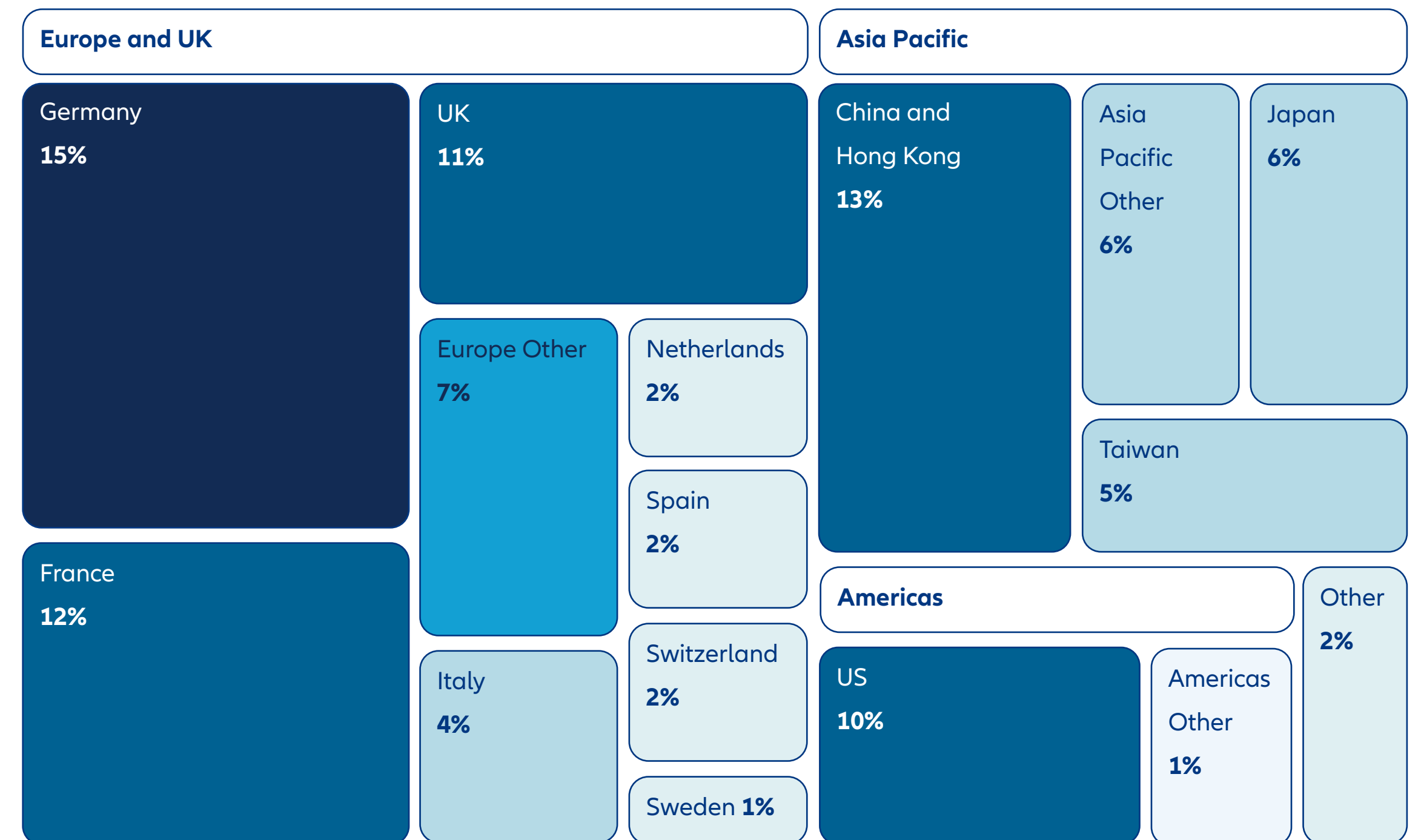
The locations of our engagements reflect the main markets we invest in and the size of individual holdings in those markets – both assets under management and relative share of the holding. As such, we target issuers globally, with a focus on Europe, the US and our major markets in Asia. We engaged in 37 locations globally in 2025 (2024: 39).

In Europe, we engaged most frequently with companies in Germany, France and the UK. The US remains an important market in which we invest and ranks in the top five in terms of engagement (10%).

In Asia, which accounted for 30% of all engagements in 2025, we continued to expand our engagements – with a focus on China, Hong Kong, Japan, Taiwan, India and South Korea. With a significant number of portfolio

managers and dedicated stewardship resources in Asia, we’ve broadened and deepened our engagement approach in this region as a growth market for AllianzGI.

Exhibit 8: Breakdown of overall engagements by location



Source: Allianz Global Investors, 2025

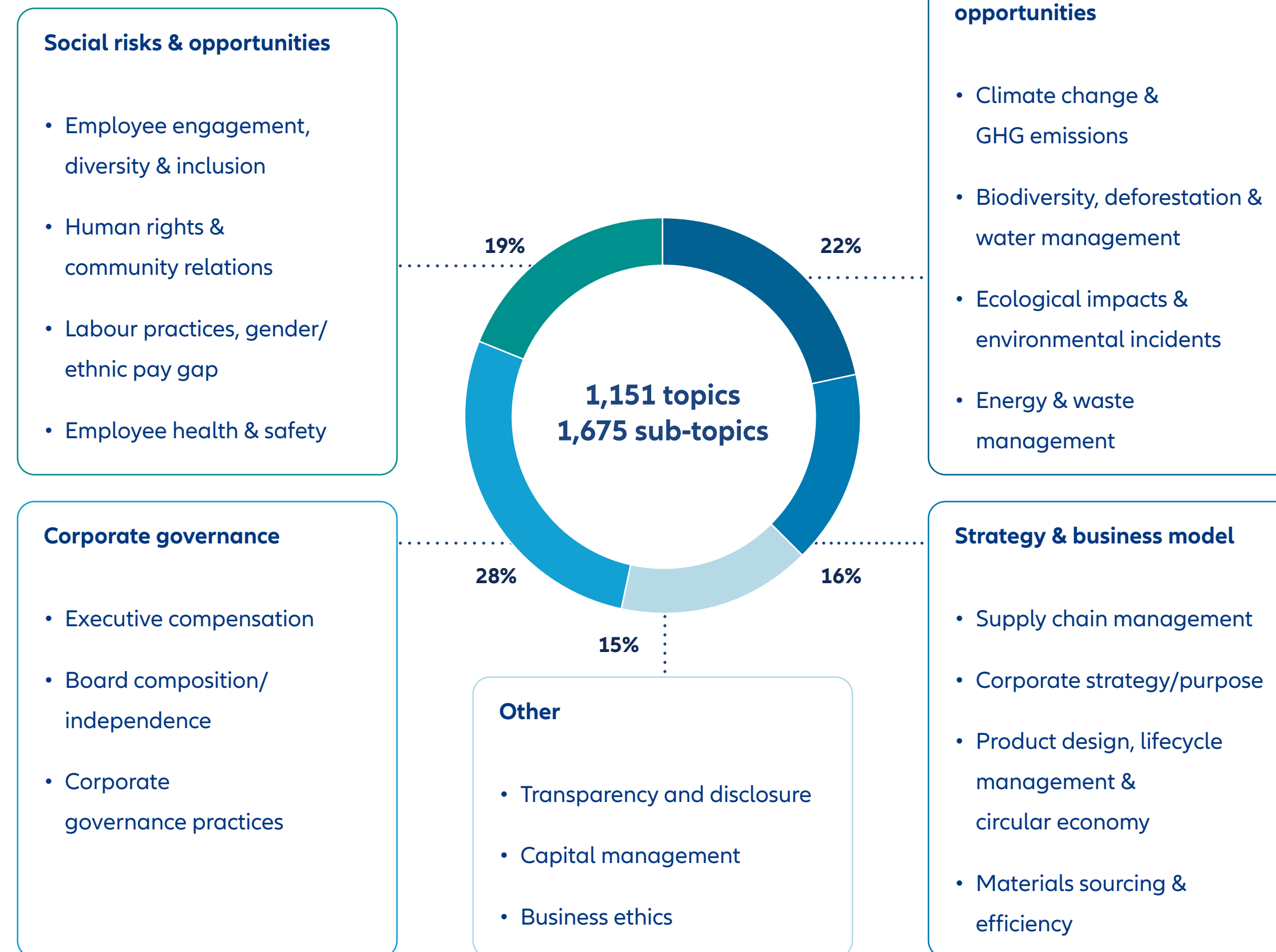
4.6 Engagement in numbers

Principle **1** **3**

Engagement by topic

Engagement activities in 2025 covered a broad range of topics. In 35% of cases, we spoke to companies about corporate governance, business conduct and transparency issues – a slightly higher percentage compared to 2024. Our persistent focus on environmental and social topics, in line with our three guiding themes, continued to be evident, with 59% 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 20% of the companies engaged, broadly in line with 2024.

Exhibit 9: Our engagement priorities



Source: Allianz Global Investors, 2025

Outcomes recorded

We registered 38 stewardship outcomes where companies took steps that we had explicitly referenced during engagements (2024: 61). In some cases, this followed multi-year engagements. Executive remuneration and governance issues were the focus in around 54% of these cases. About 16% of outcomes were related each to climate and biodiversity.

4.7 Engagement outcomes

Principle **1** **3**

4.7.1 Thematic engagement

We've developed proprietary engagement frameworks to shape our analytical approach to thematic engagement, covering topics such as water and responsible AI. Across our pivotal themes, engagement frameworks leverage the thematic work of our Research team and enable company comparisons and cross-sector benchmarking, as well as providing structured questions for engagement conversations with target companies.

