



RI TRANSPARENCY REPORT

2017

Allianz Global Investors

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	⚙	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	⚙	n/a							✓
SG 17	Innovative features of approach to RI	✓	Public							✓
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 13	ESG issues in index construction	🔒	n/a	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Private	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	🔒	n/a		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Engagements on E, S and/or G issues	🔒	n/a		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 15	Examples of ESG engagements	✓	Private		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 20	Confirmation of votes	✓	Private		✓					
LEA 21	Securities lending programme	✓	Public		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Private		✓					
LEA 26	Examples of (proxy) voting activities	✓	Private		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Private							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Private							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Private	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	✓	Public	✓						
FI 08	Negative screening - overview and rationale	🔒	n/a	✓						
FI 09	Examples of ESG factors in screening process	✓	Private	✓						
FI 10	Screening - ensuring criteria are met	✓	Public	✓						
FI 11	Thematic investing - overview	✓	Private	✓						
FI 12	Thematic investing - themed bond processes	✓	Public	✓						
FI 13	Thematic investing - assessing impact	✓	Public	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	🔒	n/a	✓						
FI 18	Engagement overview and coverage	✓	Private		✓					
FI 19	Engagement method	✓	Private	✓	✓					
FI 20	Engagement policy disclosure	✓	Private	✓	✓					
FI 21	Financial/ESG performance	✓	Private							✓
FI 22	Examples - ESG incorporation or engagement	-	n/a	✓	✓					
FI 23	Communications	✓	Public		✓				✓	
FI End	Module confirmation page	✓	-							

Allianz Global Investors

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

- ☐ <10%
☐ 10-50%
☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- ☒ <10%
☐ 10-50%
☐ >50%

☐ Other, specify

☒ Execution and advisory services

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Germany

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1
☐ 2-5
☐ 6-10
☒ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

2797

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes
☒ No

OO 04

Mandatory

Public

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2016

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		480	000	000	000
Currency	EUR				
Assets in USD		513	697	684	317

OO 04.4

Additional information. [Optional]

AllianzGI manages EUR 480 billion assets between Institutional and Retail clients and EUR 64.6 billion total Assets Under Advice as at 31.12.2016

OO 06

Mandatory

Public

Descriptive

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1

How you would like to disclose your asset class mix.

- ☒ as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	30	0
Fixed income	41	0
Private equity	0	0
Property	0	0
Infrastructure	0	0

Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	25	0
Other (2), specify	4	0

'Other (1)' specified

Multi Asset

'Other (2)' specified

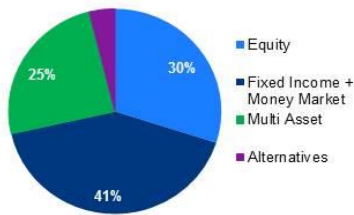
Alternatives

☐ as broad ranges

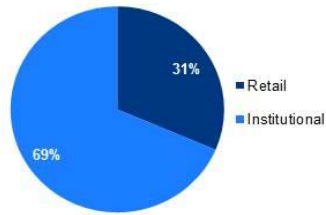
Assets under management

Total AUM: €480 billion

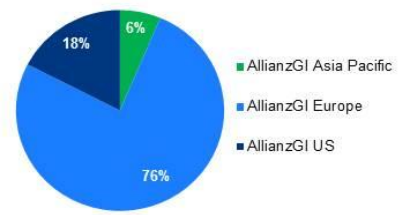
AUM by Asset Class



AUM by Client segment



AUM by Region



Source: AllianzGI AUM December 2016

1

OO 09

Mandatory to Report Voluntary to Disclose

Public

Peering

General

OO 09.1

Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Total	100%

Gateway asset class implementation indicators

OO 10

Mandatory

Public

Gateway

General

OO 10.1	Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.
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- ☒ We incorporate ESG in our investment decisions on our internally managed assets
- ☐ We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 10.2	Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.
----------------	--

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

OO 10.3	Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year
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- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 11	Mandatory	Public	Gateway	General
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OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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- ☒ Fixed income - SSA
- ☒ Fixed income - corporate (financial)
- ☒ Fixed income - corporate (non-financial)
- ☒ Fixed income - securitised
- ☒ Other (1)
- ☒ Other (2)
- ☐ None of the above

	'Other (1)' [as defined in OO 05]
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Multi Asset

	'Other (2)' [as defined in OO 05]
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Alternatives

Allianz Global Investors

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

☒ Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- ☒ UN Global Compact Principles
- ☒ UN Guiding Principles on Business and Human Rights
- ☒ Universal Declaration of Human Rights
- ☒ International Bill of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☒ Other, specify (1)

other (1) description

Please see brief description in the text below (SG 01.6)

- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

☐ No

SG 01.6	Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]
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It is the conviction of Allianz Global Investors (AllianzGI) that ESG factors are important investment performance drivers which can only be realised fully through a truly active approach to asset management. Our main focus is on identifying key materials ESG risks that may have a direct financial impact and change the investment case.

We recognise the importance of ESG factors and their potential link to value creation; yet, often the value of a well thought-out and executed ESG strategy goes unappreciated by the markets.

We believe that defining and judging potential investments in just financial terms is no longer the only approach by which to measure and understand investment risks and opportunities. We believe that by taking action, and raising our understanding beyond financial metrics by viewing investments through an additional ESG lens, our clients will be rewarded with enhanced investment decisions whilst contributing towards creating a more stable, sustainable market and society.

Further to our ESG Policy we have several other policies and statements in the area of stewardship, corporate governance, climate risk etc, see our website:

<https://www.allianzgi.com/our-firm/our-esg-approach>

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- ☒ Policy setting out your overall approach

	URL/Attachment
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- ☒ URL

	URL
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<https://www.allianzgi.com/our-firm/our-esg-approach>

- ☐ Attachment (will be made public)

- ☒ Formalised guidelines on environmental factors

	URL/Attachment
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- ☒ URL

	URL
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<https://www.allianzgi.com/our-firm/our-esg-approach>

- ☐ Attachment (will be made public)
- ☒ Formalised guidelines on social factors

	URL/Attachment
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- ☒ URL

	URL
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<https://www.allianzgi.com/our-firm/our-esg-approach>

- ☐ Attachment (will be made public)
- ☒ Formalised guidelines on corporate governance factors

	URL/Attachment
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- ☒ URL

	URL
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<https://www.allianzgi.com/our-firm/our-esg-approach>

