

ALLIANZ ZB d.o.o. društvo za upravljanje obveznim i  
dobrovoljnim mirovinskim fondovima

# STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

*Disclosure under Article 4 of the EU Sustainable Finance Disclosure Regulation (Regulation EU 2019/2088 of the European Parliament and of the Council as of 27 November 2019 on sustainability-related disclosures in the financial services sector and Delegated Regulation EU 2022/1288 of 6 April 2022 supplementing Regulation EU 2019/2088)*

June 2024

**Financial market participant:** ALLIANZ ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima,  
LEI: 549300GMPWLFNKRGM28

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## Summary

ALLIANZ ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, LEI: 549300GMPWLFNKRGM28 (hereinafter: the Company), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the Company and the following pension funds under 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 2023 to 31 December 2023.

### Reporting scope

The following disclosure under Art. 4 SFDR refers to the investments of the Company and all of the assets under Company's management.

The Company considers principle adverse impacts of its investment decisions with respect to investment assets under management of the Company in line with sustainability framework in place to identify and assess those impacts. 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

*The concept of Principal Adverse Impact (PAI) is described in the EU Regulation on sustainability related disclosures in the financial services sector (SFDR) regulatory technical standards: "Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters."*

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 undertakes 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. Allianz Group, to which the Company belongs, has made several commitments to strategic initiatives related to climate change, amongst other topics, which strengthens its approach to mitigate potential adverse impacts.

## Description of the principal adverse impacts on sustainability factors

### General explanatory notes

The reporting values were determined as the average for portfolio valuations on four quarterly surveys (31 March, 30 June, 30 September and 31 December 2023), 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 used its best efforts 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, in order 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 statement.

The calculation of the impact of individual indicators is based on an estimate as aforescribed. Below, under Explanation column, 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. Also, reported data is influenced by the increased coverage of the indicators.

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact 2022	Impact 2023	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 (tons of CO2 equivalent)	60.025	49.513	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.  <b>On the Company level</b> <u>Actions taken</u> 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

					<table border="1"> <tr> <td>72,90%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,41%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>26,68%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	72,90%	Third party - the specialized information provider	0,41%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	26,68%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p>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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced share of issuers for which no performance data was available, i.e. where it was not possible to make a reasonable assessment of performance.</p> <p><u>Targets set for the next reference period</u> The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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> <p><b>On the Allianz Group's level</b> Allianz Group (hereinafter: Allianz Group or Allianz), to which the Company belongs and uses its best efforts to apply sustainability principles in accordance with the laws and regulations applicable to pension funds, commits to net-zero greenhouse gases (GHG) by 2050 for its proprietary investment portfolio. AS a founding member of the U.N.-convened <a href="#">Net-Zero Asset Owner Alliance</a> (NZAOA), Allianz Group advocates for ambitious decarbonization strategies. The whole investment management function of Allianz is responsible for implementing climate topics in the existing processes and hence in the proprietary investment portfolio. Allianz follows NZAOA recommendations and apply a four-part approach to target setting to cover all relevant aspects, including intermediate decarbonisation targets:</p> <p><b>1. Quantitative sub-portfolio intermediate targets:</b> As a first milestone towards net-zero GHG target for its proprietary investments, by 2025 Allianz aims to reduce Scope 1 +2 GHG emissions in equities and corporate bonds by 25% compared to 2019. For these asset classes data is largely available and</p>
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Scope 2 GHG emissions (tons of CO2 equivalent)	13.695	37.693	<p>The indicator represents the issuer's most recently disclosed or estimated greenhouse gas emissions (scope 2) in tons to which the indicator refers.</p> <table border="1"> <tr> <td>72,90%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,34%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>26,76%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	72,90%	Third party - the specialized information provider	0,34%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	26,76%	Impact data was not available, nor was the Company able to reasonably assume the impact			
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Scope 3 GHG emissions (tons of CO2 equivalent)	378.861	331.785	<p>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.</p>									

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		Total GHG emissions (tons of CO <sub>2</sub> equivalent)	70.066	87.205	<p>The indicator represents the total emissions of greenhouse gases (scope 1 and 2) in tons of the issuer to which the indicator refers.</p> <table border="1"> <tr> <td>72,40%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,84%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>26,76%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	72,40%	Third party - the specialized information provider	0,84%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	26,76%	Impact data was not available, nor was the Company able to reasonably assume the impact	
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2. Carbon footprint	Carbon footprint (tons of CO <sub>2</sub> equivalent per million euro invested)	0,065	0,055	<p>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>								

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3. GHG intensity of investee companies	GHG intensity of investee companies (tonnes/million euro of turnover)	73,06	1.183	<p>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.</p> <table border="1"> <tr> <td>89,11%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,84%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>10,05%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	89,11%	Third party - the specialized information provider	0,84%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	10,05%	Impact data was not available, nor was the Company able to reasonably assume the impact		
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<sup>1</sup> Exposure in newly issued bonds after 01.01.2024 or an increase in number of shares held compared to 01.01.2024 (adjusted for corporate actions).

