

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant ALLIANZ ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, LEI: 549300GMPWLFNKRJ28

Summary

Allianz ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima (hereinafter: the Company), taking due account of its size, the nature and scale of its activities, as well as the possible long-term impact of investment decisions on environmental, social and governance (ESG) factors, takes into account the principal adverse impacts of its investment decisions on sustainability factors at the Company (entity) level, i.e. monitors, analyzes at the level of each issuer and manages ESG risks in line with the current availability of data on ESG factors. However, although the Company monitors ESG indicators and takes sustainability risks into account, as an obligee of the Law on the Implementation of Regulation (EU) 2019/2088 of the European Parliament and the Council of November 27, 2019 on disclosures related to sustainability in the financial services sector and Regulation (EU) 2020 /852 on the establishment of a framework to facilitate sustainable investments and the amendment of Regulation (EU) 2019/2088 (hereinafter: the Act on the Implementation of the SFDR Regulation) in the capacity of a manager of closed-ended and open-ended voluntary pension funds, the Company emphasizes that pension funds under the management of the Company do not enter category of products that promote environmental or social characteristics nor products with aim to invest in sustainable investments. This is a consolidated statement on principal adverse impacts of investment decision on the sustainability factors for the Company and the following pension funds under its management:

1. AZ obvezni mirovinski fond kategorije A
2. AZ obvezni mirovinski fond kategorije B
3. AZ obvezni mirovinski fond kategorije C
4. AZ PROFIT otvoreni dobrovoljni mirovinski fond
5. AZ PROFIT otvoreni dobrovoljni mirovinski fond
6. AUTO HRVATSKA zatvoreni dobrovoljni mirovinski fond
7. AZ A1 zatvoreni dobrovoljni mirovinski fond
8. AZ DALEKOVOD zatvoreni dobrovoljni mirovinski fond
9. AZ ZAGREB zatvoreni dobrovoljni mirovinski fond
10. AZ HKZP zatvoreni dobrovoljni mirovinski fond
11. AZ ZABA zatvoreni dobrovoljni mirovinski fond
12. AZ Treći Horizont zatvoreni dobrovoljni mirovinski fond

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022

Our understanding of sustainability risks comprises environmental, social or governance (ESG) events or conditions which, if they occur, may potentially have material negative impacts on the assets, profitability or reputation of the Company. The principal adverse impact on sustainability factors includes greenhouse gas emissions, loss of biodiversity, water shortages, handling of hazardous waste and toxic emissions, human rights violations, adverse impacts on the community and its security, bribery and corruption. The Company has adopted a Policy on integrating sustainability risks into the investment decision-making process and is considering sustainability risks throughout the entire investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. This includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company will pay special attention when considering investments in sectors with high exposure to potential sustainability risks and adverse impacts on sustainability factors, taking into account the best international practices and standards, as well as the level of availability of ESG data when assessing these impacts. The Company plans to undertake additional efforts in order to increase the availability of data from issuers that are necessary for a reliable assessment of the impact, that is, to reduce the share of issuers for which it was not possible to make a reasonable assessment of the adverse impact. The Company shall continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and the best market practices.

Description of the principal adverse impacts on sustainability factors

In accordance with the provisions of COMMISSION DELEGATED REGULATION (EU) 2022/1288, the Company monitors adverse sustainability indicators as presented in the table below.

Table 1

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	60.025	/	Indicator represents the issuer's most recently disclosed or estimated greenhouse gas emissions (scope 1) in tons to which the indicator refers. These emissions come from sources owned or controlled by companies.	<p>Actions taken</p> <p>The Company has adopted the Policy of integrating sustainability risks into the investment decision-making process and considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. The same includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company pays special attention when considering investments in sectors with high</p>
		Scope 2 GHG emissions	13.695	/	The indicator represents the issuer's most recently disclosed or estimated greenhouse gas emissions (scope 2) in tons to which the indicator refers.	
		Scope 3 GHG emissions	378.861	/	The indicator represents the issuer's estimated greenhouse gas emissions (scope 3) in tons to which the indicator refers. These are indirect emissions coming from the activities of an issuer that originate from sources not owned or controlled by it.	
		Total GHG emissions	70.066	/	The indicator represents the total emissions of greenhouse gases (scope 1 and 2) in tons of the issuer to which the indicator refers.	