- ☐ Attachment (will be made public)
- ☐ Sector specific RI guidelines
- ☒ Screening / exclusions policy

	URL/Attachment
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- ☒ URL

	URL
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<https://www.allianzgi.com/our-firm/our-esg-approach>

- ☐ Attachment (will be made public)
- ☒ Engagement policy

	URL/Attachment
--	----------------

- ☒ URL

URL

<https://www.allianzgi.com/our-firm/our-esg-approach>

- ☐ Attachment (will be made public)
- ☒ (Proxy) voting policy

URL/Attachment

☒ URL

URL

<https://www.allianzgi.com/our-firm/our-esg-approach>

- ☐ Attachment (will be made public)
- ☐ We do not publicly disclose our investment policy documents

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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We recognize that conflicts of interest may potentially arise from being part of the wider Allianz Group. To address these, Allianz decided that its asset management activities should be grouped within a separate business division, Allianz Asset Management AG (owner of Allianz Global Investors and PIMCO). The corporate entity of an AG provides distinct governance via a supervisory board, ensuring complete operational independence of the asset management activities from the broader Allianz business. The activities of Allianz Global Investors in turn sit in independent legal entities, directly regulated by the appropriate supervisory authority, each with their own conflicts of interest regulations with which we comply.

We typically segregate business activities that require information barriers (i.e. Separating trading of securities for "walled" activities from the rest of the firm or a strict user access control procedures to ensure information can only be accessed by authorized employees)

Every new employee receives a Code of Ethics upon joining Allianz Global Investors which they are required to read and sign. In addition, Allianz Global Investors has established compliance policies, including policies to handle conflicts of interest, which are part of our mandatory annual training.

☐ No

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not reviewed

Governance and human resources

SG 07**Mandatory****Public****Core Assessed****General****SG 07.1**

Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
of Risk, Compliance, ESG, Strategist

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ External managers or service providers
- ☐ Investor relations
- ☐ Other role, specify (1)
- ☐ Other role, specify (2)

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

16

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Via The PRI Clearing House, AllianzGI collaborates in the Sustainable Stock Exchange Initiative. In October 2015, AllianzGI launched its first collective policy engagement as a member of the SSE by asking stock exchanges to take an important step of creating voluntary guidance for issuers on reporting environmental, social and governance (ESG) information. We were successful in recruiting +100 signatures from asset owners, asset managers and companies representing over \$10 trillion in assets under management to join our campaign (hosted by the PRI Clearinghouse) on the basis that globally stock exchanges promote sound financial reporting and corporate governance standards. Our results as of February 2017 are 23 exchanges committed to producing a guidance by the end of 2016 and 8 exchanges have released it: London Stock Exchange Group, Borsa Italiana, Oslo Børs, Bolsas y Mercados Españoles, Kazakhstan Stock Exchange, Egyptian Exchange, Qatar Stock Exchange and Hochiminh Stock Exchange

- ☐ AFIC – La Commission ESG
- ☐ Asian Corporate Governance Association
- ☐ Australian Council of Superannuation Investors
- ☐ BVCA – Responsible Investment Advisory Board
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Code for Responsible Finance in the 21st Century
- ☐ Council of Institutional Investors (CII)
- ☐ ESG Research Australia
- ☐ Eumedion
- ☐ EVCA – Responsible Investment Roundtable
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Impact Investing Network (GIIN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☒ Green Bond Principles

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

☒ Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Signatory to ICCR Bangladesh Investor Initiative

☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We co-chair ICGN's Shareholder Rights committee

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Sustainable Insurance
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
Forum pour l'Investissement Responsable, UK Sustainable Investment and Finance Association, Forum per la
Finanza Sostenibile, German, Austrian and Swiss Sustainable Investment Forum and VBDO

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We are Board Members on the French and Italian SIFs

- ☐ Responsible Finance Principles in Inclusive Finance
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

Chaire Finance Durable et Investissement Responsable

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Founding Sponsor for research chair dedicated to sustainable investment

- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☒ Other collaborative organisation/initiative, specify

Climate Bond Initiative

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Partner since 20115

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- ☒ Yes

SG 10.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☐ Encouraged the adoption of the PRI
- ☒ Wrote articles on responsible investment in the media.
- ☐ Other, specify

☐ No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

ESG Matters, produced by our ESG team, is an Environmental, Social and Governance magazine publication that analyses, examines and provides insights on the broad and often complex range of ESG issues that investors have to increasingly face. During 2016, two editions of ESG Matters were published. (<http://www.esgmatters.co.uk/en/ThoughtLeadership/ESGMatters/Pages/default.aspx>)

SG 11

Voluntary

Public

Additional Assessed

PRI 4,5,6

SG 11.1

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

☒ Yes

- ☒ Yes, individually
- ☒ Yes, in collaboration with others

SG 11.2

Select the methods you have used.

- ☒ Endorsed written submissions to governments, regulators or public policy-makers developed by others
- ☒ Drafted your own written submissions to governments, regulators or public-policy markers
- ☐ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

SG 11.3

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

☒ Yes, publicly available

provide URL

http://unctad.org/en/PublicationsLibrary/unctad_sse_2016d1.pdf

☐ No

☐ No

SG 11.4

Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

In October 2015, AllianzGI launched its first collective policy engagement as a member of the Sustainable Stock Exchanges Initiative (SSE) by asking stock exchanges to take an important step of creating voluntary guidance for issuers on reporting environmental, social and governance (ESG) information. We were successful in recruiting +100 signatures from asset owners, asset managers and companies representing over \$10 trillion in assets under management to join our campaign (hosted by the PRI Clearinghouse) on the basis that globally stock exchanges promote sound financial reporting and corporate governance standards. Our results as of February 2017 are 23 exchanges committed to producing a guidance by the end of 2016 and 8 exchanges have released it: London Stock Exchange Group, Borsa Italiana, Oslo Børs, Bolsas y Mercados Españoles, Kazakhstan Stock Exchange, Egyptian Exchange, Qatar Stock Exchange and Hochiminh Stock Exchange.

The FCA wrote a piece with suggested reforms on the UK IPO process as investors have had a lot of criticism with this. We responded to around 30 questions with our preference for how changes should look. Specifically, we wanted more objective research and longer to analyse it so that we could be more confident in participating in IPOs in the UK.

The Task Force on Climate-related Financial Disclosures (TCFD) recently published their first guidance on how companies should report in relation to climate change risks. They requested feedback from the investment community and corporates on the adequacy and feasibility of such reporting. We responded in collaboration with Allianz Climate Solutions (ACS).