In 2025, we specialised our approach to existing subject areas and added new thematic projects such as responsible AI. Given the rising importance of sovereignty, we also developed a framework for a thematic engagement project on defence – and will build this out further in 2026.

The engagement outcomes described on the following pages are only select examples of our activities – these have been complemented by further stewardship work on gender diversity and mental health, for example, alongside additional net-zero-oriented engagements. We also use targeted collaborative initiatives to complement our one-to-one thematic engagements.

4.7.1.1 Climate change

Global warming is bringing increased physical risks, and in turn the credibility of companies' climate transition pathways is becoming ever more important for assessing progress against their stated targets. In 2025, we had 170 direct conversations with companies about climate change (2024: 186).

We believe a consistent stewardship approach is key here. We're focused on long-term progress (see case study) and systematically linking engagement progress to votes, thereby stressing board accountability where there is a lack of consistent climate strategies and targets (see NZAS case study on page 71).

We run ongoing engagement projects targeting high emitters such as oil and gas majors or utilities, and discuss progress in hard-to-abate sectors such as steel or other producers of building materials. We've also continued our work on climate lobbying and engagement with financial institutions globally – reflecting their important role in reducing financed emissions.

🔗 Read more: [Why Asia's banks are central to climate transition | AllianzGI](#) 🔗

4.7 Engagement outcomes

Principle **1** **3**

CASE STUDY Long-term climate engagement

Following a dedicated client request, in 2025 we set up a long-term climate engagement project targeting 15 companies and tracking progress towards their stated climate transition targets over a period of three years.

The Stewardship team worked closely with our Research team, which has developed a framework to consistently assess climate transition plans and progress over time. The framework includes criteria to assess ambition and targets, governance, disclosure and strategy – and, based on this, we developed engagement priorities and defined targeted outcomes.

We are directly engaging with all 15 companies, which span financial institutions, utilities, chemicals and hard-to-abate sectors such as building materials. Our engagement with a French specialty materials company,

for example, has been promising, and we're following up on progress towards its Scope 3 emissions targets, capex alignment and the impact of product innovation on downstream decarbonisation.

Assessing US banks as part of this project, however, was made more challenging by the dissolution of the Net Zero Banking Alliance in 2025 – and we had to rely on our engagement to differentiate actual levels of performance. Now that US banks are no longer formally committed to reaching net zero by 2025, we noted their diverging paths. For example, while one bank continues to monitor progress towards mid-term targets, another has abandoned its management of Scope 3 emissions.

CASE STUDY Engaging with a Japanese steel producer

We have engaged a Japanese steelmaker on its decarbonisation strategy for the past three years, focusing on the robustness of its time-bound carbon-neutral roadmap, including clear milestones, capex planning and KPIs in executive remuneration, to ensure alignment of interests.

We've recommended actions that could reduce future product carbon intensity, such as replacing blast furnaces with electric arc furnaces (EAF), hydrogen injection, direct reduction of iron, and carbon capture and storage technologies. We also suggested that the company should demonstrate clear capex planning to meet pre-2030 targets and actively advocate for government and client support for green steel procurement.

The company incorporated investor feedback into management discussions and adopted an internal carbon price to guide investment decisions. In 2025, it also committed over JPY 800 billion in capex for new EAF construction with government funding secured to support this project, which we believe is critical for financing the transition. We will follow up on concrete actions to ensure alignment with this positive trajectory.

4.7 Engagement outcomes

Principle **1** **3**

CASE STUDY Engaging on climate advocacy

We believe it is important to understand the climate advocacy practices of our investee companies, in particular in sectors critical for the energy transition. As part of our thematic engagement on climate advocacy, we engaged with a European automotive company to understand its direct and indirect lobbying practices – applying our in-house climate lobbying framework, which defines our expectations on policy and commitments, governance and oversight, and action.

In 2025, the company published a report detailing its corporate climate advocacy practices and its industry associations. This report assessed alignment with its climate objectives, considering four key factors and providing an escalation strategy.

We have assessed the company as “advanced” in terms of its policy and commitment, and governance and oversight. In our conversations, its representatives explained its strategy and methodology to monitor risks and opportunities, and we shared our expectations in line with our climate advocacy framework. We will continue to monitor the execution on their action plan.

4.7.1.2 Planetary boundaries

Engaging on biodiversity

We continued to advance our biodiversity engagement project in 2025, focusing on the financial materiality of the topic in our engagements – and recognising that identifying the risks and opportunities associated with the impact and dependency is complex but essential for driving meaningful and effective actions at our investee companies.









To expand our outreach and promote industry exchange on biodiversity, we participated in several initiatives – including NA100, UN PRI Spring and FAIRR. We held 62 engagements in which biodiversity (including water topics) was discussed – 10 of which were run through collaborative engagement initiatives. Among these, 15 were biodiversity-specific, while 11 had a water focus and eight were focused on deforestation.

Water risk management is a key part of our biodiversity engagement project, as unmanaged but increasing water risks – driven by climate change, biodiversity loss or community protest – could disrupt underperforming companies’ operations and supply chains. Our multi-year engagement efforts here have yielded positive results, and in 2025, we continued our efforts with a special focus on the semiconductor and tech sectors – encouraging water risk assessment and management both in operations and across the value chain.

4.7 Engagement outcomes

Principle **1** **3**

Exhibit 10: Our water engagement focus

Focus sectors	Universal engagement asks
<p>Water risk in both own operations and supply chain:</p> <ul style="list-style-type: none">  Paper & forestry products  Food & beverage  Tech & semiconductors  Personal care products  Textile & apparel <p>Water risk in own operations:</p> <ul style="list-style-type: none">  Metal & mining  Chemicals  Utilities 	<ul style="list-style-type: none"> Water assessment: % operations in water stress areas Water use data and reduction targets Water stewardship in water stress areas Supply chain water risk assessment Water management in supply chains Water pollution in own operations and supply chains Opportunities for increasing water efficiency

Source: Allianz Global Investors, 2025



CASE STUDY

Stewardship outcomes on biodiversity

We kicked off engagements in 2025 under the UN PRI Spring initiative, of which we have been a member since its inception in 2024. This initiative focuses on companies' no-deforestation policies and actions, as well as responsible lobbying for deforestation-related regulations.

Following engagement with a Singapore-based conglomerate in early 2025, as a first step, the company enhanced its governance and oversight of group sustainability and strengthened the deforestation commitments at its agrifood subsidiary. We will continue our engagement to monitor implementation and how the company aligns its lobbying activities with its deforestation commitment.

Another notable outcome was achieved with a Swiss biopharmaceutical company under our participation in NA100. We clarified the financial materiality of biodiversity to the company's business operations and supply chain – and, in response, it incorporated a nature pillar into its sustainability strategy and committed to contributing to a nature-positive future.

4.7 Engagement outcomes

Principle **1** **3**



CASE STUDY

Co-filing at McDonald's general meeting

We co-filed a shareholder resolution at McDonald's in 2023 concerning supply chain water risk assessment, with Dutch investor PGGM as lead filer. Based on our research, we believed the company could benefit from enhancing its assessment of risks related to water-intensive agriculture commodities such as potatoes, beef and pork.

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. The resolution was withdrawn following this engagement process, which included the company's commitment to continue to engage towards achieving the requested improvement.

Since then, we've had periodic engagement meetings with the company to monitor its progress. In September 2025, McDonald's reported the completion of a water risk assessment across its operations and supply chain, which confirmed its high-risk exposure. The results will be used to inform the buildup of its water resilience strategies, and we'll continue our dialogue to ensure implementation.