2. Carbon footprint	Carbon footprint	0,065	/	The indicator represents the latest available total greenhouse gas emissions of issuers (based on scope 1, scope 2 and scope 3 emissions) in tons per million euro invested.	<p>exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability.</p> <p>Targets set for the next reference period</p> <p>The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance.</p> <p>The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level</p>
3. GHG intensity of investee companies	GHG intensity of investee companies	73,06	/	The indicator represents the issuers total emissions of greenhouse gases (scope 1, 2 and 3) to which the indicator refers in tons compared to the issuers last realized turnover in millions of euros.	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3,34%	/	The indicator represents exposure to issuers that derive income from the exploration, mining, extraction, production, processing, storage, refining or distribution of fossil fuels, which includes transportation, storage and trade.	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	73,49%	/	The indicator represents the percentage of the energy consumption and/or production of the issuers from non-renewable sources as a percentage of the total use and/or production of energy.	
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	1	/	The indicator represents energy consumption in GWh per million EUR of the issuer's revenue to which the indicator refers, by sectors that have a significant impact on the climate, defined as an economic activity code (i.e., based on the European nomenclature of economic activities - NACE).	

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1,91%	/	The indicator represents the percentage of issuers to which the indicator refers, and whose the performance of activities leads to deterioration of the condition of natural habitats and habitats of species and disturbance of the species for which the protected area is intended, and conclusions, mitigation measures or impact assessments adopted in accordance with any of the relevant directives, national regulations or international standards equivalent to these directives are not implemented for these activities.	and best market practices.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,285	/	This indicator represents the sum of the tons of water emissions generated by the issuers weighted by the value of the investment, expressed in tons per million euro invested.	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,009	/	The indicator represents the sum of tons of hazardous waste generated by the issuers weighted by the value of the investment, expressed in tons per million euro invested.	

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	2,89%	/	The indicator represents the portion of investments in issuers involved in violations of the UNGC principles or the OECD Guidelines for Multinational Companies.	<p>Actions taken The Company has adopted the Policy of integrating sustainability risks into the investment decision-making process and considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. The same includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company pays special attention when considering investments in sectors with high exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability.</p> <p>Targets set for the next reference period The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and best market practices.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,05%	/	The indicator represents share of investments in issuers that do not have policies to monitor compliance with the UNGC Principles or the OECD Guidelines for Multinational Enterprises or mechanisms to resolve complaints for violations of the UNGC Principles or the OECD Guidelines for Multinational Enterprises.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	3,77%	/	The indicator represents the unadjusted average gender pay gap in the investee issuers to which the indicator refers.	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	26,10%	/	The indicator represents the average ratio of women and of men in the management of issuers in which is invested and to which the indicator refers, expressed as percentage of all board members.	

	<p>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</p>	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p>	<p>0,00%</p>	<p>/</p>	<p>The indicator represents the portion of investments in issuers involved in the production or sale of controversial weapons.</p>	<p>Actions taken Through The policy of integrating sustainability risks into the investment decision-making process the Company has adopted processes and control mechanisms, which, among other things exclude the issuers involved in the production or sale of controversial weapons from the investment portfolio.</p> <p>Targets set for the next reference period The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and best market practices.</p>
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Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	0,625	/	The indicator represents the greenhouse gas intensity of the countries in tons per million EUR of Gross Domestic Product (GDP) in which the investment is made.	<p>Actions taken The Company has adopted the Policy of integrating sustainability risks into the investment decision-making process and considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. The same includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company pays special attention when considering investments in sectors with high exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability.</p> <p>Targets set for the next reference period The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and best market practices.</p>
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0	/	The indicator represents the number of countries in which investments are made, and in which violate social rights (absolute number and relative number divided by the total number of countries in which investments are made), as stated in international treaties and conventions, United Nations principles and, depending on the case, national law.	