We also responded to the EU Commission consultation on Non-Financial Reporting Guidelines in April 2016 and the Consultation on SEC Concept note in July.

Implementation not in other modules

SG 12

Mandatory

Public

Descriptive

PRI 1

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- ☐ We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- ☐ We execute scenario analysis which includes factors representing the investment impacts of future social trends
- ☐ We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- ☐ We execute other scenario analysis, specify
- ☒ We do not execute such scenario analysis and/or modelling

SG 12.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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- ☐ We do the following
☒ We do not consider ESG issues in strategic asset allocation

SG 14	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	---

- ☒ Yes

SG 14.2	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
----------------	--

	Area
--	------

- ☒ Clean technology (including renewable energy)

	Asset class invested
--	----------------------

- ☒ Listed equity
☐ Fixed income - SSA
☐ Fixed income - Corporate (financial)
☐ Fixed income - Corporate (non-financial)
☐ Fixed income - Securitised
☐ Other (1)
☐ Other (2)

	% of AUM
--	----------

0.3

Brief description and measures of investment
--

AllianzGI have a number of equity strategies that are investing in companies involved with clean technology such as Allianz Global EcoTrends and Allianz EURECO Equity.

- ☐ Green buildings
- ☐ Sustainable forestry
- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☒ Water

Asset class invested

- ☒ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Other (1)
- ☐ Other (2)

% of AUM

0.32

Brief description and measures of investment
--

We operate AllianzGI Global Water Fund. The Fund invests in stocks of companies that provide technologies to improve the supply, efficiency or quality of water, which is rapidly becoming an increasingly scarce commodity.

- ☒ Other area, specify
Green Bond Fund

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Other (1)
- ☐ Other (2)

% of AUM

0.03

Brief description and measures of investment
--

The AllianzGI Green Bond Fund was launched in 2015. It invests in green bonds issued by corporates with investment-grade ratings and some sovereign, supranationals and agency issues. It only invests in bonds issued in Organisation for Economic Cooperation and Development (OECD) currencies.

☐ No

SG 15	Mandatory	Public	Descriptive	General
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SG 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
----------------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Other (1) [as defined in Organisational Overview module]	AllianzGI have Multi-Asset products that look to incorporate the ESG research and ratings into their selection process, following a best-in-class approach.
Other (2) [as defined in Organisational Overview module]	The portfolio the Infrastructure Equity team currently manages consists solely of Wind and Solar parks spread over Europe. Within the carried out Due Diligences as a part of the individual transaction process the team integrates potential ESG issues as part of the decision making.

Innovation

SG 17	Voluntary	Public	Descriptive	General
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SG 17.1

Indicate whether any specific features of your approach to responsible investment are particularly innovative.

☒ Yes

SG 17.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

We have developed a proprietary digital platform for crowd-sourcing and systematic recording of our research and investment views (on issuers as well as sectors on a global scale).

For our insights and innovation regarding climate risks we source the expertise internally (joint effort of AllianzGI, Allianz Climate Solutions and Allianz SE).

☐ No

Allianz Global Investors

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Public	Gateway	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☒ Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied	<div> <div></div> <div>%</div> </div>
	73.34

- ☒ Screening and Integration strategies

Percentage of active listed equity to which the strategy is applied	<div> <div></div> <div>%</div> </div>
	25.50

- ☒ Thematic and integration strategies

Percentage of active listed equity to which the strategy is applied	<div> <div></div> <div>%</div> </div>
	1.15

- ☐ Screening and thematic strategies
- ☐ All three strategies combined
- ☐ We do not apply incorporation strategies

Total actively managed listed equities

99.99%

LEI 03.2

Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

The cornerstone of our active investment approach is that our dedicated and experienced ESG research team works hand in hand with our mainstream analysts and portfolio managers. We have a unique, truly global approach to ESG research and investing, with every piece of ESG analysis shared with all our investment professionals via our proprietary research platform. This platform facilitates and systematically records our international network of investors debating and assessing ESG risks and opportunities on a global universe of corporate issuers, sectors and themes.

We believe that an open debate about companies' ESG considerations, involving all of AllianzGI's investment professionals is superior to third party desk research, which is often based on published disclosures rather than deep industry experience and access to management teams.

At Allianz GI we aim to avoid reputational risks for our clients. We have a Global Position Statement on controversial weapons that aims to provide clients with clarity and transparency on AllianzGI's approach to investment in firms that are involved in cluster munitions and anti-personnel mines. For clients that would like to go a step further we offer different types of products to meet various investor needs and objectives: ESG Integrated, SRI and Impact (Thematic) driven.

LEI 04	Voluntary	Public	Additional Assessed	PRI 1
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LEI 04.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Other, specify

LEI 04.2

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

- Engagement with companies at executive level, board level and internal sustainability managers.
- Engagement with NGOs, Think Tanks, Industry Associations/bodies, supranationals
- Reports from NGOs, Think Tanks, Industry Associations/bodies, supranationals and from companies.
- Collaborations of fundamental analysts and Portfolio Managers
- Sell side brokers
- External ESG Research providers
- Grassroots - GrassrootsSM Research is a unique division within Allianz Global Investors that uses a global network of journalists, Field Force investigators and industry contacts to conduct interviews with consumers, distributors, manufacturers and more in an effort to help us identify important stock and sector trends before our competitors do by using innovative market research and investigative journalism.

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
-----------------	--

☒ Yes

LEI 04.4	Describe how you incentivise brokers.
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5% allocation of broker budget is given to the ESG team to allocate reward differentiated ESG research supported by detailed feedback.

☐ No

LEI 05	Voluntary	Public	Additional Assessed	PRI 1
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LEI 05.1	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

LEI 05.2	Additional information. [Optional]
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Engagement and proxy voting activities and decisions are recorded and shared among all our investment professionals on Chatter, AllianzGI's proprietary Global Research Platform.

(A) Implementation: Screening

LEI 06	Mandatory	Public	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☒ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
--	-------------

Depending on the type of product (mainstream or SRI) we apply different screening. For our mainstream funds (retail funds domiciled in Europe, including the funds distributed throughout Europe and Asia Pacific) we exclude companies that are involved in cluster munitions and anti-personnel mines, while for SRI products we use various exclusions (e.g. a human right filter).

- ☒ Positive/best-in-class screening

Screened by

- ☐ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
--	-------------

We apply best-in-class methodology based on our proprietary ESG ratings to some of our strategies. Our ESG ratings are based on material ESG factors.