Circularity

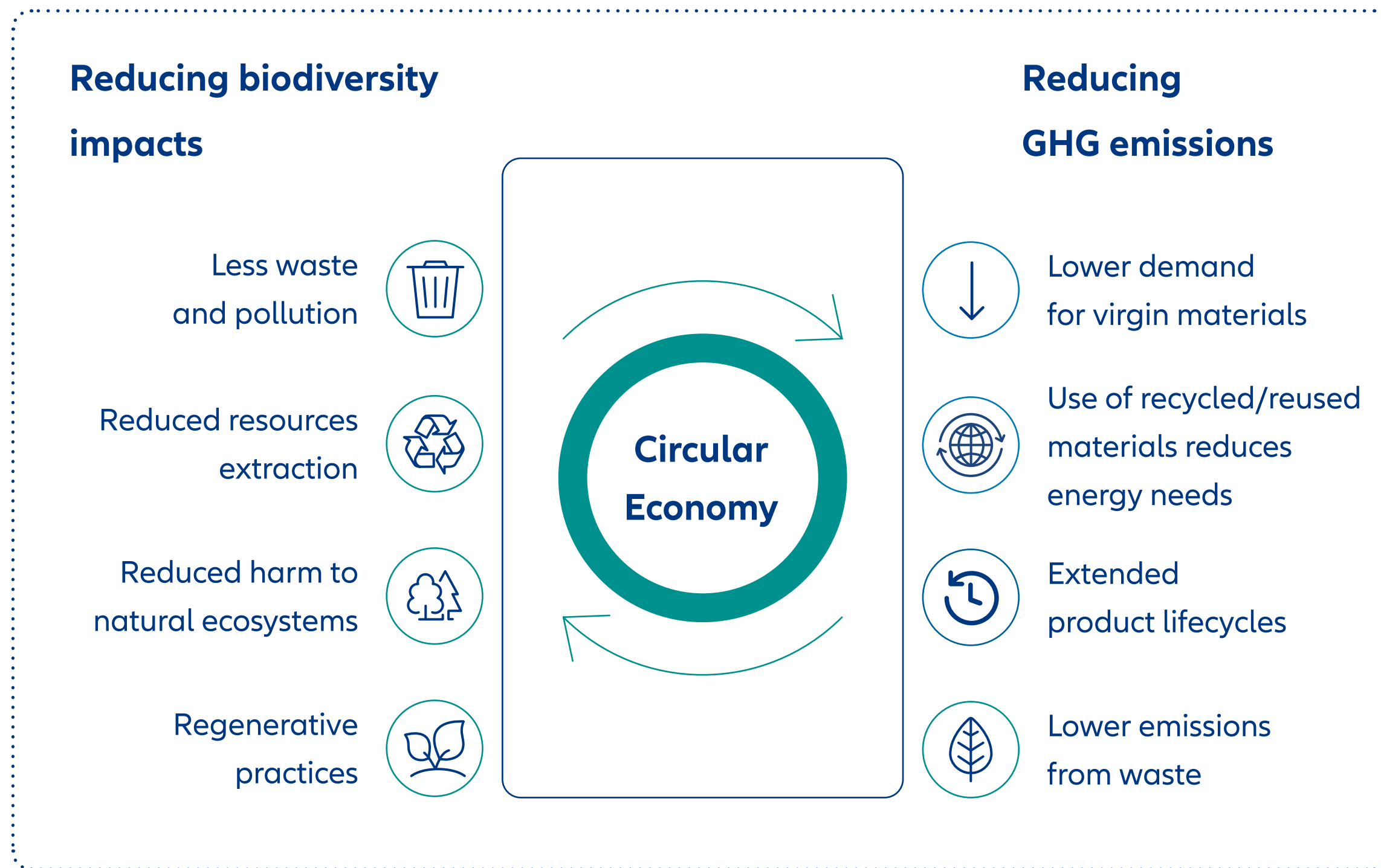
A circular economy approach can help companies reduce their biodiversity impacts and their greenhouse gas (GHG) emissions. This has become an even more important topic in recent years, given the sourcing of raw materials faces the risk of being disrupted by geopolitical developments.

In 2025, we continued to embed circular economy into our climate and biodiversity engagements with resource-intensive companies – such as those in construction materials, electronics and IT, fashion and textile, and automobiles. Such companies should explore and employ circularity as an effective way to address dependencies.

4.7 Engagement outcomes

Principle **1** **3**

Exhibit 11: Circular economy synergies for climate and biodiversity



Source: Allianz Global Investors, 2025

CASE STUDY

Engaging on battery recycling

Electric vehicles (EVs) are critical for decarbonising transport, but extracting battery materials such as lithium, cobalt and nickel carries significant financial and environmental costs. Battery recycling is a key solution to mitigating these impacts and supporting a circular economy.

As part of our thematic engagement programme, we engaged with 16 leading auto original equipment manufacturers (OEMs) and battery manufacturers across Asia, Europe and the US using our proprietary framework. We focused on economic impact, risk management and accountability, urging companies to strengthen commitments and improve transparency.

Our engagements revealed that EV battery recycling is moving from a niche sustainability topic to a strategic agenda in the value chain.

Regional dynamics are driving this shift – the EU leads with strict regulation, China scales rapidly through vertical integration, while the US, Japan and South Korea remain in the early stages.

We also observed that companies with clear, scalable recycling strategies are better positioned to manage compliance costs and secure scarce materials, while laggards face regulatory, supply chain and reputational risks. The most critical gap is traceability and channel management.

During our conversations, we continue to advocate for recycling infrastructure and partnerships as a key differentiator for resilience and long-term value.

4.7 Engagement outcomes

Principle **1** **3**

4.7.1.3 Inclusive capitalism

We address workplace human rights through both bilateral and collaborative engagements, including our active roles in the PRI Advance initiative and the PLWF.

In 2025, we worked with PLWF to prioritise living wage engagements in the garment and footwear sector, where we have significant exposure. Implementing living-wage standards helps ensure workers earn above poverty-line incomes and achieve a decent standard of living, supporting multiple UN Sustainable Development Goals (UN SDGs).

Companies can play a pivotal role by promoting equitable pay across global value chains and moving beyond basic wage compliance. Continued multi-stakeholder collaboration, transparent reporting and time-bound targets are essential to close living wage gaps – though few companies covered by PLWF made notable progress in 2025.



CASE STUDY

Living wages as part of the AGM agenda

In 2025, as part of the PLWF, we engaged a British textile company to address living wage issues across its supply chain – covering governance and wage-setting practices, freedom of association, grievance mechanisms and supplier relationships.

While we considered the company to be advanced in its cooperation with trade unions to promote freedom of association and collective bargaining, we noted the lack of public targets for living wages. Concerns also remain regarding limited transparency of wage data and oversight by the board.

Accordingly, we voted in favour of a shareholder proposal in 2025 urging the company to disclose comprehensive details of its wage practices – including oversight responsibility and the number of employees earning below real living wages – to enhance accountability. This voting decision underscores our commitment to transparency and advancing living wage standards across supply chains.



CASE STUDY

Collaborative engagement on human rights

We lead the collaborative engagement group for a major Chinese metals and mining company under the PRI Advance initiative on human rights. Given the company's aggressive M&A strategy, and its approach of turning around lower-quality assets, several key operations have been linked to labour rights allegations, community disputes and insufficient grievance mechanisms.

In 2025, we conducted two collaborative engagements with the company and visited its headquarters to meet with management in person – communicating our expectations on social issues and sharing peer best practices. By year-end, we noticed increasing use of third-party human rights audits, resulting in improved transparency in disclosure, and a commitment of USD 50 million spent annually to support community initiatives and grievance resolution metrics.

As the lead investor in this collaborative engagement group, we worked closely with other investors and PRI experts and will continue ongoing dialogue to monitor future outcomes.

4.7 Engagement outcomes

Principle **1** **3**

4.7.1.4 Engaging on responsible AI

The enormous potential of AI is, in our view, coupled with a need to ensure it is realised responsibly. As this is an evolving theme, we started by developing a framework to guide our approach when evaluating performance and engaging with companies – this covers several key areas including governance, transparency, workforce and regulatory aspects. Read more:

[Responsible AI | AllianzGI](#) 

Prior to 2025, we began engaging with portfolio companies by targeting those considered leaders, to hone our approach. During 2025, we proceeded to engage with more companies based on the materiality of the technology to their business and on portfolio relevance.



CASE STUDY

Engaging a US financial services company on responsible AI

We engaged with a US financial services company to gain better understanding of how it approaches the development of AI use cases. The company provided the market with multiple updates across several recent earnings calls, but investors were still missing a coherent understanding of the identification and approval process.

The company's first – and, so far, only – use case is already in operation, in the form of the AI-assisted collation of information to inform underwriting decisions. Information is gathered from subscribed databases to minimise the risk of inaccuracies, and the final decision on whether to underwrite the business always sits with employees authorised to override any machine-produced flags or decision outcomes.

In our engagement we discussed the full use case sign-off process, including safety measures – such as ensuring data collation from approved sources, fully delineated from data available on the internet – and how, in practice, the company is applying a principle of “human only” in making final decisions. We suggested that the company enhance its reporting to highlight these elements of governance.



CASE STUDY

Engaging with a Chinese internet giant

We engaged with a Chinese internet giant to discuss its approach to using AI. Our focus included governance structures overseeing AI development, personal data collection and privacy, and ensuring that application-level data handling adheres to ethical standards rather than purely profit-driven objectives.

For example, we emphasised the need to segregate sensitive data from general datasets, ideally stored in separate data centres to reduce risks of human error or breaches. We also highlighted the importance of compliance with government frameworks for AI training data and the role of an AI ethics committee in preventing business cases that could harm minority communities.

While the company broadly meets our expectations, it faces challenges navigating inconsistent global AI standards and balancing flexibility with infrastructure strategy. Given its diverse user base across geographies and ethnicities, we will continue to monitor progress and advocate for robust governance and ethical safeguards.

4.8 Exercising our voting rights

Principle **1** **4** **6**

Exercising voting rights at shareholder meetings is a fiduciary responsibility to our clients and a core part of our role as an active investor in public markets. 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.

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. To ensure a sound process, the Stewardship team is in ongoing contact with ISS whenever questions arise regarding a specific piece of research and the application of our policy. Additionally, we hold quarterly review meetings to assess broader process issues, involving teams responsible for compliance and the operational integrity of the voting process alongside members of the Stewardship team.

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

reviewed by the Compliance team. We review and challenge unvoted meetings.

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.

In 2025, 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 66). 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.

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.

Please refer to the Policy and Context Report for further information on how we exercise our voting rights: [Policies and reporting | AllianzGI](#) 

4.8 Exercising our voting rights

Principle **1** **4** **6**

Exhibit 12: Select changes to our Global Corporate Governance Guidelines in 2025

Issue	New policy	Reason for the change
Climate	Strengthen board accountability on climate issues based on our proprietary Net Zero Alignment Share (NZAS) methodology: vote against chair of sustainability committee/strategy committee/the board if company has been confirmed as high impact with no alignment according to NZAS methodology.	Strengthen our approach on climate voting and extend it to holding directors accountable if companies in high-emitting sectors do not have climate transition plans in place.
Gender diversity	Vote against the re-election of the chair of the nomination committee if the board does not have at least 30% representation of each gender. Including small and mid-cap companies.	Expand diversity expectations to small and mid-cap companies (excluding Asia).
ESG KPIs in remuneration	Vote against remuneration policies without ESG KPIs. Including smaller companies in developed markets.	Set expectations for companies to have proper sustainability-related incentives in place.
Shareholder rights	Vote against directors responsible for, or benefiting from, unequal vote structures.	Define Board accountability for a capital structure with unequal voting rights/dual-class shares.