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	/	/	/	/
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	/	/	/	/

Other indicators for principal adverse impacts on sustainability factors

As additional climate and other environment-related indicators, as set out in Table 2 of Annex I, the Company has chosen two additional indicators: *Investments in companies without water management policies* as indicators applicable to investments in investee companies and *Share of bonds not issued under Union legislation on environmentally sustainable bonds* as indicator applicable to investments in sovereigns and supranationals.

The indicator *Investments in companies without water management* represents the percentage share of investments in investee companies that do not have water management policies, while indicator *Share of bonds not issued under Union legislation on environmentally sustainable bonds* represents a percentage share of bonds invested in, that were not issued in accordance with European Union regulations on environmentally sustainable bonds.

As additional indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, as set out in Table 3 of Annex I, the Company has chosen two additional indicators: *Investments in companies without workplace accident prevention policies* as indicators applicable to investments in investee companies and *Non-cooperative tax jurisdictions* as indicator applicable to investments in sovereigns and supranationals.

The indicator *Investments in companies without workplace accident prevention policies* represents the percentage share of investments in issuers in which investments are made that do not have policies to prevent accidents at work. Also, indicator *Non-cooperative tax jurisdictions* represents the percentage share of investments in jurisdictions on the EU's list of non-cooperative jurisdictions into tax jurisdictions purposes.

For the reporting period (January 1 - December 31, 2022), the Company did not use any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The Company adopted the Policy on integrating sustainability risks into the investment decision-making process on March 9, 2021, as amended, and considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. This includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company will pay special attention when considering investments in sectors with high exposure to potential sustainability risks and adverse impacts on sustainability factors, taking into account best international practices and standards when assessing these impacts. In accordance with the Procedure of the Analysis Department business processes and the Policy and procedure for asset investment decisions, when investing into listed asset classes, such as sovereign bonds, corporate bonds and public equity, we apply ESG data from external renowned data providers and internationally recognized indices: Environmental Performance Index (EPI), Human Development Index (HDI), The Worldwide Governance Indicators (WGI). Investments in non-listed asset classes, in addition to managing the risk of non-listing, furthermore includes the obligation to consider sustainability risks based on publicly available data, the use of information and trading platforms and other available information, legal and regulatory guidelines and deadlines. The principal adverse effects, inter alia, include biodiversity, pollution and water pollution, violation of human rights, impact on the local community, corruption. Through the implemented Standard for managing reputational risks and reputational problems, the Company has additionally identified sensitive areas and countries that may carry significant ESG risks. In the event that an ESG risk is detected during the assessment, the Company will make a decision whether to proceed with the transaction, require ESG risk mitigation and management from the issuer, or to decline the transaction on ESG grounds.

The reporting values were determined as the average for portfolio valuations on four quarterly surveys (31 March 30 June, 30 September and 31 December 2022), using the latest data.

The sources of data for the calculations were third party - specialized information providers Refinitiv (LEI: 213800HQORQAP68CJJ04) and Bloomberg Finance L.P. (LEI: 5493001KJTIIGC8Y1R12), Eurostat, European Council (<https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/>), United States Environmental Protection Agency (EPA) (<https://www.epa.gov/>), Fragile States Index (<https://fragilestatesindex.org/>), REGULATION (EC) No 1893/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, Integrated Biodiversity Assessment Tool (IBAT) (<https://www.ibat-alliance.org/>) and latest publicly available disclosures of the issuer.

In cases such as holding companies, where applicable, the Company tried to assess the effect of an individual business segment relevant to the indicator of adverse effect on sustainability, using data obtained from a third party - specialized information provider Refinitiv, and for those issuers for which this information was not available, tried to make a reasonable estimate based on the issuer's public disclosures and/or additional research.