						<ol style="list-style-type: none"> <li>1. Oil &amp; Gas (coverage Allianz O&amp;G 100 list, see above): <ul style="list-style-type: none"> <li>○ Scope 1, 2 and 3 (cat 11) 43.07 gCO<sub>2</sub>e/MJ in line with IEA Net Zero Emissions by 2050 scenario<sup>2</sup></li> <li>○ Net-zero targets across all 3 emission scopes (target year 2025)</li> </ul> </li> <li>2. Utilities: <ul style="list-style-type: none"> <li>○ Scope 1 0.17 tCO<sub>2</sub>e/MWh in line with IEA Net Zero Emissions by 2050 scenario (Coverage TPI, see above)</li> <li>○ Coal phase-out in line with 1.5°C pathway (as per <a href="#">Allianz thermal coal guideline</a>)</li> </ul> </li> <li>3. Steel (Coverage TPI, see above): <ul style="list-style-type: none"> <li>▪ Scope 1 and 2 1.18 tCO<sub>2</sub>e/t steel in line with IEA Net Zero Emissions by 2050 scenario</li> </ul> </li> <li>4. Automobiles (Coverage TPI, see above): <ul style="list-style-type: none"> <li>▪ Scope 3 (cat 11) 41.68 gCO<sub>2</sub>e/km in line with IEA Net Zero Emissions by 2050 scenario</li> </ul> </li> </ol> <p><b>3. Engagement activities:</b> Allianz considers engagement as one of the most important mechanisms that asset owners have for contributing to a net-zero economy transition. Allianz Group’s intermediate engagement ambitions are set in conjunction with its sub-portfolio and intermediate sector targets. In 2023, Allianz has already achieved its initial 2025 engagement targets (engaged the top 30 (non-aligned) emitters in its proprietary investment portfolio, increased engagement activities by 100 %, and fully participated in all NZAOA sector and asset manager engagements).</p> <p>Consequently, the following intermediate targets were set for 2030 (vs. Sep 2023) for its proprietary investment portfolio:</p> <ol style="list-style-type: none"> <li>1. Asset Manager Engagement: Systematic assessment of all external asset managers on sustainability and climate expectations with mandatory engagement for all those scoring “below expectations”. Allianz already regularly reviews and engages public equity asset managers against best practice guidance (e.g., NZAOA guidance on best practice for proxy voting and climate lobbying).</li> <li>2. Multilateral Engagements: Participate in 30 multilateral engagements (at least half being focus on climate themes). In order to reach this target, Allianz will continuously review existing or new multilateral engagement initiatives.</li> </ol>
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<sup>2</sup> Net Zero Emissions by 2050 Scenario of the International Energy Agency (IEA): [Global Energy and Climate Model – Analysis - IEA](#)

						<p>3. Bilateral Corporate Engagement: Engage 15 companies on achieving net-zero emissions with a focus on Allianz proprietary investment's top emitters that are not yet covered by multilateral initiatives (e.g., CA100+) and are not already engaged by internal Asset Managers on climate themes.</p> <p><b>4. Financing the transition:</b> Allianz is targeting investments in economic activities that contribute to climate change mitigation and climate-positive solutions such as forestry, hydrogen, dedicated transition finance funds and in the area of blended finance co-investments alongside IFC in emerging market Paris-aligned infrastructure projects. With the new intermediate climate solutions target in 2023, Allianz is raising the bar with a focus on a subset of sustainable investments that contribute toward decarbonizing of key economic sectors and support the deployment of renewable energy infrastructure. Allianz is targeting to increase Climate Solutions investments by at least € 20bn from current level (€37.1bn as of 31.12.2023) by 2030, subject to market environment and constraints on Group-level. Internal, asset-class specific intermediate targets will support the overall group target. Climate solutions investments are classified as: a) sustainable activities, which are aligned with EU Taxonomy climate change mitigation and adaptation activities, or b) investments that meet Allianz' SFDR Art. 2(17) aligned sustainable investments criteria as contributing to an environmental climate change objective and passing a DNSH and good governance screening, e.g. green bonds, sustainable forestry or blended finance funds. Sovereign or sub-sovereign debt investments are out of scope.</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (percentage of investee issuers exposed to fossil fuel related activities)	3,34%	2,48%	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.	<p><b>On the Company level</b> <u>Actions taken</u> 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</p>



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adverse effects on sustainability. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced share of issuers for which no performance data was available, i.e. where it was not possible to make a reasonable assessment of performance.

Targets set for the next reference period

The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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.

**On the Allianz Group's level**

As part of Allianz' commitment to decarbonise its **proprietary investment** portfolio, Allianz is restricting investments in certain energy-related sectors and issuers. To accelerate clean and just transition to renewable energy Allianz exempts from these restrictions ring-fenced direct / project investments (defined by a clearly specified and well governed use of proceeds) in renewable and low-carbon energy. This allows Allianz to approach and work with companies to create more renewable / low-carbon projects<sup>3</sup>. The exemption also includes non-fossil energy storage technologies and blue hydrogen (under the condition that lifecycle emissions of the specific project are verified to be similar to green hydrogen, which needs to be demonstrated in a case-by-case assessment). Allianz **likewise evaluates and exempts on an individual basis investment in companies with credible and public transition strategies** compatible with the scientific pathways of limiting global warming to 1.5°C (independent third-party assessments of target and performance required). A company planning/building new coal activities is not 1.5°C aligned. The renewable / low-carbon energy allowance as laid out above are unaffected by this. The exemptions require prior due diligence on other sustainability dimensions as set out by the internal-Allianz Standard for Integration of Sustainability, and the publicly available Allianz Sustainability Integration Framework.