4.8 Exercising our voting rights

Principle **1** **4** **6**

4.8.1 How we voted in 2025¹

We participated in 8,690 shareholder meetings in 2025 (2024: 8,879), representing 96% of all votable meetings.² We voted against, withheld or abstained from at least one agenda item at 71% of meetings (2024: 72%). We opposed 22% of all resolutions (2024: 21%) 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.

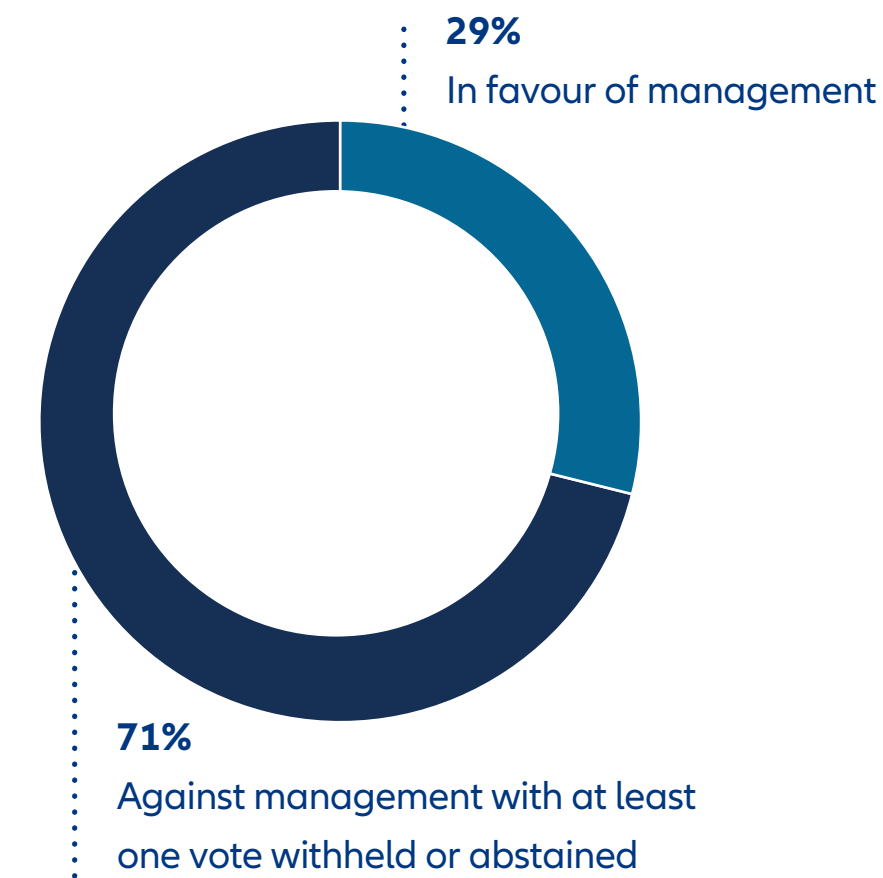
1) The voting examples provided in this section were selected contextually as they illustrate a key feature of our voting stance and trends of our voting application. For our full voting activity please see: [Proxy Voting Dashboard | AllianzGI](#).

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.

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 244 companies at least once on the following topics.

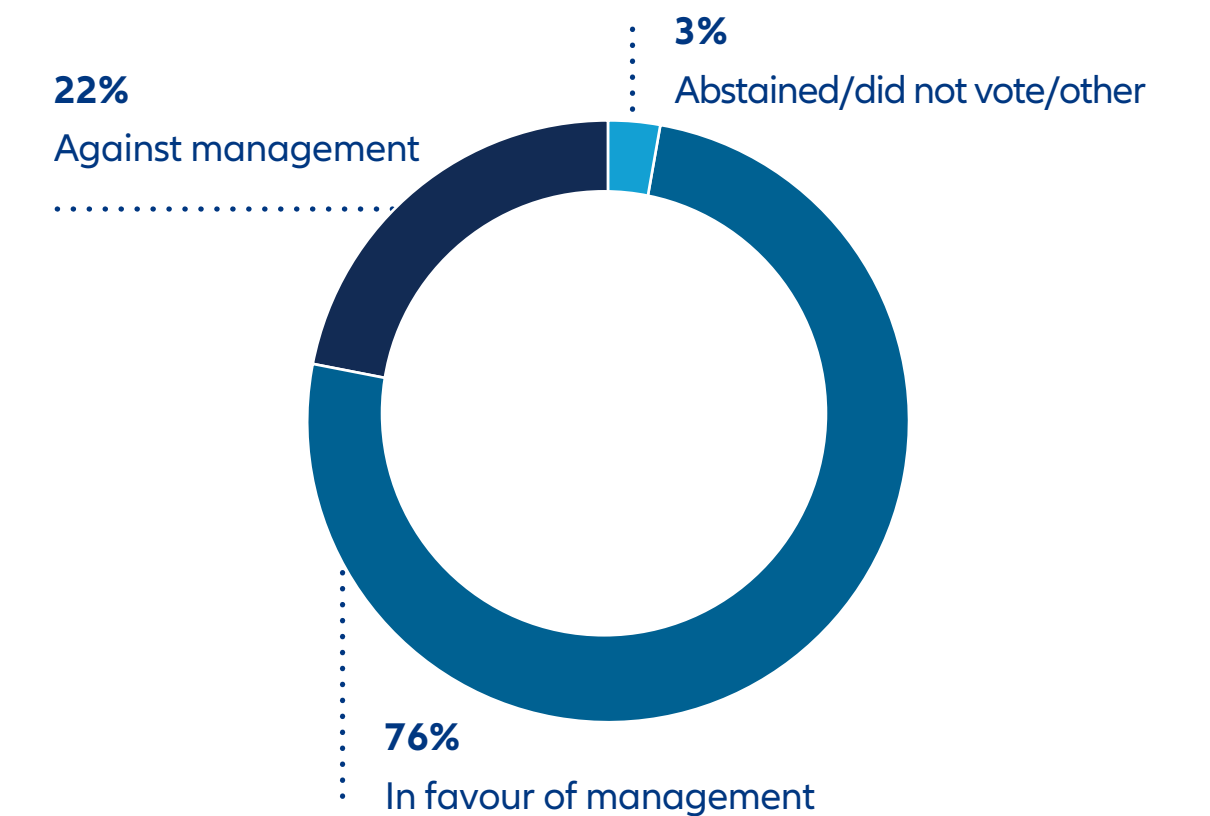
- Board composition, quality and competence of board members.
- Succession planning for chairpersons, directors and executives.
- Independence and expertise of key committees.
- Structure and quantum of executive remuneration, including ESG KPIs in pay.
- Shareholder rights, for example in the context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