- ☐ Norms-based screening

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

We apply best-in-class methodology based on our proprietary ESG ratings to some of our strategies. Our ESG ratings are based on material ESG factors.

AllianzGI employ screens within all mutual funds registered in Europe, as well as Allianz-owned assets, based on companies involved with the production or sale of cluster munitions and anti-personnel mines considered illegal as per the Ottawa Convention (Anti-personnel mines) and Oslo Convention (Cluster Munitions). The negative lists are updated periodically in order to capture any changes in the information gained from external research data providers.

In terms of the negative screen criteria for segregated mandates, the criteria is set in consultation with the client and reviewed according to the client's wishes.

LEI 07	Mandatory	Public	Core Assessed	PRI 1
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LEI 07.1

Indicate which processes your organisation uses to ensure screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 08**Voluntary****Public****Additional Assessed****PRI 1****LEI 08.1**

Indicate which processes your organisation uses to ensure fund criteria are not breached

- ☒ Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

LEI 08.2

If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.

Exclusions are programed into pre-trading compliance systems.

Where breached are identified:

- a) ESG analysts to verify breach
- b) If confirmed, portfolio manager will decide to sell

Our regional offices have processes in place to handle breaches. For example, as mentioned above, in Europe, fund screening criteria are hard-coded in pre-trade systems to prevent any investments in prohibited financial instruments. Exclusions are monitored by automated pre-trade controls will identify any securities/trades in a portfolio which constitute a breach. Portfolio managers would be required to resolve the breach by selling the financial instrument as soon as reasonably possible under the relevant market conditions, taking into consideration the best interests of the client.

(B) Implementation: Thematic**LEI 09****Mandatory****Public****Descriptive****PRI 1**

LEI 09.1

Indicate the type of sustainability thematic funds or mandates your organisation manages.

- ☒ Environmentally themed funds
- ☒ Socially themed funds
- ☐ Combination of themes

(C) Implementation: Integration of ESG issues**LEI 10****Mandatory****Public****Core Assessed****PRI 1****LEI 10.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<div>Environmental</div> <p><input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly</p> <p><input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly</p> <p><input type="radio"/> We do not review environmental issues</p>
Social	<div>Social</div> <p><input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly</p> <p><input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly</p> <p><input type="radio"/> We do not review social issues</p>
Corporate Governance	<div>Corporate Governance</div> <p><input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly</p> <p><input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly</p> <p><input type="radio"/> We do not review corporate governance issues</p>

LEI 11**Voluntary****Public****Additional Assessed****PRI 1**

LEI 11.1

Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ☒ ESG risk profile of a portfolio against benchmark
- ☐ Other, specify
- ☐ None of the above

LEI 11.2

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☐ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

Communication

LEI 17**Mandatory****Public****Core Assessed****PRI 2,6****LEI 17.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- ☐ We disclose it publicly
- ☒ We disclose it to clients and/or beneficiaries only

LEI 17.5

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

LEI 17.6

Indicate how frequently you typically report this information.

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Allianz Global Investors

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 01	Mandatory	Public	Core Assessed	PRI 2
--------	-----------	--------	---------------	-------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1 | Indicate whether your organisation has a formal engagement policy.

☒ Yes

LEA 01.2 | Indicate what your engagement policy covers:

- ☒ Conflicts of interest
- ☒ Prioritisation of engagements
- ☒ Transparency
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☒ Engagements following on from decisions
- ☐ Other, describe
- ☐ None of the above

Attach document

[File 1:AllianzGI Stewardship Statement 2016.pdf](#)

LEA 01.4 | Provide a brief overview of your organization's approach to engagement

Please see document attached on 01.3

☐ No

LEA 01.5 | Additional information [optional]

Allianz Global investor is a member of multiple trade associations, investor networks and other bodies that facilitate investor engagement, and we leverage these when and as appropriate. We participate in collective engagement when this route offers the most effective way of achieving engagement objectives and is in the best interests of our clients. This is often the case with public policy engagements and collective investor initiatives aimed at improving practices at an industry, market or international level.

All engagements will be coordinated between Allianz Global Investors' internal stakeholders in a transparent and inclusive way using our proprietary research and communications database.

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
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LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
----------	--

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify To improve performance of companies <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify To improve performance of companies <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify To improve quality of research <input type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Public	Core Assessed	PRI 2
--------	-----------	--------	---------------	-------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
----------	---

© Yes

LEA 03.2

Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- ☒ Geography/market of the companies targeted
- ☒ Materiality of ESG factors
- ☒ Systemic risks to global portfolios
- ☒ Exposure (holdings)
- ☒ In reaction to ESG impacts which has already taken place
- ☒ As a response to divestment pressure
- ☒ As a follow-up from a voting decision
- ☐ Client request
- ☒ Other, describe

other description

Impact of Esg and non ESG practices on the company's performance

☐ No

LEA 03.3

Additional information. [Optional]

Please see attachment on 01.3

LEA 04

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1

Indicate if you define specific objectives for your engagement activities.

- ☒ Yes
 - ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ We do not define specific objectives for engagement activities carried out by internal staff.

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
 - ☒ Yes, in all cases
 - ☐ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases
- ☐ We do not monitor the actions that companies take following engagement activities carried out by internal staff.

LEA 04.3

Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

- ☐ Yes
☒ No

LEA 04.5

Additional information. [Optional]

As an active investment manager, we see engagement as a way to reduce investment risk, help improve corporate performance, including ESG, and better assure long-term business prospects of investee companies. Consequently, we do not seek to measure success of our engagements separately from our investment performance. The engagement process is detailed through our internal research and communication system allowing for a subjective, qualitative view of how the engagement progressed. All engagement notes and outcomes are available on our internal research and communication tool, thus allowing all portfolio managers and analysts to reflect these in their investment decisions. ESG engagement is further integrated into the investment process through a change in ESG rating with an upgrade or downgrade dependent on the engagement outcome.

Process for engagements conducted via collaborations

LEA 05**Mandatory****Public****Core Assessed****PRI 2**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 05.1

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

- ☒ Yes

LEA 05.2

Describe the criteria used to identify and prioritise collaborative engagements

- ☒ Potential to learn from other investors
- ☒ Ability to add value to the collaboration
- ☒ Geography / market of the companies targeted
- ☒ Materiality of ESG factors
- ☒ Systemic risks to global portfolios
- ☒ Exposure (holdings)
- ☒ In response to ESG impacts which has already taken place
- ☐ In response to divestment pressure
- ☐ Client requests
- ☐ Other, describe

- ☐ No

LEA 06**Mandatory****Public****Core Assessed****PRI 2**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 06.1

Indicate if you define specific objectives for your engagement activities carried out collaboratively.