<sup>3</sup> Renewable/low-carbon energy in this context includes power and heat technologies based on bioenergy, geothermal, green hydrogen (i.e. fully renewable-energy based), hydro, on/offshore wind, solar, tidal.

						<ul style="list-style-type: none"> <li>▪ Exclusion of coal-based business models<sup>4</sup>: <ul style="list-style-type: none"> <li>○ companies deriving 25% or more of their revenues from mining thermal coal;</li> <li>○ companies deriving 25% or more of their generated electricity from thermal coal</li> <li>○ and/or planning more than 0.3 gigawatts (GW) of thermal coal capacity addition;</li> <li>○ Allianz is continuously tightening its threshold to fully phase-out coal-based business models across its insurance proprietary investment assets by 2040, at the latest. For more details, see <a href="#">here</a>.</li> </ul> </li> <li>▪ Exclusion<sup>5</sup> of oil sand-based businesses: <ul style="list-style-type: none"> <li>○ No funding for companies with more than 20% of revenue from oil sands across all lines of business (10% as of December 31th, 2024).</li> </ul> </li> <li>▪ Restrictions on funding of projects in line with the <a href="#">Allianz Oil and Gas Policy</a>. These pertain to both new and existing projects/operations. Allianz will further tighten its policy in 2025. No new funding for projects in: <ul style="list-style-type: none"> <li>○ exploration and development of new oil and new gas fields (upstream)</li> <li>○ construction of new midstream infrastructure related to oil,</li> <li>○ construction of new oil power plants</li> <li>○ practices relating to the Arctic (as defined by AMAP, excluding operations in Norwegian territories) and Antarctic, coal-bed methane, extra-heavy oil and oil sands, as well as ultra-deep sea.</li> </ul> </li> </ul> <p>Engagement at the industry level: to support the shift towards a low-carbon economy, Allianz is deep-diving into high-emitting sectors (such as Utilities and Oil &amp; Gas) in its proprietary investment portfolio with intermediate sector targets (please refer to disclosure under PAI #1 – PAI #3) and via engagement initiatives. Allianz will increase its participation in collaborative engagements such as CA100+ and will drive sector and asset manager engagements activities as part of the AOA.</p>
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<sup>4</sup> Exclusion means: Divestment of equity stakes and existing fixed income investments are put in run-off. Please note that the exclusions do not apply to index-linked instruments, index-linked structured products, and seed money. Moreover, for mutual funds Allianz applies the exclusions on a best effort.

<sup>5</sup> Exclusion means: Divestment of equity stakes and existing fixed income investments are put in run-off. No reinvestments of fixed income instruments. Please note that the exclusions for proprietary investments do not apply to index-linked instruments, index-linked structured products, and seed money. Moreover, for mutual funds Allianz applies the exclusions on a best effort.

	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 (percentage of the investee issuers' energy consumption and/or production from non-renewable sources)	73,49%	68,50%	<p>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.</p> <table border="1" data-bbox="1048 263 1563 608"> <tr> <td data-bbox="1048 263 1160 347">44,80%</td> <td data-bbox="1160 263 1563 347">Third party - the specialized information provider</td> </tr> <tr> <td data-bbox="1048 347 1160 491">41,21%</td> <td data-bbox="1160 347 1563 491">Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td data-bbox="1048 491 1160 608">14,00%</td> <td data-bbox="1160 491 1563 608">Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	44,80%	Third party - the specialized information provider	41,21%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	14,00%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>On the Company level</b></p> <p><u>Actions taken</u> 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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u> The Company will continue 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. 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> <p><b>On the Allianz Group's level</b> In its proprietary investment portfolio Allianz is restricting investments in certain sectors and issuers related to coal-based and oil-sand based business models as well as Oil and Gas. Please see actions taken under PAI #3. By combining engagement efforts and exemptions for ring-fenced direct / project investments in renewable and low-carbon energy, Allianz aims to influence the share of non-renewable energy production.</p> <p>Another key pillar of Allianz' commitment to net-zero GHG in its proprietary investments are its investment strategies in a net-zero economy. Allianz has a growing global portfolio of climate solutions including investing in renewable energy, energy innovations and fostering the transition to a net-zero economy. Allianz, on group level, targets to increase the exposure in</p>
44,80%	Third party - the specialized information provider											
41,21%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
14,00%	Impact data was not available, nor was the Company able to reasonably assume the impact											

