

AllianzGI accelerates its sustainable investment drive

- 74 additional funds to become sustainable (70 billion euros assets under management)
- New stewardship strategy: Climate Engagement with Outcome approach

10 March 2021. AllianzGI, one of the world's largest active investment managers, has announced that 74 of its equity, fixed income and multi-asset funds will join its current sustainable investment offering. This is part of its strategic ambition to be a sustainable investment shaper, continuously innovate and anticipate growing client demand. Portfolios will be constructed using ESG assessments reflecting clients' values through AllianzGI Sustainable Minimum Exclusions* and will adopt a new strengthened **engagement approach** or **SRI Best-in-class considerations**.

AllianzGI is committed, as an active manager with a long-term outlook, to act as an active steward of its clients' assets. For a number of funds, AllianzGI will set the bar even higher to support its ambitions on addressing change. Recognizing the urgency of this global challenge and the power of engagement to drive real world impact, AllianzGI is launching a dedicated climate engagement approach.

The Climate Engagement with Outcome approach aims to engage with companies on the climate transition pathway towards a low carbon economy. Fund managers will actively engage with the top 10 absolute carbon emitters (scope 1 and 2) within their portfolio as a proxy for climate impact. The top 10 emitters in each fund are chosen irrespective of their sector, allowing climate impact to be addressed at a fund level. The supporting analysis is based on a "Best Practices Sector Specific Engagement Map", which analyses the company in the context of its sector and sets engagements based on their peer comparison and what this sector should achieve going forward. Examples of engagement targets include greenhouse gas emissions reduction targets or board level remuneration targets linked to climate change. If the issuer does not respond to requests or does not show an improvement effort in their climate pathway, divestment will be considered in the escalation process.

Matt Christensen, Global Head of Sustainable and Impact Investing at Allianz Global Investors, comments: *"Climate change is one of our planet's most pressing challenges, and AllianzGI believes that asset managers should take a more active role in shaping the future. The Climate Engagement with Outcome approach represents further development in our proactive stewardship approach. Given our experience from engagement with companies so far, we are confident that companies are open to this dialogue and will share these views.*

"The COVID-19 crisis has renewed the focus both on climate change and social factors. Many policymakers and investors are viewing the crisis as a wake-up call that accelerates the need for sustainable investing. The increased demand for sustainable funds is a trend we have seen across the globe and we want to offer our clients sustainable products that are based on their preferred outcomes."

19 funds will join the wide range of AllianzGI SRI funds using a Best-in-Class approach. The AllianzGI SRI approach aims to build sustainable portfolios using assessment of ESG practices and values in the investment analysis and portfolio construction processes in order to deliver sustainable financial returns

potential alongside positive environmental and social outcomes. Under the best-in-class approach, portfolio construction is geared towards companies with superior ESG credentials compared with their peers. Allianz Global Investors' SRI approach uses proprietary ESG analysis that has been in place since 2002 and which has evolved as new information has become available and new types of issues have emerged. The SRI methodology is reviewed annually, and the central SRI database is updated continuously to ensure that analysis integrates all newly available information. Reporting to clients will be adapted to reflect the new strategy (to be confirmed).

Allianz Global Investors is a global pioneer of sustainable investing with ESG credentials that date back two decades. It aims to provide a range of sustainable investing approaches that support clients in managing risk, addressing real-world problems and generating returns from these investments: sustainably managed assets across the categories Integrated ESG, Sustainable, SDG-aligned and Impact investing have reached 206 billion Euros at the end of December 2020.

*AllianzGI's Sustainable Minimum Exclusion list includes not only companies with links to controversial weapons, but also companies that demonstrate severe controversies with respect to the United Nations Global Compact, as well as companies that earn a significant share of revenues from coal and tobacco or weapons. A total of around 900 companies are now being excluded on a global basis, of which some 130 are based in developed Europe (including the UK). Details on the exclusion criteria can be found online at: <https://lu.allianzgi.com/en-gb/pro/sustainable-investing/sri-exclusion-policy>

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About Allianz Global Investors

Allianz Global Investors is a leading active asset manager with over 700 investment professionals in 25 offices worldwide and managing EUR 582 billion in assets for individuals, families and institutions.

Data as at 31 December 2020

Active is: Allianz Global Investors

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