- ☒ Yes
- ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ We do not define specific objectives for engagement activities carried out collaboratively.

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- ☒ Yes
- ☒ Yes, in all cases
 - ☐ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases
- ☐ We do not monitor the actions that companies take following engagement activities carried out collaboratively

LEA 06.3

Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

- ☐ Yes
- ☒ No

LEA 06.5

Additional information. [Optional]

Please see Stweradship Statement attachment on 01.3

General processes for all three groups of engagers

LEA 09	Voluntary	Public	Additional Assessed	PRI 1,2
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LEA 09.1

Indicate if insights gained from your engagements are shared with your internal or external investment managers.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10	Mandatory	Public	Gateway	PRI 2
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LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input checked="" type="radio"/> We do not track
Collaborative engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input checked="" type="radio"/> We do not track and cannot estimate our engagements

LEA 10.2 Additional information. [OPTIONAL]

We have started to track our engagements at the end of 2016 and therefore the amount we currently have recorded, which is 82 companies since we started tracking, does not cover the whole reporting period.

Communication

LEA 16	Mandatory	Public	Core Assessed	PRI 2,6
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LEA 16.1 Indicate whether your organisation proactively discloses information on its engagements.

- ☐ We disclose it publicly
☒ We disclose it to clients and/or beneficiaries only

LEA 16.5 Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

Engagement information disclosed

- ☐ Details of the selections, priorities and specific goals of engagement
☒ Number of engagements
☒ Breakdown of engagements by type/topic
☐ Breakdown of engagements by region
☐ An assessment of the current status of the engagement
☐ Outcomes that have been achieved from the engagement
☐ Other information

LEA 16.6

Indicate how frequently you typically report engagements information

- ☐ Disclosed continuously (prior to and post engagements)
- ☐ Disclosed quarterly or more frequently
- ☐ Disclosed biannually
- ☐ Disclosed annually
- ☐ Disclosed less frequently than annually
- ☒ Ad hoc/when requested
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions**Overview****LEA 17****Mandatory****Public****Gateway****PRI 1,2,3**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 17.1

Indicate whether your organisation has a formal voting policy.

- ☒ Yes

LEA 17.2

Indicate what your voting policy covers:

- ☒ Conflicts of interest
- ☒ Prioritisation of voting activities
- ☒ Transparency
- ☒ Decision making processes
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☒ Filing/co-filing resolutions
- ☐ Extraordinary meetings
- ☒ Share blocking
- ☒ Regional voting practices
- ☐ Record keeping
- ☒ Company dialogue pre/post vote
- ☒ Securities lending process
- ☐ Other, describe
- ☐ None of the above

Attach document

[File 1:Global Corporate Governance Guidelines - Nov 2014.pdf](#)

[File 2:AllianzGI Stewardship Statement 2016.pdf](#)

LEA 17.4 Provide a brief overview of your organization's approach to (proxy) voting.

See Stewardship Statement

LEA 17.5 Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).

The ESG Research team is responsible for Allianz Global Investors' Corporate Governance Guidelines and proxy voting policy, and ensures that proxy votes reflect the investment platform's views.

Allianz Global Investors has adopted a risk-based approach to proxy voting research and analysis, whereby the ESG team focuses its effort on reviewing shareholder meeting proposals for a proportion of holdings in our portfolios (e.g. large aggregate positions across our funds, core holdings in individual funds, companies with an ongoing engagement activity, etc.), and our proxy voting policy is consistently applied to the remaining holdings. Our investment teams review potentially contentious proposals for all holdings in their portfolios and bring these to the attention of the ESG team for further analysis and vote decision.

All proxy voting research and initial voting recommendations are generated on the basis of Allianz Global Investors' own proxy voting policy. Proxy voting research is provided by Institutional Shareholder Services ("ISS"), a third party proxy voting service provider, and supplemented by European large cap research from Expert Corporate Governance Service. Allianz Global Investors uses an electronic proxy voting platform provided by ISS to cast our votes. In addition, we have access to MSCI ESG research and corporate governance indicators, as well as sell-side analysis that we use to supplement our analysis and assessment.

For all policy overrides, internal consultations involving analysts and portfolio managers take place through our online investment platform. These consultations are also used to highlight ESG risks and substandard practices feeding into company engagement and internal ratings. Where consensus on vote direction could not be reached among internal stakeholders, the ESG team escalates the decision to the European Proxy Voting Committee.

☐ No

Process

LEA 18

Mandatory

Public

Descriptive

PRI 2

LEA 18.1

Indicate how you typically make your (proxy) voting decisions.

Approach

- ☐ We use our own research or voting team and make voting decisions without the use of service providers.
- ☒ We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.

	Based on
--	----------

- ☐ the service provider voting policy signed off by us
- ☐ our own voting policy
- ☒ our clients' requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) that make voting decisions on our behalf.

LEA 18.2	Additional information.[Optional]
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All proxy voting research and initial voting recommendations are generated on the basis of Allianz Global Investors' own proxy voting policy. Proxy voting research is provided by Institutional Shareholder Services ("ISS"), a third party proxy voting service provider. Allianz Global Investors uses an electronic proxy voting platform provided by ISS to cast our votes.