						renewables by 5.85 percent per year in line with the International Renewable Energy Agency projections.						
	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 (Gigawatt hour/million turnover in euros)	1	0,050	<p>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 (ie based on the European nomenclature of economic activities - NACE).</p> <table border="1"> <tr> <td>24,81%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>45,04%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>30,15%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	24,81%	Third party - the specialized information provider	45,04%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	30,15%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>On the Company level</b> <u>Actions taken</u> 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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u> The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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> <p><b>On the Allianz Group's level</b> PAI #1-#3 for Allianz' climate related intermediate targets include specific sector targets. Based on existing efforts on high emitting sectors (Oil and Gas and Utilities), Allianz broadened the scope to Automobiles and Steel in 2023 and is continuing its sector-based as well as sector overarching engagements as detailed above and in section Engagement policies, available in Allianz' latest PAI Statement, disclosed on its website.</p>
24,81%	Third party - the specialized information provider											
45,04%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
30,15%	Impact data was not available, nor was the Company able to reasonably assume the impact											
Biodiversity	7. Activities negatively affecting biodiversity- sensitive areas	Share of investments in investee companies with sites/operations located in or near to	1,91%	2,38%	<p>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,</p>	<p><b>On the Company level</b> <u>Actions taken</u> 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</p>						

		biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (percentage of investee issuers operating in biodiversity sensitive areas)			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.	<p>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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u></p> <p>The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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> <p><b>On the Allianz Group's level</b></p> <p>Engagement with selected investee companies: In 2021 Allianz extended the Allianz ESG Functional Rule for Investments<sup>6</sup> to specially consider issuers in its listed investment portfolio that are below Allianz' scoring threshold for issues relating to Biodiversity &amp; Land Use. In 2023 Allianz enhanced its ESG scoring process by further integrating SFDR regulatory requirements to consider PAI indicators systematically in the investment process. The new Adverse Impact Steering (AIS) process is first initiated in 2024.</p> <p>Investment transactions into non-listed asset classes are subject to the ESG Guidelines and Referral process for non-listed assets.</p>						
					<table border="1"> <tr> <td>96,05%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,34%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>3,62%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	96,05%	Third party - the specialized information provider	0,34%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	3,62%	Impact data was not available, nor was the Company able to reasonably assume the impact	
96,05%	Third party - the specialized information provider											
0,34%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
3,62%	Impact data was not available, nor was the Company able to reasonably assume the impact											
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted	0,285	0,0693	The 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.	<p><b>On the Company level</b></p> <p><u>Actions taken</u></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</p>						

<sup>6</sup> As of 01.01.2024 renamed to "Functional Rule for Sustainability in Investments".

		average (tons per million euro invested)			<table border="1"> <tr> <td>9,61%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>33,24%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>57,16%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	9,61%	Third party - the specialized information provider	33,24%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	57,16%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p>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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u></p> <p>The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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> <p><b>On the Allianz Group's level</b></p> <p>Engagement with selected investee companies: In 2021 Allianz extended the Allianz ESG Functional Rule for Investments<sup>7</sup> to specially consider issuers in its listed investment portfolio within its proprietary investment portfolio that are below scoring threshold for issues relating to Toxic Emissions &amp; Waste. In 2023 Allianz enhanced ESG scoring process by further integrating SFDR regulatory requirements to consider PAI indicators systematically in the investment process. The new AIS process is first initiated in 2024.</p> <p>Investment transactions into non-listed asset classes are subject to the ESG Guidelines and Referral process for non-listed assets,</p>
9,61%	Third party - the specialized information provider											
33,24%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
57,16%	Impact data was not available, nor was the Company able to reasonably assume the impact											
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	0,010	<p>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.</p>	<p><b>On the Company level</b></p> <p><u>Actions taken</u></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</p>						

<sup>7</sup> As of 01.01.2024 "Functional Rule for Sustainability in Investments".

14,26%	Third party - the specialized information provider
33,75%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
51,99%	Impact data was not available, nor was the Company able to reasonably assume the impact

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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced share of issuers for which no performance data was available, i.e. it was not possible to make a reasonable assessment of performance.

Targets set for the next reference period

The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact.. 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.

**On the Allianz Group's level**

Engagement with selected investee companies in Allianz' proprietary investment portfolio: In 2021 Allianz extended the Allianz ESG Functional Rule for Investments to specially consider issuers in its listed investment portfolio that are below its scoring threshold for issues relating to Toxic Emissions & Waste. In 2023 Allianz enhanced its ESG scoring process by further integrating SFDR regulatory requirements to consider PAI indicators systematically in the investment process. The new AIS process is first initiated in 2024.

In 2023 Allianz Investment Management joined the collaborative engagement Investor Initiative on Hazardous Chemicals (IIHC). The initiative aims to reduce adverse impacts of manufacture and use of hazardous chemicals, especially chemicals that have a persistent impact on human health and the environment. Hence, the main objective of this initiative is to engage with investee companies for disclosure on hazardous chemicals, time-bound commitments to phase out hazardous chemicals, a shift towards a circular strategy and responses to controversies, lawsuits, and regulation.

Investment transactions into non-listed asset classes are subject to the ESG Guidelines and Referral process for non-listed assets,

						available in section “Description of policies to identify and prioritise principal adverse impacts on sustainability factors” in Allianz’ latest PAI Statement, published on its website.
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 (percentage of investments in investee companies that were involved in violations)	2,89%	5,88%	The indicator represents the portion of investments in issuers involved in violations of the UNGC principles or the OECD Guidelines for Multinational Companies.	<p><b>On the Company level</b></p> <p><u>Actions taken</u></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 exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u></p> <p>The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact.. 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> <p><b>On the Allianz Group’s level</b></p> <p>Engagement with selected investee companies: In 2021 Allianz extended the Allianz ESG Functional Rule for Investments<sup>8</sup> to specially consider issuers in its listed investment portfolio within its proprietary investment portfolio that are flagged for issues relating to principle adverse impact indicators in non-compliance with UN GC principles, human rights, labor rights and</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	0,05%	0,00%	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.	