When assessing the impact of an individual indicator, the data was not available for some of the issuers through a third party - the specialized information provider Refinitiv and the Company made a maximum effort, in accordance with the available resources, to try to obtain the data through the issuer's public disclosures and/or additional research available public information and/or databases. In cases where the data was not available through any of the described activities on the basis of which the Company could reasonably assess the impact, in accordance with the best effort principle, the Company will make additional efforts to increase the availability of data and include the missing data in the following PAI statements.

The calculation of the impact of individual indicators is based on an estimate obtained using data obtained from a third party - specialized information provider Refinitiv, an estimate obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable estimates by the Company. For certain indicators, impact data was not available for some of the issuers, nor was the Company able to reasonably assess the impact. Below are data on how the impact of a particular indicator was calculated, according to the weight in the total current value of all investments relevant for the calculation of a particular indicator:

1. GHG emissions

• Scope 1 GHG emissions	16,53%	Refinitiv
	42,11%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	41,36%	Impact data was not available, nor was the Company able to reasonably assume the impact
• Scope 2 GHG emissions	16,53%	Refinitiv
	38,48%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	44,99%	Impact data was not available, nor was the Company able to reasonably assume the impact
• Scope 3 GHG emissions	16,11%	Refinitiv
	38,90%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	44,99%	Impact data was not available, nor was the Company able to reasonably assume the impact
• Total GHG emissions	16,11%	Refinitiv
	38,90%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	44,99%	Impact data was not available, nor was the Company able to reasonably assume the impact
2. Carbon footprint	16,11%	Refinitiv
	38,90%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	44,99%	Impact data was not available, nor was the Company able to reasonably assume the impact
3. GHG intensity of investee companies	16,11%	Refinitiv
	38,90%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	44,99%	Impact data was not available, nor was the Company able to reasonably assume the impact
4. Exposure to companies active in the fossil fuel sector	16,53%	Refinitiv
	57,08%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	26,39%	Impact data was not available, nor was the Company able to reasonably assume the impact
5. Share of non-renewable energy consumption and production	10,62%	Refinitiv
	39,94%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	49,44%	Impact data was not available, nor was the Company able to reasonably assume the impact
6. Energy consumption intensity per high impact climate sector	22,60%	Refinitiv
	45,57%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	31,82%	Impact data was not available, nor was the Company able to reasonably assume the impact

7. Activities negatively affecting biodiversity-sensitive areas	23,40%	Refinitiv
	50,21%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	26,39%	Impact data was not available, nor was the Company able to reasonably assume the impact
8. Emissions to water	9,51%	Refinitiv
	23,38%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	67,11%	Impact data was not available, nor was the Company able to reasonably assume the impact
9. Hazardous waste and radioactive waste ratio	14,53%	Refinitiv
	32,44%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	53,03%	Impact data was not available, nor was the Company able to reasonably assume the impact
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	23,40%	Refinitiv
	50,21%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	26,39%	Impact data was not available, nor was the Company able to reasonably assume the impact
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	23,40%	Refinitiv
	50,21%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	26,39%	Impact data was not available, nor was the Company able to reasonably assume the impact
12. Unadjusted gender pay gap	10,60%	Refinitiv
	19,65%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	69,75%	Impact data was not available, nor was the Company able to reasonably assume the impact
13. Board gender diversity	16,11%	Refinitiv
	38,90%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	44,99%	Impact data was not available, nor was the Company able to reasonably assume the impact
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	23,40%	Refinitiv
	50,21%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	26,39%	Impact data was not available, nor was the Company able to reasonably assume the impact
15. GHG intensity	0,00%	Refinitiv
	99,88%	Assessment obtained from the last publicly available disclosures and additional research by the Company (Eurostat, United States Environmental Protection Agency (EPA), Bloomberg Terminal)
	0,12%	Impact data was not available, nor was the Company able to reasonably assume the impact
16. Investee countries subject to social violations	0,00%	Refinitiv
	99,88%	Assessment obtained from the last publicly available disclosures and additional research by the Company (Fragile State Index (FFP))
	0,12%	Impact data was not available, nor was the Company able to reasonably assume the impact