LEA 21	Voluntary	Public	Additional Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 21.1	Indicate if your organisation has a securities lending programme.
----------	---

- ☐ Yes
- ☒ No

LEA 21.3	Additional information.
----------	-------------------------

See Stewardship Statement

LEA 22	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 22.1	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
-----------------	---

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
- ☐ Votes for selected markets
 - ☐ Votes relating to certain ESG issues
 - ☒ Votes for significant shareholdings
 - ☒ Votes for companies we are engaging with
 - ☐ On request by clients
 - ☐ Other
- ☐ Neither we nor our service provider raise concerns with companies ahead of voting

LEA 22.2	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
-----------------	---

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases.
- ☐ Votes in selected markets
 - ☐ Votes on certain issues
 - ☒ Votes for significant shareholdings
 - ☒ Votes for companies we are engaging with
 - ☐ On request by clients
 - ☐ Other
- ☐ We do not communicate the rationale to companies
- ☐ Not applicable because we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 23	Mandatory	Public	Core Assessed	PRI 2
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LEA 23.1	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	--

- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

75

	Specify the basis on which this percentage is calculated
--	--

- ☒ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

LEA 23.2	Explain your reason(s) for not voting certain holdings
-----------------	--

- ☒ Shares were blocked
- ☒ Notice, ballots or materials not received in time
- ☒ Missed deadline
- ☐ Geographical restrictions (non-home market)
- ☐ Cost
- ☐ Conflicts of interest
- ☒ Holdings deemed too small
- ☒ Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- ☐ We do not vote on environmental resolutions
- ☐ We do not vote on social resolutions
- ☒ On request by clients
- ☐ Other
- ☐ We do not track or collect this information

LEA 24	Mandatory	Public	Additional Assessed	PRI 2
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LEA 24.1	Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.
-----------------	---

- ☒ Yes, we track this information

LEA 24.2	Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:
-----------------	--

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div> <div></div> <div>%</div> </div> 89.80
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> 10
Abstentions	<div> <div></div> <div>%</div> </div> 0.2

100%

LEA 24.3 Describe the actions you take after voting against management recommendations.

Where we have a significant holding with the company we would let the company know our votes for and against and we would typically follow up with engagement.

☐ No, we do not track this information

Communication

LEA 27	Mandatory	Public	Core Assessed	PRI 2,6
---------------	------------------	---------------	----------------------	----------------

LEA 27.1 Indicate if your organisation proactively discloses information on your voting activities.

☒ We disclose it publicly

provide URL

<https://uk.allianzgi.com/Institutional/our-firm/our-esg-approach/principles-and-policies>

LEA 27.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

LEA 27.3 Indicate the voting information your organisation proactively discloses to the public.

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☒ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☒ No explanations provided

LEA 27.4

Indicate how frequently you typically report voting information to the public.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc/as requested

LEA 27.5

Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☒ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☒ Only explain abstentions and votes against management
- ☐ No explanations provided

LEA 27.6

Indicate how frequently you report voting information to clients/beneficiaries.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other

LEA 27.7

Describe any other differences in the information being disclosed. [Optional]

Proxy Voting decisions can be disclosed to clients as per request or agreement with them.

- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 27.8

Additional information. [Optional]

Allianz Global Investors

Reported Information

Public version

Direct - Fixed Income













PRI disclaimer

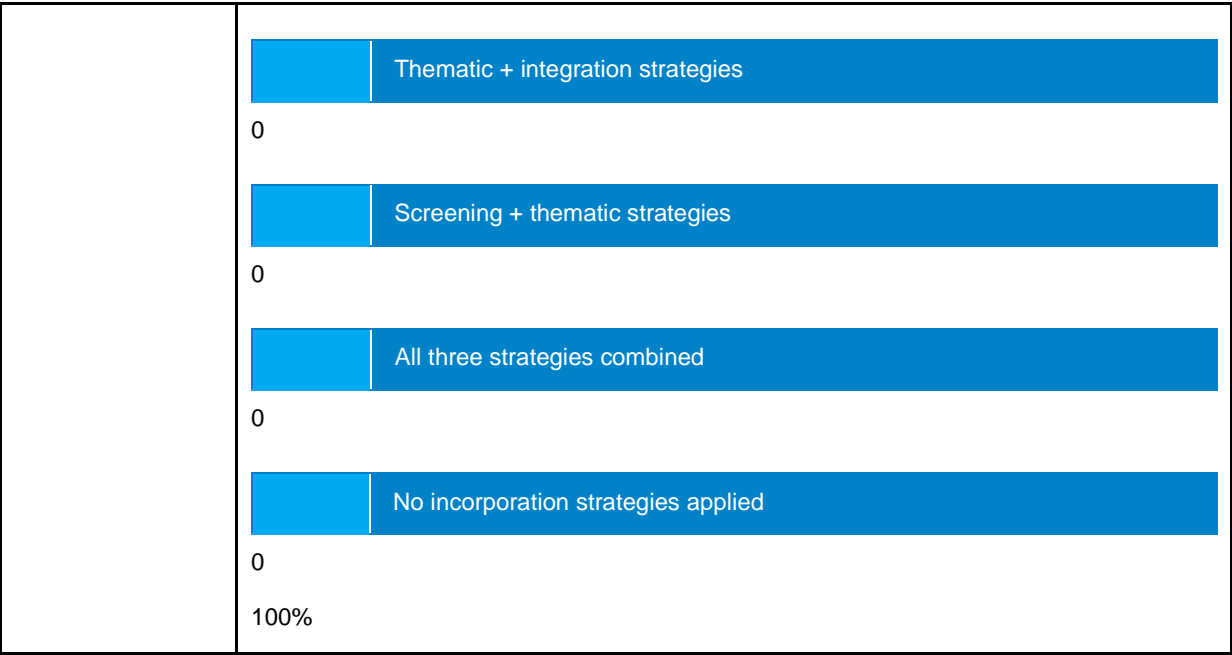
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ESG incorporation in actively managed fixed income

Implementation processes

FI 04	Mandatory	Public	Gateway	PRI 1
FI 04.1	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

SSA	 Screening alone	0
	 Thematic alone	0
	 Integration alone	100
	 Screening + integration strategies	0
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	0
	 No incorporation strategies applied	0
		100%
Corporate (financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	100
	 Screening + integration strategies	0



Corporate (non-financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	63
	 Screening + integration strategies	36
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	1
	 No incorporation strategies applied	0
		100%
Securitised	 Screening alone	0
	 Thematic alone	0
	 Integration alone	99.95
	 Screening + integration strategies	00.05

	<div>Thematic + integration strategies</div> <div>0</div>
	<div>Screening + thematic strategies</div> <div>0</div>
	<div>All three strategies combined</div> <div>0</div>
	<div>No incorporation strategies applied</div> <div>0</div>
	100%

FI 04.2

Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

The cornerstone of our active investment approach is that our dedicated and experienced ESG research team works hand in hand with our mainstream analysts and portfolio managers. We have a unique, truly global approach to ESG research and investing, with every piece of ESG analysis shared with all our investment professionals via our proprietary research platform. This platform facilitates and systematically records our international network of investors debating and assessing ESG risks and opportunities on a global universe of corporate issuers, sectors and themes. It is at the discretion of our fixed income professionals to explicitly take into account ESG factors in the mainstream investment process.