<sup>8</sup> As of 01.01.2024 “Functional Rule for Sustainability in Investments”. Please see Description of policies to identify and prioritise principal adverse impacts on sustainability factors, available in Allianz’ latest PAI Statement, published on its website.



		Guidelines for Multinational Enterprises (percentage in investee companies without policies to monitor compliance with UNGC principles or OECD Guidelines)			<table border="1"> <tr> <td>24,86%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>48,60%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>26,54%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	24,86%	Third party - the specialized information provider	48,60%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	26,54%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p>governance principles. In 2023 Allianz enhanced its ESG scoring process by further integrating SFDR regulatory requirements to consider PAI indicators systematically in the investment process. The new AIS process is first initiated in 2024.</p> <p>Likewise, Allianz SE has been a member of PRI since 2011, which underlines Allianz' long-term commitment to work with its investee companies to protect the environment, uphold human and labor rights and promote good corporate governance practices. In addition, Allianz is committed to Advance, an PRI collaborative engagement initiative on Human Rights.</p> <p>Investment transactions into non-listed asset classes are subject to the ESG Guidelines and Referral process for non-listed assets, published on its website.</p>
24,86%	Third party - the specialized information provider											
48,60%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
26,54%	Impact data was not available, nor was the Company able to reasonably assume the impact											
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (average gender pay gap in companies receiving investments)	3,77%	1,04%	<p>The indicator represents the unadjusted average gender pay gap in the investee issuers to which the indicator refers.</p> <table border="1"> <tr> <td>37,59%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,34%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>62,07%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	37,59%	Third party - the specialized information provider	0,34%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	62,07%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>On the Company level</b></p> <p><u>Actions taken</u></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 exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u></p> <p>The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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>	
37,59%	Third party - the specialized information provider											
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62,07%	Impact data was not available, nor was the Company able to reasonably assume the impact											

						<p><b>On the Allianz Group's level</b></p> <p>Despite best effort, data availability limits the degree of consideration of specific principle adverse impact metrics such as unadjusted gender pay gap. On the specific metric, Allianz sees raising awareness and increasing transparency as key for now and consequently request the information from its asset managers. Against the background of insufficient coverage, methodological consensus, limited reporting scope (UK vs. global disclosures) Allianz' aim is to receive comparable information based on companies' <u>entire operations</u> in the long-term (vs. UK based disclosures). In its investment strategy, Allianz considers the underlying adverse sustainability indicator theme "social and employee matters" through its Sustainability Integration approach for listed assets and workforce related topics in its ESG Guidelines and Referral process for non-listed assets, available in Allianz' latest PAI Statement, published on its website.</p>						
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (average ratio of female board members to all board members)	26,10%	23,30%	<p>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> <table border="1"> <tr> <td>89,76%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,41%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>9,83%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	89,76%	Third party - the specialized information provider	0,41%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	9,83%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>On the Company level</b></p> <p><u>Actions taken</u></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 exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u></p> <p>The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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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						<p><b>On the Allianz Group's level</b></p> <p>For its proprietary investments, Allianz sees raising awareness and increasing transparency as key and consequently request information on board gender diversity from its asset managers. Allianz' aim is to receive comparable information for its entire portfolio in investee companies. In its investment strategy, Allianz considers the underlying adverse sustainability indicator theme "social and employee matters" through its Sustainability Integration approach for listed assets and workforce related topics in its ESG Guidelines and Referral process for non-listed assets, available in Allianz' latest PAI Statement, published on its website.</p>						
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (percentage of participating issuers involved in the production or sale of controversial weapons)	0,00%	0,11% <sup>9</sup>	<p>The indicator represents the portion of investments in issuers involved in the production or sale of controversial weapons.</p> <table border="1"> <tr> <td>96,05%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,41%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>3,54%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	96,05%	Third party - the specialized information provider	0,41%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	3,54%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>Actions taken</b></p> <p>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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><b>Targets set for the next reference period</b></p> <p>The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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> <p><b>On the Allianz Group's level</b></p> <p>Allianz avoids principle adverse sustainability impacts in its proprietary investment portfolio by excluding<sup>10</sup> all investments in companies that are involved in the development, production, maintenance, and trading of banned and nuclear weapons in accordance with the following international conventions:</p>
96,05%	Third party - the specialized information provider											
0,41%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
3,54%	Impact data was not available, nor was the Company able to reasonably assume the impact											

<sup>9</sup> It needs to be noted that Company does not have direct investments in investee companies involved in the manufacture or selling of controversial weapons. These exposures are due to investment in third-party Funds i.e due to a passive investment strategy.

<sup>10</sup> Please note that the exclusions for proprietary investments do not apply to index-linked instruments, index-linked structured products, and seed money. Moreover, for mutual funds Allianz applies the exclusions on a best effort.