17. (Additional climate and other environment-related indicators) Investments in companies without water management policies	23,40%	Refinitiv
	45,51%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	31,08%	Impact data was not available, nor was the Company able to reasonably assume the impact
18. (Additional climate and other environment-related indicators) Share of bonds not issued under Union legislation on environmentally sustainable bonds	0,00%	Refinitiv
	99,88%	Assessment obtained from the additional research and reasonable assumption by the Company
	0,12%	Impact data was not available, nor was the Company able to reasonably assume the impact
19. (Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters) Investments in companies without workplace accident prevention policies or management systems	23,40%	Refinitiv
	50,21%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
	26,39%	Impact data was not available, nor was the Company able to reasonably assume the impact
20. (Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters) Non-cooperative tax jurisdictions	0,00%	Refinitiv
	99,88%	Assessment obtained from the additional research and reasonable assumption by the Company (European Council)
	0,12%	Impact data was not available, nor was the Company able to reasonably assume the impact

Engagement policies

When exercising voting and other rights for and on behalf of the pension funds under management, in accordance with the Engagement Policy and Corporate Governance Policy, the Company encourages issuers to implement policies and procedures that aims to strengthen the investee company's management of ESG issues and spur improvements of its overall sustainability performance, and opposes proposals that threaten the interests of investors and generally accepted principles of corporate governance and corporate social responsibility. In accordance with the general principles of the Company's corporate management, social and environmental impacts stand out among the particularly important areas of ownership activity. In accordance with the applicable Corporate Governance rules, the Company usually reviews the proposals of shareholders regarding the issue of sustainability. Therefore, special attention is paid to the circumstances of certain environmental, social or governance issues and whether they may have direct or indirect financial impact on the issuer. In the circumstances of detecting significant ESG risks, the Company enters into dialogue with selected investee companies. The aim of the engagement is to strengthen the ESG risk management of investee companies and encourage improvements in overall sustainability results. The Company is aware of the fact that significant change can take several years, and sees this engagement as an ongoing process that can be both impactful and mutually beneficial. The Company believes that it would not be able to contribute to this positive change if it automatically withdraws its investments. However, if the Company's engagement turns out to be unsuccessful, a potential divestment related to certain issuers shall be considered. The Company regularly updates its Engagement Policy and shall adapt it in accordance with potential changes in the profile of pension funds under management.

Additional details on the Company's Engagement Policy can be found at the following link: https://www.azfond.hr/wp-content/uploads/2021/03/Politika-sudjelovanja_mreza-stranica_ozujak-2021.pdf

References to international standards

The Company is part of the Allianz Group, which is a member of a wide range of sustainability-related initiatives and principles on behalf of its operating entities. A complete list of all memberships and partnerships can be accessed in the Allianz Group Corporate Sustainability Report 2022, section 05.3.2. The most significant memberships include the following:

- Signatory, Principles for Responsible Investment (PRI)
- Signatory, Climate Action 100+
- Signatory, Science-Based Target Initiative
- Founding member, The U.N. Convened Net-Zero Asset Owner Alliance (NZAOA)
- Signatory, Task Force on Climate-related Financial Disclosures (TCFD)

Human Rights

Allianz is committed to respecting human rights in line with various human rights standards such as the United Nations (UN) Guiding Principles for Human Rights, International Bill of Human Rights and as set out by the Labor Standards of the International Labor Organization (ILO). Allianz recognizes the importance of human rights, as both a value-based issue and a business issue. As such, Allianz has integrated human rights aspects based on the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and has been a participant in the UN Global Compact (UNGC) since 2002. Allianz reports on the implementation of the UNGC's Ten Principles every year in its annual Sustainability Report and the UNGC Communication on Progress. Allianz continuously aims to improve the incorporation of human rights into its business at the operating entities level, including the Company.