At Allianz GI we aim to avoid reputational risks for our clients. We have a Global Position Statement on controversial weapons that aims to provide clients with clarity and transparency on AllianzGI's approach to investment in firms that are involved in cluster munitions and anti-personnel mines. For clients that would like to go a step further we offer different types of fixed income products to meet various investor needs and objectives such as SRI and Impact (Thematic) driven.

FI 06

Mandatory

Public

Additional Assessed

PRI 1

FI 06.1

Indicate how you ensure that your ESG research process is robust:

- ☐ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- ☒ Internal audits of ESG research are undertaken in a systematic way
- ☒ ESG analysis is benchmarked for quality against other providers
- ☐ Other, specify
- ☐ None of the above

FI 06.2	Describe how your ESG information or analysis is shared among your investment team.
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- ☒ ESG information is held within a centralised database and is accessible to all investment staff
- ☐ ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- ☐ Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- ☒ Records capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

(A) Implementation: Screening				
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FI 07	Mandatory	Public	Gateway	PRI 1
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FI 07.1	Indicate the type of screening you conduct.
----------------	--

Select all that apply

			Corporate (non-financial)	Securitised
Negative/exclusionary screening			<input type="checkbox"/>	<input type="checkbox"/>
Positive/best-in-class screening			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Norms-based screening			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FI 07.2	Describe your approach to screening for internally managed active fixed income
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For our mainstream funds (retail funds domiciled in Europe, including the funds distributed throughout Europe and Asia Pacific) we exclude companies that are involved in cluster munitions and anti-personnel mines, while for our SRI fixed income products we mainly use best-in-class screening.. Any negative score on any ESG aspect would be reflected in the overall ESG score of the company, possibly precluding them from entering the portfolios. This is complemented by a human rights screen.

FI 10	Mandatory	Public	Core Assessed	PRI 1
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FI 10.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
----------------	--

Type of screening	Checks
Positive/best-in-class screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
Norms-based screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

(B) Implementation: Thematic

FI 12	Mandatory	Public	Core Assessed	PRI 1
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FI 12.1	Indicate whether you encourage transparency and disclosure relating to the issuance of themed bonds as per the Green Bonds Principles:
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- ☒ We require that themed bond proceeds are only allocated to environmentally or socially beneficial projects
- ☒ We require the issuer (or 3rd party assurer) to demonstrate a process which determines the eligibility of projects to which themed bond proceeds are allocated
- ☒ We require issuers to demonstrate a systematic and transparent process of disbursing themed bond proceeds to eligible projects until all funds are allocated
- ☒ We require issuers to report at least once per year on the projects to which proceeds have been allocated including a description of those projects
- ☐ Other, specify
- ☐ None of the above

FI 12.2	Describe the actions you take when issuers do not disburse bond proceeds as described in the offering documents.
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In such a case we would sell the position if we found that the proceeds from the bond issuance are not used to finance what was committed by the issuer.

FI 13	Mandatory	Public	Additional Assessed	PRI 1
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FI 13.1	Indicate how you assess the environmental or social impact of your thematic investments
<input checked="" type="checkbox"/>	We require issuers to report at least once per year on specific environmental or social impacts resulting from our themed investments
<input type="checkbox"/>	We ensure independent audits are conducted on the environmental or social impact of our investments
<input checked="" type="checkbox"/>	We have a proprietary system to measure environmental and social impact
<input checked="" type="checkbox"/>	We measure the impact of our themed bond investments on specific ESG factors such as carbon emissions or human rights
<input type="checkbox"/>	Other, specify
<input type="checkbox"/>	None of the above

(C) Implementation: Integration

FI 14	Mandatory	Public	Descriptive	PRI 1
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FI 14.1	Describe your approach to integrating ESG into traditional financial analysis.
<p>We analyse companies' ESG positioning using internal research and our ability to engage in dialogue with companies and organisations such as unions or NGOs.</p> <p>We also rely on external research provided by the rating agencies MSCI, VigeoEiris and Sustainalytics, with whom we have established long term partnership. Far beyond data processing from external research providers, our ESG analysts conduct complementary, in depth, qualitative analysis. They regularly meet with representatives of company top management, and also produce transversal research reports and sector studies.</p> <p>Our ESG analysis is shared with all our investment professionals via our proprietary research platform. This platform facilitates and systematically records our international network of investors debating and assessing ESG risks and opportunities on a global universe of corporate issuers, sectors and themes. It is at the discretion of our fixed income professionals to explicitly take into account ESG factors in the mainstream investment process.</p>	

FI 14.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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	SSA
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For Sovereigns, we collect information released by international bodies such as the World Bank, the OECD, or United Nations entities like Unicef or Unesco. From those bodies, we collect data on poverty level, scholarship rate, gender equality, renewable energies, political stability, government effectiveness, etc. We also rely on information coming from NGOs like Transparency International for data on exposure to the risk of corruption or Freedom House that conducts research on democracy, political freedom and human rights

ESG ratings are a complementary signal to sovereign and credit analysis. They help to assess:

- The ability of governments to generate revenues in the future by looking, for example, at the quality of the education system or the level of R&D (Research & Development) investments
- The ability of governments to face their obligations by looking notably at the health policy, the pensions system or policies related to respect for the environment
- The ability of governments to conduct reforms and to run effective institutions by looking at the corruption level or at the organisation of the judicial system

ESG research shares the same target as credit ratings, namely assessing sovereign's capacity to repay debt by assessing non-financial risks and opportunities that are likely to have either a positive or negative impact on their solvency.