						<ul style="list-style-type: none"> <li>▪ <b>Anti-personnel landmines</b> as defined in Article 2 of the <i>Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction</i> (Ottawa Treaty)</li> <li>▪ <b>Cluster munitions</b> as defined in Article 2 of the <i>Convention on Cluster Munitions</i></li> <li>▪ <b>Biological and toxin weapons</b> as defined in Article I of the <i>Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction</i> (Biological Weapons Convention)</li> <li>▪ <b>Chemical weapons</b> as defined in Article II of the <i>Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction</i> (Chemical Weapons Convention)</li> <li>▪ <b>Nuclear weapons</b> as defined in the <i>Treaty on the Non-Proliferation of Nuclear Weapons</i> (NPT). Companies involved in nuclear weapon programs outside NPT are excluded from proprietary investment portfolio.</li> </ul>
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**Indicators applicable to investments in sovereigns and supranationals**

Adverse sustainability indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period						
Environmental	15. GHG intensity	GHG intensity of investee countries (tonnes of carbon dioxide 'CO2' equivalent per million euro of Gross Domestic Product ('GDP'))	0,625	0,779	<p>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> <table border="1"> <tr> <td>0,00%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>99,70%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>0,19%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	0,00%	Third party - the specialized information provider	99,70%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>Actions taken</b></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 exposure to potential sustainability risks and adverse effects on sustainability, taking into account best international practices and standards when assessing adverse effects on sustainability. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact.</p> <p><b>Targets set for the next reference period</b></p> <p>The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing</p>
0,00%	Third party - the specialized information provider											
99,70%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact											

						<p>compliance with regulatory developments at the national and international level and best market practices.</p> <p><b>On the Allianz Group's level</b></p> <p>Allianz is working with the NZAOA to finalize the methods for sovereign bonds for target setting on GHG emissions reductions. Once the recommended is released by the NZAOA, Allianz will set targets for this asset class within 12 months. Decarbonization requires for all stakeholders to act together. Allianz considers that it is vital to support Sovereigns that have 1.5° C aligned targets, so that they can set the right boundaries and incentives for companies and citizens to act on these. Consequently, for its sustainable sovereign investment methodology Allianz uses NGO data from Net-Zero Tracker to identify sovereigns that have 'in law' or 'in policy paper' net-zero 2050, climate or carbon neutral targets. These are considered as sustainable.</p>
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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 (number of participating countries subject to social violations)	0	0	<p>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.</p> <table border="1" data-bbox="1048 323 1563 667"> <tr> <td data-bbox="1048 323 1160 411">0,00%</td> <td data-bbox="1160 323 1563 411">Third party - the specialized information provider</td> </tr> <tr> <td data-bbox="1048 411 1160 555">99,70%</td> <td data-bbox="1160 411 1563 555">Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td data-bbox="1048 555 1160 667">0,19%</td> <td data-bbox="1160 555 1563 667">Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	0,00%	Third party - the specialized information provider	99,70%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>Actions taken</b></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 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><b>Targets set for the next reference period</b></p> <p>The Company will continue to undertake additional efforts to obtain data from issuers and due diligence of ESG relevant data necessary for a reliable assessment of impact. 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> <p><b>On the Allianz Group's level</b></p> <p>In its proprietary investment portfolio, Allianz restricts investments in sovereign bonds from countries associated with severe human rights concerns and significant issues managing those. In addition to ESG ratings from external data providers, Allianz reviews the Human Rights situation in a country with the Allianz Human Rights Risk Score. Sovereign issuers below the scoring threshold are excluded for new investments and a divestment plan is developed for existing investments.</p> <p>For more information, please see section References to international standards, available in Allianz' latest PAI Statement, published on its website, and Allianz Group Human Rights approach in section 04.2. of the <a href="#">Allianz Group Corporate Sustainability Report 2023</a>.</p>
0,00%	Third party - the specialized information provider											
99,70%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact											

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2023	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	/	/	/	
Additional climate and other environment-related indicators						
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
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%	0,95%	The indicator represents the percentage share of investments in investee companies that do not have water management policies.	<p><b>On the Company level</b></p> <p><u>Actions taken</u> The Company has updated the Policy of integrating sustainability risks into the investment decisionmaking process and continues to consider 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</p>

					<table border="1"> <tr> <td>96,02%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>0,41%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>3,56%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	96,02%	Third party - the specialized information provider	0,41%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	3,56%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p>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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u> The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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>
96,02%	Third party - the specialized information provider											
0,41%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
3,56%	Impact data was not available, nor was the Company able to reasonably assume the impact											