Climate Change

Allianz strategically considers climate criteria in all its business lines. Allianz is an active member of various climate-related industry associations and initiatives, advocating for ambitious decarbonization strategies and financing by industry. As an AOA founding member Allianz commits long-term to transitioning its investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, taking into account the best available scientific knowledge including the findings of the Intergovernmental Panel on Climate Change (IPCC), and regularly reporting on progress, including establishing intermediate targets every five years in line with the Paris Agreement. In line with the NZAOA Target-Setting Protocol, Allianz assists, incentivize and require our portfolio companies to embark on decarbonization pathways consistent with the 1.5°C objective of the Paris Agreement. In alignment with this commitment, Allianz is an active member of CA100+ which aims to engage with the world's largest corporate GHG emitters to set GHG emission reduction targets, strengthen climate-related financial disclosures and improve governance on climate change. The Company follows the Allianz Group's guidelines towards achieving the aforementioned goals and supporting initiatives, all with the main goal of mitigating climate change, improving social factors and corporate governance. Examples are guidelines related to reducing greenhouse gas emissions and energy efficiency by reducing official travels and encouraging online meetings, hybrid work with optimization of offices in use, further digitization to reduce paper consumption and the associated amount of waste, etc.

In addition to the aforementioned issues, the Company pays great attention to social and governance factors related to sustainability, thus paying attention to established working conditions such as health and safety at work, opportunities for training and development of workers, prohibition of child labor, forced work and discrimination, promotion of gender equality and diversity, collaborates on projects with external partners with positive impacts on the community and the environment and conducts socially responsible business, established anti-corruption program, included sustainability risk in Remuneration Policy, established the tool for internal and external reporting of any form of irregular or inappropriate behaviour and/or treatment.

Historical comparison

Historical comparison of the reporting period with the previous reporting period is not applicable, given that the period from January 1 to December 31, 2022 is the first reference period for which the Company prepared a report and assessed the impact of an individual indicator, in accordance with the regulations.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
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Indicators applicable to investments in investee companies

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	0,44%	/	The indicator represents the percentage share of investments in investee companies that do not have water management policies.	<p>Actions taken The Company has adopted the Policy of integrating sustainability risks into the investment decision-making process and considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. The same includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company pays special attention when considering investments in sectors with high exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability.</p> <p>Targets set for the next reference period The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and best market practices.</p>
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Indicators applicable to investments in sovereigns and supranationals

<p>Green securities</p>	<p>17. Share of bonds not issued under Union legislation on environmentally sustainable bonds</p>	<p>Share of bonds not issued under Union legislation on environmentally sustainable bonds</p>	<p>100%</p>	<p>/</p>	<p>The indicator represents a percentage share of bonds invested in, that were not issued in accordance with European Union regulations on environmentally sustainable bonds.</p>	<p>Actions taken The Company has adopted the Policy of integrating sustainability risks into the investment decision-making process and considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. The same includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company pays special attention when considering investments in sectors with high exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability.</p> <p>Targets set for the next reference period The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and best market practices.</p>
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Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0,05%	/	The indicator represents the percentage share of investments in issuers in which investments are made that do not have policies to prevent accidents at work.	<p>Actions taken The Company has adopted the Policy of integrating sustainability risks into the investment decision-making process and considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. The same includes active ownership (through participation and voting) and the exclusion of certain sectors and issuers from the investment portfolio. The Company pays special attention when considering investments in sectors with high exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability.</p> <p>Targets set for the next reference period The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and best market practices.</p>

Indicators applicable to investments in sovereigns and supranationals

Governance	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of noncooperative jurisdictions for tax purposes	0	/	This indicator represents the percentage share of investments in jurisdictions on the EU's list of non-cooperative jurisdictions into tax jurisdictions purposes.	<p>Actions taken The Company has adopted processes and control mechanisms, which, among other things, it excludes countries from the investment portfolio that are on the sanctions lists, and the legal framework itself does not allow investments outside the EU and OECD member states.</p> <p>Targets set for the next reference period The Company plans to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, i.e. to reduce the share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing compliance with regulatory developments at the national and international level and best market practices.</p>
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