We collect data on around 120 indicators to compute absolute ratings on 3 domains:

- Environmental responsibility

- Social responsibility and solidarity
- Institution responsibility

Corporate (financial)

For each factor to evaluate a company's ESG profile, we assign a rating from 0 to 4, and each company is valued according to this rating. The rating may be re-evaluated or modified by the ESG Research Team, who has the final word, in the following cases:

- Divergence of appreciation between the external research providers, obsolescence or insufficiency of their analysis
- Alert from the database on specific ESG criteria
- Media and stakeholder controversies (NGOs, trade unions, etc.)
- Unrated issuers
- Integration of additional data from brokers, Corporate Social Responsibility ("CSR") experts and from meetings with sustainable development teams of companies

Corporate (non-financial)

For each factor to evaluate a company's ESG profile, we assign a rating from 0 to 4, and each company is valued according to this rating. The rating may be re-evaluated or modified by the ESG Research Team, who has the final word, in the following cases:

- Divergence of appreciation between the external research providers, obsolescence or insufficiency of their analysis
- Alert from the database on specific ESG criteria
- Media and stakeholder controversies (NGOs, trade unions, etc.)
- Unrated issuers
- Integration of additional data from brokers, Corporate Social Responsibility ("CSR") experts and from meetings with sustainable development teams of companies

Securitised

For each factor to evaluate a company's ESG profile, we assign a rating from 0 to 4, and each company is valued according to this rating. The rating may be re-evaluated or modified by the ESG Research Team, who has the final word, in the following cases:

- Divergence of appreciation between the external research providers, obsolescence or insufficiency of their analysis
- Alert from the database on specific ESG criteria
- Media and stakeholder controversies (NGOs, trade unions, etc.)
- Unrated issuers
- Integration of additional data from brokers, Corporate Social Responsibility ("CSR") experts and from meetings with sustainable development teams of companies

FI 15	Mandatory	Public	Core Assessed	PRI 1
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FI 15.1	Indicate how ESG information is typically used as part of your investment process.
---------	--

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into security weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into portfolio construction decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ESG analysis is a standard part of internal credit ratings or assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis is regularly featured in internal research notes or similar	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard feature of ongoing portfolio monitoring	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis features in all internal issuer summaries or similar documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16	Mandatory	Public	Additional Assessed	PRI 1
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FI 16.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance
SSA	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Securitized	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

FI 16.2

Please provide more detail on how you review E, S and G factors in your integration process.

SSA

An external data provider supplies quantitative data on three key areas:

a) Environment: greenhouse gases emissions, land use, water use, biodiversity protection, ratification of main environmental treaties and conventions. Natural resources represent an economic asset and are a source of wealth for a country. As such, developing a coherent set of policies to protect the environment and natural resources is key to reduce future risks and to strengthen a country's ability to repay its debt.

b) Social: health, education, housing, social inequalities, ratification of International Labor Organization conventions. People are the driving force of any country. To achieve a harmonious and sustainable economic development and to get people's participate in its growth, a country must provide its people with access to education and health and must be able to create an environment where people feel secure and integrated.

c) Government oversight: rule of law, government effectiveness, regulatory quality, control of and perception of corruption. A country with low corruption and good political stability has a higher ability to adapt to changing economic and geopolitical conditions and will get higher investors' confidence.

All these indicators come from internationally-recognized sources such as the World Bank and OECD. To form our opinion, further qualitative analysis is carried out on additional factors that have been identified as material enough to potentially have an impact on the ability of a government to generate future revenues (such as family policies, education, gender equality, research and development) or on its ability to face its future obligations (pensions systems, healthcare systems). Alongside these factors, others have been selected based on their ability to improve the country's social cohesion (respect for human rights and civil liberties, housing, environmental policies, integration of minorities, fight against corruption, justice).

Corporate (financial)

Our ESG research is global. It supports dedicated SRI / ESG client mandates and, more broadly, our ambition to integrate material and financially relevant ESG factors into our investment decisions.

We achieve this in three main ways:

Top down analysis: undertaking thematic and sector analysis which highlights how emerging and existing ESG issues are affecting issuers.

Investment-driven research: identification of ESG factors which have the potential to materially impact investments. These ESG investment drivers are designed to complement fundamental investment drivers and contribute to the overall investment case of an issuer.

In-depth issuer ESG profiles: provides a qualitative and quantitative picture of a specific issuer's ESG profile and performance.

Top down analysis: sector and thematic research

In order to understand the ESG issues most relevant to a specific issuer, we first need to understand the underlying ESG trends most relevant within the given sector or sub-sector. This requires in-depth, top-down analysis in the form of thematic or sector research.

Each ESG analyst specialises in a specific sector, recognizing the different ESG characteristics of different sectors. This means they have the detailed knowledge necessary to identify and track key ESG issues impacting the issuers in their sectors. This approach also ensures we are not overly reliant on external research providers and sell-side ESG brokers, enabling us to generate independent and differentiated insights into ESG topics ahead of the market.

With ESG analysts based in London, Paris and Frankfurt, the ESG team's global footprint allows us to examine ESG factors from a regional as well as a sector-specific perspective, accounting for cultural ESG differences.

In turn, these geographical and sector-specific insights feed into our holistic ESG approach, influencing our research, engagement approach and also our positions on industry ESG initiatives.

In-depth ESG issuer profiles

ESG issuer profiles provide an in-depth picture on the ESG qualities of an issuer. Our ESG profiles consist of both quantitative and qualitative analysis. Our analysts may overrule the output of our quantitative model, provided that there is a sound rationale behind the change, thus providing an overall 'sense-check'. All ESG analysis is housed in Chatter, our proprietary research database which promotes online discussion of stocks and investment themes across the investment platform through a social media-style interface. Chatter allows ESG research to be shared across the investment platform, allowing other analysts and portfolio managers the opportunity to build ESG analysis into their investment decisions.

Human rights flag

The human rights flag provides a further signal that a company has a potential controversy linked to human rights issues. For dedicated SRI strategies, the human rights flag is used as an absolute screen of the investment universe.

Corporate (non-financial)

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Securitised

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Top down analysis: undertaking thematic and sector analysis which highlights how emerging and existing ESG issues are affecting issuers.

Investment-driven research: identification of ESG factors which have the potential to materially impact investments. These ESG investment drivers are designed to complement fundamental investment drivers and contribute to the overall investment case of an issuer.

In-depth issuer ESG profiles: provides a qualitative and quantitative picture of a specific issuer's ESG profile and performance.

Top down analysis: sector and thematic research

In order to understand the ESG issues most relevant to a specific issuer, we first need to understand the underlying ESG trends most relevant within the given sector or sub-sector. This requires in-depth, top-down analysis in the form of thematic or sector research.

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Communication				
FI 23	Mandatory	Public	Core Assessed	PRI 2,6
FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.			
<input checked="" type="radio"/> We disclose it publicly				
	Provide URL			
http://www.allianzgi.com/our-firm/our-esg-approach				
FI 23.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.			
<input checked="" type="radio"/> Yes				
FI 23.3	Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.			
<input checked="" type="radio"/> Broad approach to RI incorporation <input type="radio"/> Detailed explanation of RI incorporation strategy used				

FI 23.4

Indicate how frequently you typically report this information.

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

FI 23.7

Additional information. [Optional]

www.allianzgi.com/our-firm/our-esg-approach