Exhibit 13: Voting in 8,690 shareholder meetings



Source: Allianz Global Investors, as at 31 December 2025

Exhibit 14: Voting on 89,903 single proposals



4.8 Exercising our voting rights

Principle **1** **4** **6**

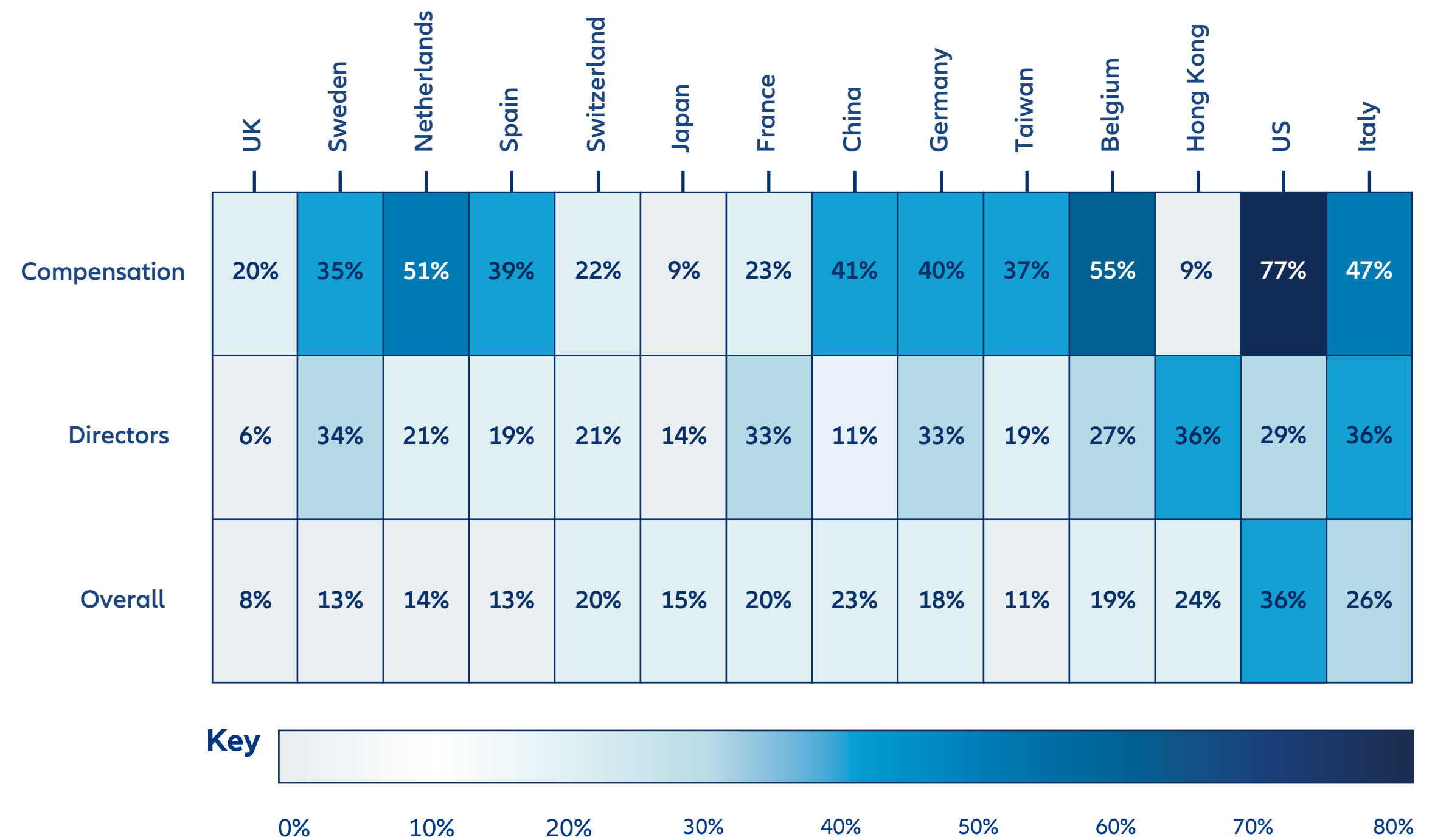
4.8.1.1 Executive compensation

Compensation-related proposals continued to stand out as the most contentious area globally, and we voted against 43% in 2025 (2024: 41%). We typically voted against packages 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 (55%), the Netherlands (51%), Italy (47%) and Germany (40%). Despite improvements in disclosure, we still have concerns regarding transparent disclosure on pay and performance – particularly at many smaller companies in Germany – as well as unambitious target setting. In Italy, we voted against about half of all remuneration reports, as one of our concerns was that boards have the option to grant discretionary payments.

In the US, we opposed 77% of remuneration proposals, driven by concerns over increasing equity-based awards and special recruitment grants on the back of fierce competition for talent in some sectors, notably technology. We continue to advocate for performance-based equity awards with stretching performance hurdles over restricted stock.

Exhibit 15: Breakdown of proxy voting by topic and location



Source: Allianz Global Investors, 2025

4.8 Exercising our voting rights

Principle **1** **4** **6**

CASE STUDY Pre-announcement on Stellantis

We pre-announced our decision to vote against Stellantis's remuneration report and the re-election of two non-executive directors at the 2025 AGM. After the merger of Fiat Chrysler and PSA, the remuneration report of Carlos Tavares (Stellantis CEO at the time) encountered significant shareholder opposition – we consistently voted against this report, citing a lack of sufficient alignment between executive compensation and long-term company performance.

The pre-announcement of these dissent votes demonstrated our ongoing commitment to promoting executive compensation practices that align with sustainable company performance and stakeholder interests.

The proposed pay package did not adequately address the concerns raised during the engagement meetings.

We also urged the company's remuneration committee to act in the best interests of all stakeholders. Since the chair of the remuneration committee did not stand for re-election, we voted against the two members of the committee up for renewal.

CASE STUDY Voting on executive compensation at a car manufacturer

We voted against the proposed executive compensation at the 2025 AGM of a car manufacturer. When it came to the approval of the 2025 CEO performance award, in our view, the key question was whether this was aligned with shareholder interest – and our voting decision was primarily based on this, rather than judging whether the level of pay was appropriate.

For the proposed award tranches to be earned, market capitalisation milestones would need to be met for limited periods of time, but the resulting acquired voting rights and associated controlling powers

would subside indefinitely. Indeed, the wording of the plan may result in the ability to vote awarded shares even ahead of their actual delivery.

While market capitalisation targets were underpinned by product goals, we thought that, overall, there was excessive room for board discretion – something we do not favour as a general matter and especially as minority shareholders in cases where management is aligned with the largest shareholder.

4.8 Exercising our voting rights

Principle **1** **4** **6**

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

In 2025, we voted against 21% of all director-related proposals – slightly lower than 2024 (23%). We opposed 21% of all director elections, in line with the previous year, as we place high importance on board quality – we believe 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, as in the US, or where they were representatives of major shareholders. We amended our proxy voting guidelines in 2025 and started to vote against directors benefiting from dual-class share structures, which also contributed to “against” votes in certain markets, for example France and Sweden. We voted

against elections where board committees lacked sufficient independence, with audit committees a focus point.

Over-boarding 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 2025, our concerns relating to succession planning for board chairs increased – and we also voiced this during engagements. This was the case in France, where a combined – and thus non-independent – CEO-chair often becomes non-executive chair. In Germany, we pre-announced a vote against the chair of Adidas’s Supervisory Board given its delayed and untransparent succession planning (see case study).



CASE STUDY

Voting against the re-election of the supervisory board chair at Adidas

We pre-announced our vote against the re-election of the chair of the supervisory board at Adidas. Despite over-boarding concerns, we had supported the chair’s re-election in 2024 as the company had confirmed this one-year extension as a transitional period that would give them enough time to find a successor. At the time, we welcomed the decision to prepare a swift handover.

However, the company did not present a successor to the chair – nor, in our view, a convincing succession plan – by the AGM 2025, so we decided to oppose

the chair’s re-election. We believe the selection of a chair should be well prepared and communicated clearly to investors. This includes a stringent competence profile of the candidate, including, for example, senior management expertise, industry and international experience, and outstanding leadership skills.

We are following up to understand succession planning and the plan for handover, while considering substantial overall shareholder concern as signalled by 35.6% votes against.

4.8 Exercising our voting rights

Principle **1** **4** **6**

In Asia, our highest rates of opposition continued to be recorded in Hong Kong (36%) due to the low independence level of many boards and their committees, as well as over-boarding. However, we expect some improvement given regulatory changes. For the same reasons, in Europe, the most contentious markets were Sweden (34%) and Italy (36%) – in the latter, we see specific issues due to the bundled election of board members in the “voto di lista” (“list vote”) system. We would prefer that directors are elected on an individual basis rather than as part of a list of candidates.

4.8.1.3 Climate and nature-related concerns

Boards that fail to address material climate and nature-related issues expose their companies to financial risks. Directors are responsible for overseeing strategies that mitigate climate risks and manage impact on, and dependencies

from, biodiversity – and failure to do so signals weak governance and inadequate risk management.

We believe that voting against such directors reinforces accountability and emphasises the importance of integrating sustainability considerations into corporate decision making. Given that direct votes on climate transition plans (“Say on climate”¹) have lost momentum in Europe, we consider director votes to be the channel for signalling views on companies’ climate strategies.

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



CASE STUDY

Climate laggards – holding a food manufacturer accountable

In 2025, we strengthened our stewardship approach by linking our proprietary NZAS methodology and engagement progress to votes, tracking companies’ progress on climate transition. We believe it is important to hold boards accountable for their climate strategy, targets and transition strategy, and usually do so by voting against the chair of the sustainability committee or chair of the board.

We identified a group of high-emitting companies in our sustainable funds and within certain client portfolios – including a

food manufacturer with no credible targets or transition plans as signalled by our NZAS methodology. We reached out to engage, as part of the process under this initiative, but the company failed to respond, which meant we were unable to assess its considerations with respect to climate strategy and target setting.

This issue added to our considerations to vote against individual directors, in addition to broader governance concerns related to dual-class shares and lack of independence.

4.8 Exercising our voting rights

Principle **1** **4** **6**

CASE STUDY Concerns relating to biodiversity at an agriculture commodities company

Based on concerns related to several sustainability issues, we abstained on the re-election of the board chair at an agriculture commodities company in 2025.

While the company conducts a water risk assessment in its own operations, it does not extend this to its supply chain – which we think limits the ability to detect potential issues. The company also published a time-bound commitment to deforestation by 2030, but has not disclosed any indicators to track progress towards this target.

Finally, while the company discusses growing regenerative agriculture activities, limited disclosure meant investors could not form a view on this material topic.

Additional concerns related to board governance of sustainability matters. When we identified these issues, we reached out to the company seeking to engage, but the company was unresponsive. Therefore, we decided to escalate and abstained on the re-election of the board chair.

4.8.1.4 Voting on shareholder resolutions

In 2025, we voted on more than 2,000 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 prescriptive or likely to impose an unreasonable administrative burden – or where we believe a company has already demonstrated reasonable progress.¹

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 3,000 largest US listed stocks.

3) [Georgeson 2025 Recap: Full Proxy Season, page 5, September 2025](#). Georgeson figures were also used for the number of governance, environmental and social resolutions passed in the year.

4) [Bloomberg Intelligence ESG 2.0 2026 Outlook, Insights | Bloomberg Professional Services, October 2025](#).

In the US, sustainability-related issues typically find their way onto the agenda of an AGM via shareholder resolutions. The number of resolutions at Russell 3000 companies² declined by nearly 16% in 2025³ and average support remained flat, with 23% of votes in favour.⁴ The number of resolutions securing majority support was again low – no environmental resolution recorded a pass, and only four social resolutions passed, versus 46 governance-related proposals.