**Indicators applicable to investments in sovereigns and supranationals**

Adverse sustainability indicator	Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period							
Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds	100%	100%	<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> <table border="1"> <tr> <td>0,00%</td> <td>Third party - the specialized information provider</td> </tr> <tr> <td>99,70%</td> <td>Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td>0,19%</td> <td>Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	0,00%	Third party - the specialized information provider	99,70%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>On the Company level</b></p> <p><u>Actions taken</u> The Company has updated the Policy of integrating sustainability risks into the investment decision-making process which considers sustainability risks throughout the investment decision-making process, including investment strategy, asset management, investment monitoring and risk management. The Company will continue to pay 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><u>Targets set for the next reference period</u> The Company conducts due diligence on ESG aspects of each investment and will continue to work on broader sustainability framework in terms of ESG scoring and exclusion criteria. The Company will continue to work on improving its policies and practices related to sustainability, with the aim of assessing</p>
0,00%	Third party - the specialized information provider											
99,70%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company											
0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact											



						compliance with regulatory developments at the national and international level and best market practices.	
<b>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>							
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
<b>Indicators applicable to investments in investee companies</b>							
Adverse sustainability indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
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%	0,00%	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><b>On the Company level</b></p> <p><u>Actions taken</u></p> <p>The Company has updated the Policy of integrating sustainability risks into the investment decisionmaking process which 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 will continue to pay 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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u></p> <p>The Company will continue to undertake additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact. 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>	
					96,05%		Third party - the specialized information provider
					0,41%		Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company
					3,54%		Impact data was not available, nor was the Company able to reasonably assume the impact
<b>Indicators applicable to investments in sovereigns and supranationals</b>							
Adverse sustainability indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	

Governance	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of noncooperative jurisdictions for tax purposes	0	0	<p>This indicator represents the percentage share of investments in jurisdictions on the EU's list of non-cooperative jurisdictions into tax jurisdictions purposes.</p> <table border="1" data-bbox="1048 233 1563 576"> <tr> <td data-bbox="1048 233 1160 316">0,00%</td> <td data-bbox="1160 233 1563 316">Third party - the specialized information provider</td> </tr> <tr> <td data-bbox="1048 316 1160 459">99,70%</td> <td data-bbox="1160 316 1563 459">Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company</td> </tr> <tr> <td data-bbox="1048 459 1160 576">0,19%</td> <td data-bbox="1160 459 1563 576">Impact data was not available, nor was the Company able to reasonably assume the impact</td> </tr> </table>	0,00%	Third party - the specialized information provider	99,70%	Assessment obtained from the last publicly available disclosures of the issuer and/or additional research and reasonable assumption by the Company	0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact	<p><b>On the Company level</b></p> <p><u>Actions taken</u> The Company has updated processes and control mechanisms, which, among other things, exclude 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. The Company has taken additional efforts to increase the availability of data from issuers necessary for a reliable assessment of impact, resulting in reduced 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><u>Targets set for the next reference period</u> The Company will continue to undertake additional efforts to conduct due diligence on ESG aspects of each investment and will continue to work on broader sustainability framework in terms of ESG scoring and exclusion criteria . 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>
0,00%	Third party - the specialized information provider											
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0,19%	Impact data was not available, nor was the Company able to reasonably assume the impact											

## 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 principal adverse impacts on sustainability factors in connection to its 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.

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The specific mitigation actions described above are complemented with our overarching approaches that cover the broad variety of asset classes we invest in and the differing investment processes. To identify, assess, prioritize and avoid or mitigate principle adverse sustainability impacts we apply:

### **Data sources and quality checks**

Given stark differences in data availability across the principle adverse impact metrics (as defined by EU regulators) and asset classes, we are in continuous discussions with data providers to address data gaps, broaden our understanding of potential adverse impact and look for new data sources. Our methodologies to assess and manage PAI are dependent on data availability and quality. Hence, we combine various data sources as described below.

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, the Company used its best effort 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. Despite best effort, data availability limits the degree of consideration of specific principle adverse impact metrics, so we are continuously working on improving our data quality and consistency across data sources.

A highly complex technical implementation is required to combine and calculate PAI indicators from various data sources. Hence, the data enrichment processes might be subject to technical issues that might in turn affect our reported impacts on PAI indicators.

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## **Engagement policies**

### **Brief summary of 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.

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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/2023/08/POLITIKA-SUDJELOVANJA.pdf>.

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## References to international standards

Allianz believes collaboration and long-term partnerships are instrumental in delivering positive change. Addressing global challenges like climate change and human rights requires collective action involving business, governments and civil society. 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. Allianz' reporting on progress to these initiatives and principles partially overlaps with the PAI metrics. In particular the GHG emissions related PAI indicators are reflected in a multitude of climate related commitments and disclosures of Allianz. Allianz<sup>11</sup> is committed to the Principles for Responsible Investment (PRI) since 2011. The PRI guide Allianz' approach to responsible investment and drive continuous improvement across its businesses. Allianz reports annually to the PRI as an asset owner. The latest and past PRI Transparency Reports can be found on [Allianz' profile on the PRI website](#). In the next paragraphs, we highlight Allianz Group's approach to Human Rights and Climate Change.

A complete list of all memberships and partnerships can be accessed in the [Allianz Group Corporate Sustainability Report 2023](#) section 06.3.4.

### 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. For further details, please see the [Allianz SE profile on the UNGC website](#). Human rights are relevant for Allianz across its various roles – as an insurer and investor, as an employer, as a company (including in its supply chain), and as a corporate citizen. Allianz has different processes in place for each of these dimensions and continuously aims to improve the incorporation of human rights into its business. In 2021, Allianz collaborated with a third-party consulting company to perform a Human Rights Impact Assessment based on UNGP's methodology to identify gaps in its approach and continue to improve human rights integration in its core business and organization. Allianz also strengthened its approach by publishing its Human Rights Approach embedded in the [Allianz Sustainability Integration Framework](#).