In the US, we voted on 501 shareholder proposals. These included 157 on corporate governance (excluding director elections and director related), 45 on compensation and 43 on social themes. The remainder were environmental resolutions or a blend of areas.

We supported 100% of climate-related shareholder proposals within three categories: reporting on climate change; GHG emissions; and disclosure of fossil fuel financing. However, we noted that in 2025 there were a growing

4.8 Exercising our voting rights

Principle **1** **4** **6**

number of climate-related resolutions in other categories that, in our view, did not seek to improve standards – for example, requesting companies to restrict spending on climate change-related analysis or actions – and we did not support them.

Additionally, we supported all 26 human-rights-related resolutions, as well as proposals for greater transparency on political contributions and lobbying. Once again, in 2025, we observed that shareholder resolutions included a proportion of matters related to the use of AI. We consider this a distinct theme and have developed a framework for engagement with companies on connected governance and sustainability aspects.

In Japan, we voted on a continuously higher number of shareholder resolutions, largely focusing on corporate governance topics and a growing number calling for environmental or climate actions. We supported approximately 13% of all governance proposals, based on a case-by-case assessment of long-term shareholder value. We supported 88% of climate-related resolutions and pre-announced votes on two proposals at Chubu Electric Power's AGM (see case study).



CASE STUDY

Vote pre-announcement: climate-related proposals at Chubu Electric Power

We pre-announced our support for two climate-related shareholder proposals at the 2025 AGM of Chubu Electric Power, one of Japan's largest utilities companies. Our support was based on the company's significant exposure to transition risks from its large thermal power portfolio and its slow progress toward its own "Zero Emissions Challenge 2050" target, with only a 37% reduction in CO₂ achieved by FY2023.

The proposals sought enhanced governance and disclosure, specifically requesting clarity on the audit and supervisory committee's climate risk oversight and a detailed financial impact assessment under various climate scenarios.

We believe that robust, forward-looking disclosures and clear board oversight are essential for companies in hard-to-abate sectors, to provide shareholders with the necessary insights to assess a company's strategy and long-term resilience. Supporting these proposals was a targeted action to encourage tangible progress and stronger governance in Chubu's decarbonisation pathway.

4.8 Exercising our voting rights

Principle **1** **4** **6**

CASE STUDY

Vote pre-announcement:

AI-driven ad targeting at Alphabet

We pre-announced our intention to support three resolutions at Alphabet's 2025 AGM. One of the votes related to Proposal 12 regarding a "Human Rights Impact Assessment of AI-Driven Targeted Ad Policies" – our decision to pre-announce our support was grounded in our conviction of the market importance and business materiality to the company.

Advertising is a major part of Alphabet's business, accounting for almost 75% of its revenues. We recognise the important role AI has in growing this business, and

as shareholders, we support new growth opportunities and understand that Alphabet has policies in place to deal with related risks. However, we believe that a board-commissioned human rights impact assessment by a third party is in Alphabet's interest, to achieve better validation of existing AI-related policies and provide shareholders with greater transparency.



4.8 Exercising our voting rights

Principle **1** **4** **6**

4.8.1.5 Shareholder rights

We place great importance on the rights of minority shareholders and vote against resolutions that impair them. 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 started to vote against board members who benefit from unequal voting rights – and, in this context, we pre-announced our support for shareholder resolutions at Meta Platforms Inc.



CASE STUDY

Vote pre-announcement: shareholder rights at Meta Platforms Inc

We pre-announced our intention to support two shareholder proposals at Meta’s 2025 AGM. While the first aimed to have one vote per share, the second requested the company to disclose shareholder voting results per class of share.

The decision to pre-announce represents escalation following repeated, failed engagement attempts. The current dual-class structure – where Class B shares held by the founder and CEO have 10 times the voting power of Class A shares – disproportionately attenuates our ability to influence the company and hold the board accountable.

This is especially notable when persistently high levels of controversy raise concerns around governance weaknesses. Therefore, we wanted to highlight our support to the phasing-out of this structure, and to better transparency of voting results by asset class. Supporting these proposals is consistent with our commitment to fair governance and effective stewardship.

4.8.2 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 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. During the year, the sustainability and fixed income teams have been in regular dialogue to improve the uptake of internally developed tools and expand credit-specific engagement activity.

4.9 Managing conflicts of interest

Principle **1** **4**

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 the [Policy and Context Report](#) on how we identify and manage conflicts of interest.

In 2025, 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.

Voting shares of our parent company

AllianzGI is owned by Allianz, a global insurance and financial group. Several of our strategies may invest in Allianz shares. A potential conflict of interest arises between the interests of these funds and those of our parent company when voting on our shares.

While research, analysis and alignment follow the usual processes, we institute procedures to ensure shares of our parent company are voted in the best interest of our clients. We impose strict controls and information barriers designed to insulate our decision-making process from improper influence – and to ensure we're able to carry out our investment decisions and stewardship activities in a manner consistent with the interests of our clients.

In 2025, we directed the suggested proxy voting decisions to the Proxy Voting Committee for review and decision making, to ensure our fiduciary duties are respected.

4.10 Our stewardship outlook

Principle **1**

Many of the topics we engaged on in 2025 will continue into 2026, including responsible AI, nature-related topics such as biodiversity and water management, and social topics such as the living wage and human rights. Climate, as always, will also be a prominent theme – with a focus on how companies are managing climate transition.

Materiality will remain key, especially as the ESG landscape continues to evolve globally. More than ever, in 2026, we will need to underscore the materiality of topics to the business when we're engaging with a company.

Engaging the defence sector

Sovereignty has expanded into a broader investment theme in Europe encompassing the ability to achieve autonomy on strategic economic pillars – see our [blog post](#) – and one major factor impacting sovereignty is defence, and the ability to finance it.

In 2025, we built a framework to engage the defence sector on compliance, supply chain risks, product quality, cyber security and human capital issues – and began several pilot engagements towards the end of the year. We will expand our engagement efforts further in 2026 to cover additional companies.

Strengthening our voting guidelines

We intend to strengthen our expectations in 2026 regarding gender diversity in Asian markets, where we expect at least 15% of company board members to belong to the underrepresented gender.

We also intend to make stricter assessments with respect to ESG KPIs in remuneration policies, and to vote against policies that only have what we deem “non-suitable” ESG KPIs.

We will reinforce our expectation relating to the independence of board chairs and will not support the election of a non-executive chair who has previously served in a combined chair-CEO role.

5. Appendices

Contents

5.1 UK Stewardship Code index

5.2 Engagements in 2025



5.1 UK Stewardship Code index

Sustainable Investing and Stewardship Report

Principle	2026 United Kingdom Stewardship Code Principle	Section	Page	
1	Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries.	1.2	Our conviction and strategy	6–7
		1.3	Our pivotal themes	8–9
		1.4	Making progress towards our goals	10
		2.1	Our sustainable investing focus	14
		2.4.2	Sustainability Risk Management	22
		2.5	Developing our offering	23–26
		4	Active stewardship	41–77
2	Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets.	1.3	Our pivotal themes	8–9
		1.4	Making progress towards our goals	10
		1.5	Our view of the year ahead	11–12
		2.4	Coding our convictions	19–22
		2.5	Developing our offering	23–26
		2.6	Contributing to the sustainability discussion	27–28
		2.6	Contributing to the sustainability discussion	27–28
3	Signatories engage to maintain or enhance the value of assets.	4.1	Our stewardship focus	42–43
		4.3	Conversation with a portfolio manager: the role of engagement	45
		4.4	Our engagement strategy	46–49
		4.5	How we engage	50–53
		4.6	Engagement in numbers	54–56
		4.7	Engagement outcomes	57–64

5.1 UK Stewardship Code index

Sustainable Investing and Stewardship Report

Principle	2026 United Kingdom Stewardship Code Principle	Section	Page
4	Signatories actively exercise their rights and responsibilities.	4.8 Exercising our voting rights	65–75
		4.9 Managing conflicts of interest	76
5	Signatories integrate stewardship considerations into their selection and oversight of external managers.	4.5.1.3 Selecting and engaging with fund managers	52–53
6	Signatories monitor and hold to account stewardship service providers.	2.4 Coding our convictions	19–22
		4.5.1.3 Selecting and engaging with fund managers	52–53
		4.8 Exercising our voting rights	65

5.1 UK Stewardship Code index

Policy and Context Report

Principle	2026 United Kingdom Stewardship Code Principle	Section	Page	
A	Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.	1	Background	3
		2	Discharging our stewardship responsibilities	5
		3	Governance and resources	6–7
B	Describe how your resources enable effective stewardship.	2	Discharging our stewardship responsibilities	5
		3	Governance and resources	6–7
		4.4	Monitoring investee companies	9–10
		7.2	A robust voting process	23
C	Describe your stewardship policies and processes, and how you review them.	4	Engagement process	8–11
		5	Engagement strategy	12–19
		6	Escalating engagement concerns	20–21
		7	Proxy voting	22–23
		8	Managing conflicts of interest in relation to stewardship	24–25
D	Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.	10	Assurance	27
		8	Managing conflicts of interest in relation to stewardship	24–25
E	Describe how you maintain a dialogue with clients and/or beneficiaries.		Box-out: “Client feedback informs our approach”	12
		5.2	Thematic engagement	13–19
		9	Reporting on stewardship activities	26