#### Integrating human rights into Allianz' core business

As a corporate insurer and investor, Allianz has developed a human rights due diligence process as part of its overall ESG approach, which is integrated into its broader risk management system. Allianz uses a combination of sector- and country-specific approaches to identify human rights risks. Allianz has developed ESG guidelines for sensitive business sectors, which include a sector-specific human rights guideline (see [Allianz Sustainability Integration Framework](#) section 03.4.7). Thus, relevant human rights aspects are reviewed as part of the overall risk assessment for any investments into non-listed asset classes in the respective sector.

In addition, Allianz has developed a watch list for sensitive countries where systematic human rights violations occur. For business transactions located in these countries, Allianz carries out explicit due diligence in accordance with its Human Rights Guideline that covers various human rights violations. Allianz also reviews the Human Rights situation in a country with the Allianz Human Rights Risk Score, which was developed in 2022. Based on the United Nations Universal Declaration of Human Rights (e.g., right to liberty, equality, education, prohibition of torture, etc.), Allianz experts assess countries'

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human rights risk exposure, using NGO information as well as in-house research. Allianz restricts investments in sovereign bonds from countries associated with severe human rights concerns and significant issues managing those. Also, sovereign issuers below the scoring threshold on the Allianz Human Rights Risk Score are excluded for new investments and a divestment plan is developed for existing investments. In terms of its corporate investments, if Allianz identifies an issuer in its listed investment portfolio that is flagged for human rights issues by its external sustainability data provider, it prioritizes this issuer for a systematic engagement (see [Allianz Group Corporate Sustainability Report 2023](#) section 02.2). In 2022 Allianz carried out a review of the human rights guideline and sensitive countries approach across all business lines.

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 and improving social factors and corporate governance.

## 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 a supporter of Task Force on Climate-related Financial Disclosure (TCFD), Allianz specifically reports on the carbon indicators and strategies for the Group portfolio in its comprehensive TCFD disclosure (see [Allianz Group Corporate Sustainability Report 2023](#) section 3). As an AOA founding member Allianz SE commits long-term to transitioning its proprietary 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. With climate related policies, targets and a multifaceted engagement approach Allianz SE strives to support those taking action to decarbonise their operations and mitigate climate change in the real economy. Supporting real-world decarbonization is also an imperative for Allianz because climate change poses a real threat to the insurance offerings that Allianz provides to businesses and society.

In line with the [NZAOA Target-Setting Protocol](#), Allianz will assist, incentivize and require its portfolio companies to embark on decarbonization pathways consistent with the 1.5°C objective of the Paris Agreement. In alignment with this commitment, Allianz Investment Management 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. Allianz' effort has included introducing the CA100+ Net-Zero Company Benchmark to the companies it engages with and supporting the initiative's broader roll out of this measurement and tracking tool. The Benchmark covers critical indicators to measure company progress against a 1.5°C aligned pathway, and to transparently report on their progress.

Allianz uses leading academic climate scenarios like the ones used for the reports by the Intergovernmental Panel on Climate Change (IPCC) to determine alignment with its goal. Targets are based on IPCC 1.5-degree Celsius "no" or "low" over-shoot climate scenarios. They do not backload emissions reductions by assuming the world can massively remove carbon from the atmosphere using technologies currently unavailable or unproven at scale. For real estate, Allianz' aim is to align with the 1.5°C decarbonization pathways for the global real estate sector published by the Carbon Risk Real Estate Monitor (CRREM).

Among the efforts of the AOA is driving the availability of operationalizable scenarios and pathways by being fully science-based in all that it does and by promoting the OECM model, the IPCCs no/low overshoot scenarios and the IEA's NZE2050. In addition Allianz is actively contributing to Open Source Climate, a group of corporates to jointly build a „pre-competitive layer“ of modeling and data that is globally shared and accessible. Allianz is also actively contributing to specialized initiatives that focus on decarbonization, including Science Based Targets initiative (SBTi) and Transition Pathway Initiative (TPI). One key effort of these initiatives and Allianz is to develop (forward-looking) climate performance indicators across asset classes and assessment tools to monitor portfolios' alignment with the 1.5°C objective of the Paris Agreement. For further details see [Allianz Group Corporate Sustainability Report 2023](#) section 2.2. and 3.

The Company shall continue to work on its sustainability framework in accordance with the laws and regulations applicable to pension funds management, as well as Allianz Group's guidelines towards achieving the sustainability goals and supporting initiatives, all with the main goal of mitigating climate change and improving corporate governance.

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## Historical comparison

The first PAI statement including quantitative disclosures in the format of Annex I SFDR RTS was published in June 2023, hence historical comparison is possible from June 2024 onwards. The Art. 4 SFDR disclosure as of June 2023 can be found following this link <https://www.azfond.hr/wp-content/uploads/2023/06/STATEMENT-ON-PRINCIPAL-ADVERSE-IMPACT-ON-INVESTMENT-DECISIONS-ON-SUSTAINABILITY-FACTORS-1.pdf>

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