5.2 Engagements in 2025

Company name	E	S	G	C	O
360 ONE WAM Ltd		●			●
A2A SpA	●		●	●	●
AbbVie Inc	●	●	●		●
Accenture PLC		●			
ACEA SpA	●				
Acerinox SA	●			●	●
Adani Energy Solutions Ltd	●		●	●	
Adani Ports & Special Economic Zone Ltd		●			●
Adesso SE			●		
adidas AG			●		
Advanz Pharma Corp Ltd	●			●	
Aeroporti di Roma SpA					●
Air Baltic Corp AS					●
Air Liquide SA	●		●	●	●
Air Products and Chemicals Inc	●		●	●	●
Airbus SE		●	●		●
AIXTRON SE			●		
Alfa Laval AB	●	●			
Alibaba Group Holding Ltd	●	●		●	●
Align Technology Inc	●	●	●	●	●
Allianz SE			●		

Company name	E	S	G	C	O
Almaviva-The Italian Innovation Co SpA		●	●		
Amadeus Fire AG			●		
Amazon.com Inc	●	●	●	●	●
Ambu A/S			●		
Ambuja Cements Ltd	●			●	
American International Group Inc		●			
ANDRITZ AG	●	●	●	●	●
Anglo American PLC			●		
Anhui Conch Cement Co Ltd	●			●	
Applied Materials Inc	●	●	●	●	
ArcelorMittal SA		●	●		●
Arkema SA	●	●	●	●	●
ASMedia Technology Inc	●			●	●
ASML Holding NV	●				●
ASN Bank NV		●	●		
Assa Abloy AB			●		
Associated British Foods PLC		●			
Assura PLC			●		●
AstraZeneca PLC	●		●		●
ATALAYA MINING COPPER SA			●		

Company name	E	S	G	C	O
Atlas Copco AB	●	●	●	●	
Aurubis AG			●		
Aviva PLC					●
AXA SA			●		●
Azzurra Aeroporti SpA					●
Baidu Inc	●	●		●	
Balfour Beatty PLC			●		
Baltic Classifieds Group PLC			●		●
Banco Bilbao Vizcaya Argentaria SA		●	●		●
Banco BPM SpA					●
Bank Mandiri Persero Tbk PT	●			●	
Bank of America Corp Islands					●
Bank of the Philippine Islands	●	●	●	●	
Barclays PLC	●		●	●	●
Barratt Redrow PLC			●		
BASF SE	●	●		●	●
BAWAG Group AG			●		●
Bayerische Landesbank					●
Bayerische Motoren Werke AG	●			●	●

Company name	E	S	G	C	O
BE Semiconductor Industries NV			●		
Bechtle AG			●		
Befesa SA	●			●	●
Bertelsmann SE & Co KGaA	●			●	●
Binghatti Sukuk 2 Spv Ltd	●			●	
Bizlink Holding Inc	●			●	●
BNP Paribas SA	●		●	●	●
Bouygues SA		●			
BP PLC	●		●	●	
Broadcom Inc	●	●		●	●
Burberry Group PLC		●	●		
BYD Co Ltd	●	●		●	●
CANCOM SE			●		
Capgemini SE		●			
Carl Zeiss Meditec AG			●		●
Celanese US Holdings LLC	●			●	●
Cemex SAB de CV	●			●	
Centrient Holding BV	●			●	
China Construction Bank Corp	●		●	●	●
China Hongqiao Group Ltd	●			●	●
China Jushi Co Ltd			●		●

5.2 Engagements in 2025

Company name	E	S	G	C	O
China Mengniu Dairy Co Ltd	●				
China National Nuclear Power Co Ltd	●			●	●
China Oil & Gas Group Ltd	●			●	
China Petroleum & Chemical Corp	●		●	●	●
China Resources Building Materials Technology Holdings Ltd	●			●	●
China State Construction International Holdings Ltd					●
China Water Affairs Group Ltd	●				
Chroma ATE Inc		●			
Chubu Electric Power Co Inc	●			●	
Chunghwa Precision Test Tech Co Ltd		●			
Cie de Saint-Gobain SA	●			●	●
CIMB Group Holdings Bhd	●			●	●
Citycon Oyj			●		
CK Infrastructure Holdings Ltd	●		●	●	
Clariane SE		●			

Company name	E	S	G	C	O
Clariant AG					●
CLS Holdings PLC			●		
CMA CGM SA	●			●	
CNX Resources Corp	●			●	
Cogeco Communications Inc	●	●	●	●	
Commerzbank AG			●		●
Communaute Francaise de Belgique					●
Computacenter PLC			●		●
Continental AG			●		●
Costco Wholesale Corp	●	●	●	●	●
Co-Tech Development Corp	●			●	●
CPI Property Group SA	●				●
Crizac Ltd	●	●	●	●	●
CT Investment GmbH	●	●		●	●
CTBC Financial Holding Co Ltd	●	●		●	●
Daiei Kankyo Co Ltd	●		●		●
Daifuku Co Ltd		●			●
Danone SA	●		●		●
Daxin Materials Corp			●		
Deere & Co	●	●		●	●
Deutsche Bahn AG		●			

Company name	E	S	G	C	O
Deutsche Boerse AG		●			
Deutsche Post AG	●	●	●	●	●
Deutsche Telekom AG	●	●		●	●
Devon Energy Corp			●		
DFS Furniture PLC			●		●
Disco Corp		●			●
Distribution Finance Capital Holdings PLC			●		●
Dover Corp	●	●			
Duerr AG			●		
Dynamic Electronics Co Ltd	●			●	●
Eastroc Beverage Group Co Ltd					●
Ebara Corp		●	●		●
EBN BV	●			●	
Edenred SE		●	●		
Electricite de France SA	●				
Elia Group SA/NV	●			●	
Elite Material Co Ltd	●			●	●
Emmi AG	●	●	●	●	●
EnBW Energie Baden-Wuerttemberg AG	●	●		●	
Enel SpA	●		●	●	●
ENEOS Holdings Inc	●		●	●	

Company name	E	S	G	C	O
Energean PLC			●		●
Energizer Holdings Inc	●				●
Engie SA	●		●	●	●
Eni SpA	●			●	●
Epiroc AB			●		
Equinor ASA	●		●	●	
ESB Finance DAC	●			●	
Essential Utilities Inc			●		●
EssilorLuxottica SA		●	●		●
Eurofins Scientific SE			●		●
Eutelsat SA	●	●		●	
Eva Airways Corp		●			
Experian PLC		●	●		●
Far EasTone Telecommunications Co Ltd	●				●
Fast Retailing Co Ltd		●			
Ford Motor Co		●			
Formosa Plastics Corp	●	●	●	●	●
Fortescue Ltd	●			●	
Fortune Star BVI Ltd	●	●			
Fresenius SE & Co KGaA		●	●		●
Fubon Financial Holding Co Ltd	●		●	●	
Fujitsu Ltd		●			●

5.2 Engagements in 2025

Company name	E	S	G	C	O
Fuyao Glass Industry Group Co Ltd		●			
Gambol Pet Group Co Ltd		●	●		
Gamma Communications PLC			●		
Gaztransport Et Technigaz SA			●		
GDS Holdings Ltd	●	●		●	
GEA Group AG	●	●	●	●	●
Geberit AG	●		●	●	●
Geely Automobile Holdings Ltd	●	●	●	●	●
General Electric Co			●		●
Generali			●		●
Genus PLC			●		
Georg Fischer AG			●		●
Gerresheimer AG			●		●
GFT Technologies SE			●		●
Giant Biogene Holding Co ltd			●		●
Goldman Sachs Group Inc/The	●			●	
Grafton Group PLC			●		
GSK PLC			●		●
Hana Financial Group Inc	●	●	●	●	●

Company name	E	S	G	C	O
Heidelberg Materials AG		●			
Helia Group Ltd			●		●
HelloFresh SE			●		●
Henkel AG & Co KGaA	●	●		●	●
Hermes International SCA	●	●	●		●
Hesai Group		●			●
Hess Midstream LP	●			●	
Hikma Pharmaceuticals PLC	●		●		●
Hitachi Ltd		●			●
Home Depot Inc/The	●	●	●	●	●
Hon Hai Precision Industry Co Ltd	●	●		●	
Hornbach Holding AG & Co KGaA			●		●
HSBC Holdings PLC	●		●	●	●
HUGO BOSS AG			●		●
Huizhou Desay Sv Automotive Co Ltd		●			●
Hypoport SE			●		
Hysan Development Co Ltd	●			●	
Hyundai Motor Co					●
Hyundai Motor India Ltd		●			●
Iberdrola SA	●	●	●	●	

Company name	E	S	G	C	O
ICICI Bank Ltd					●
Iflytek Co Ltd		●			
IG Group Holdings PLC			●		
IHO Verwaltungs GmbH					●
IHS Netherlands Holdco BV	●	●	●	●	
Inchcape PLC			●		●
Infineon Technologies AG			●		
Inner Mongolia Yili Industrial Group Co Ltd	●		●	●	●
Instituto de Credito Oficial	●			●	
InterContinental Hotels Group PLC			●		
InterGlobe Aviation Ltd	●	●		●	
Intertek Group PLC			●		●
Intesa Sanpaolo SpA			●		
Italgas SpA			●		●
J M Smucker Co/The	●				
J&T Global Express Ltd		●			
Japan Steel Works Ltd/The			●		●
Jardine Matheson Holdings Ltd	●	●			●
JD.com Inc		●			
Jenoptik AG			●		●

Company name	E	S	G	C	O
Jiangsu Hengli Hydraulic Co Ltd	●	●	●	●	●
JL Mag Rare-Earth Co Ltd	●			●	●
Johnson & Johnson		●	●		●
Johnson Health Tech Co Ltd		●			
JPMorgan Chase & Co	●	●	●	●	●
JSW Steel Ltd	●			●	
K+S AG		●	●		
Kawasaki Heavy Industries Ltd			●		●
KB Financial Group Inc	●		●	●	●
KBC Group NV					●
Kering SA		●			
Kerry Group PLC			●		
Keyence Corp	●		●	●	●
Kia Corp	●				●
Kobe Steel Ltd	●			●	
Koninklijke Ahold Delhaize NV	●	●		●	●
Kontron AG			●		
Kroger Co/The		●			
Krones AG			●		
Kuaishou Technology		●			●

5.2 Engagements in 2025

Company name	E	S	G	C	O
La Française De L'énergie			●		
SACA			●		
Lancashire Holdings Ltd			●		
LANXESS AG			●		●
LEG Immobilien SE			●		
Legrand SA			●		
Lens Technology Co Ltd		●			●
Leonardo SpA		●			●
LG Energy Solution Ltd	●		●	●	●
Liberty Latin America Ltd					●
Linde AG					●
Lotes Co Ltd		●			●
Luxshare Precision Industry Co Ltd	●	●	●		
LVMH Moët Hennessy Louis Vuitton SE		●	●		
M&T Bank Corp					●
Mahindra & Mahindra Ltd		●			●
Man Group PLC/Jersey			●		●
Manulife Financial Corp		●	●		●
Marks & Spencer Group PLC		●			●
Marshalls PLC			●		●

Company name	E	S	G	C	O
Massachusetts Mutual Life Insurance Co		●	●		●
McDonald's Corp	●				●
Medco Energi Internasional Tbk PT	●			●	
Medical Properties Trust Inc		●			●
Mediobanca Banca di Credito Finanziario SpA			●		●
Medtronic PLC					●
Mehilainen Yhtiot Oy	●			●	
Meituan		●			
Melco Resorts Finance Ltd		●			
Mercedes-Benz Group AG			●		●
Merck KGaA		●			
Metalsa Sapi De Cv		●			
Mid-America Apartment Communities Inc	●	●	●		
Mineral Resources Ltd		●	●		●
Ministeries Van de Vlaamse Gemeenschap					●
Mister Spex SE			●		
Mitsubishi Corp	●				●
Mitsubishi UFJ Financial Group Inc					●
Mitsui & Co Ltd	●		●		●

Company name	E	S	G	C	O
Mizuho Financial Group Inc	●	●	●	●	●
MLP Group SA					●
Moncler SpA			●		
Monster Beverage Corp	●				
MONY Group PLC			●		
Morgan Advanced Materials PLC			●		●
Morinaga Milk Industry Co Ltd					●
Mowi ASA	●				
MTU Aero Engines AG			●		
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen		●	●		●
Mundys SpA					●
Muyuan Foods Co Ltd	●				
Nagoya Railroad Co Ltd					●
NARI Technology Co Ltd			●		●
Naturgy Energy Group SA	●			●	
NAURA Technology Group Co Ltd	●	●	●	●	●
Nestlé SA			●		●
Nexans SA			●		

Company name	E	S	G	C	O
Nexi SpA			●		
Next PLC		●	●		
NHPC Ltd	●	●		●	
Nien Made Enterprise Co Ltd			●		●
NIO Inc					●
Nippon Steel Corp	●			●	
Nomura Holdings Inc			●		●
Nordea Bank Abp	●		●	●	
Novartis AG	●		●		●
Novo Nordisk A/S			●		
NTPC Green Energy Ltd	●			●	●
NTPC Ltd	●			●	●
OCP SA		●	●		
OMV AG	●		●	●	
OSB Group PLC			●		
Panasonic Holdings Corp			●		●
Paragon Banking Group PLC			●		
Parker-Hannifin Corp	●	●		●	
Partners Group Holding AG			●		
PATRIZIA SE			●		
PepsiCo Inc	●		●		
Perrigo Co PLC	●	●	●		●

5.2 Engagements in 2025

Company name	E	S	G	C	O
PetroChina Co Ltd	●			●	
Pets at Home Group Plc			●		
Peugeot Invest SA			●		●
Phoenix Mills Ltd/The	●			●	
Ping An Insurance Group Co of China Ltd	●	●		●	●
Pixart Imaging Inc					●
POSCO Holdings Inc	●	●	●	●	●
PPG Industries Inc	●	●	●	●	
Primo Brands Corp	●	●			
Prudential Financial Inc		●	●		●
Prysmian SpA			●		
Publicis Groupe SA		●	●		
Puma SE			●		●
Qantas Airways Ltd			●		
RABOBANK NEDERLAND	●				
Ralph Lauren Corp	●	●	●	●	●
Realty Income Corp	●			●	●
Reckitt Benckiser Group PLC	●		●	●	●
Reliance Industries Ltd	●			●	●
Renault SA					●
RENK Group AG		●			●
Repsol SA	●	●	●	●	

Company name	E	S	G	C	O
Resonac Holdings Corp		●	●		●
Rheinmetall AG		●			
Rio Tinto PLC	●	●	●	●	●
RoboSense Technology Co Ltd		●	●		●
Rotork PLC			●		
Safran SA		●			●
Samsung C&T Corp			●		●
Samsung Electronics Co Ltd	●	●		●	●
Sanofi SA		●	●		●
SAP SE	●	●	●	●	●
Schneider Electric SE			●		
Scientech Corp	●				
SCOR SE		●	●		●
Scout24 SE			●		●
Seres Group Co Ltd	●	●		●	●
SF Holding Co Ltd	●	●		●	
Shanghai Conant Optical Co Ltd			●		●
Shell PLC	●	●		●	
Shinhan Financial Group Co Ltd			●		●
Siemens AG		●	●		
SIGMAXYZ Holdings Inc			●		●

Company name	E	S	G	C	O
Sinoma Science & Technology Co Ltd	●			●	●
SJM Holdings Co Ltd			●		●
Skandinaviska Enskilda Banken AB					●
SMC Corp		●	●		●
Société Générale					●
Societe Nationale SNCF			●		●
SACA			●		
Sodexo SA			●		
SOITEC		●	●		
Sojitz Corp		●	●		●
South32 Ltd	●	●	●	●	
Spirax Group PLC			●		
SSE PLC			●		
Stabilus SE			●		●
Starpharma Holdings Ltd			●		
Stellantis NV			●		●
Stelrad Group PLC			●		
STMicroelectronics NV		●	●		●
Stora Enso Oyj	●		●	●	
STRATEC SE			●		
Stroer SE & Co KGaA			●		
Stryker Corp	●	●	●	●	●

Company name	E	S	G	C	O
Sumitomo Electric Industries Ltd		●			●
Sumitomo Forestry Co Ltd					●
Sumitomo Mitsui Financial Group Inc		●			
Sunresin New Materials Co Ltd		●			●
Suzuki Motor Corp		●	●		●
Svensk Exportkredit AB		●			
Symrise AG		●	●		●
Taiwan Semiconductor Manufacturing Co Ltd	●			●	
Taiwan Union Technology Corp					●
TAL Education Group					●
Talen Energy Corp	●			●	
Target Corp	●	●		●	●
Tate & Lyle PLC			●		●
Technip Energies NV	●		●	●	●
Teco Electric and Machinery Co Ltd		●			●
Teleperformance SE		●			
Tencent Holdings Ltd		●			●
Tereos Finance Groupe I SA	●			●	●

5.2 Engagements in 2025

Company name	E	S	G	C	O
Terna – Rete Elettrica Nazionale			●		
Tesco PLC		●			
Tesla Inc		●	●		●
Thales SA		●			●
Tisseo Collectivites Smtcat SM			●		●
Tokio Marine Holdings Inc			●		●
Tongwei Co Ltd	●				
Topkey Corp	●			●	●
Toronto-Dominion Bank/The	●		●	●	●
TotalEnergies SE	●	●	●	●	●
Toyota Motor Corp	●	●		●	●
TUI AG	●	●	●	●	●
Turk Telekomunikasyon AS	●	●		●	
Tyson Foods Inc	●	●		●	
UBS Group AG			●		●
Ulker Biskuvi Sanayi AS	●	●	●		●
UltraTech Cement Ltd	●			●	●
UniCredit SpA					●
Unilever PLC	●				●
Unimicron Technology Corp	●				●
Uniphar PLC			●		●

Company name	E	S	G	C	O
United Airlines Inc	●			●	
Universal Microwave Technology Inc	●		●	●	
Unum Group		●	●		●
Upwork Inc			●		
Vale SA	●	●			
Veolia Environnement SA			●		
Vier Gas Transport GmbH	●			●	
Vinci SA			●		
Vodafone Group PLC	●	●			●
Volksbank Wien AG					●
Volkswagen AG	●		●		●
Volvo AB			●		
Walt Disney Co/The		●	●		
Wanhua Chemical Group Co Ltd			●		●
Wärtsilä OYJ Abp	●			●	
Washtec AG			●		
Wells Fargo & Co	●	●	●	●	●
WeRide Inc					●
West China Cement Ltd	●			●	
Western Midstream Partners LP	●	●	●	●	●
Wienerberger AG			●		●

Company name	E	S	G	C	O
Wistron Corp					●
Worldline SA/France			●		
WUS Printed Circuit Co Ltd	●			●	●
XP Power Ltd			●		●
XPeng Inc	●	●	●	●	●
YFY Inc	●				
Yuexiu Property Co Ltd	●			●	●
Yum China Holdings Inc	●			●	●
Zalando SE		●			
Zijin Mining Group Co Ltd		●	●		●

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