Sustainability-related disclosures

This document is provided in compliance with Article 10 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector and should be read in conjunction with the pre-contractual disclosures and the annual report. Where language versions of the pre- contractual disclosures and the annual report and this document differ, the pre-contractual disclosures and the annual report shall prevail.

The information according to Article 11 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector shall be provided to the client in the annex of the annual report by standard means of communication.

Product name:

Allianz Thematica

Legal entity identifier: 5493004ZRV2CSS15YF05

Allianz Global Investors

Summary

Allianz Thematica (the "Sub-Fund") promotes environmental and/or social characteristics and while it does not have as its objective sustainable investment, it will have a minimum proportion of sustainable investments.

The Sub-Fund follows a Climate Engagement with Outcome ("CEWO-Strategy") strategy meaning that the Sub-Fund's Investment Manager will engage with the portfolio's top 10 carbon emitting issuers regarding their target settings with respect to a climate transition pathway. Additionally, the Sub-Fund applies minimum exclusion criteria. By means of these exclusion criteria, the Sub-Fund considers Principal Adverse Impact ("PAI") indicators.

The Sub-Fund incorporates the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights, while also considering good governance principles by screening out companies based on their involvement in controversies around international norms.

Sustainability indicators have been defined for the Sub-Fund in order to measure the attainment of its environmental and/or social characteristics. The sustainability indicators are derived from the binding elements set for the Sub-Fund. The binding elements are monitored in pre- and post-trade compliance systems and thereby serve to ensure sufficient due diligence and as assessment criteria for the adherence to the environmental and/or social characteristics of the Sub-Fund. For each sustainability indicator, a methodology, based on different data sources, has been set up in order to ensure accurate measurement and reporting of the indicators.

No sustainable investment objective but a partial commitment to sustainable investments

Information on how the sustainable investment does not significantly harm any of the sustainable investment objectives, including how the indicators for adverse impacts are taken into account and whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

The Sub-Fund promotes environmental and/or social characteristics and while it does not have as its objective sustainable investment, it will have a minimum proportion of 10% of sustainable investments.

Sustainable investments contribute to environmental and/or social objectives, for which the Investment Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy:

1. Climate Change Mitigation
2. Climate Change Adaptation
3. Sustainable Use and Protection of Water and Marine Resources
4. Transition to a Circular Economy
5. Pollution Prevention and Control
6. Protection and Restoration of Biodiversity and Ecosystems

The assessment of the positive contribution to the environmental or social objectives is based on a proprietary framework which combines quantitative elements with qualitative inputs from internal research. The methodology applies first a quantitative breakdown of a securities issuer into its business activities. The qualitative element of the framework is an assessment if business activities contribute positively to an environmental or a social objective.

To calculate the positive contribution on the Sub-Fund level the revenue share of each issuer attributable to business activities contributing to environmental and/or social objectives is considered provided the issuer is satisfying the Do No Significant Harm ("DNSH") and Good Governance principles, and an asset-weighted aggregation is performed as a second step. Moreover, for certain types of securities, which finance specific projects contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a Good Governance check for issuers is performed.

In order to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective, the Investment Manager is leveraging the PAI indicators, whereby significance thresholds have been defined to identify significantly harmful issuers. Issuers not meeting the significance threshold can be engaged for a limited time period to remediate the adverse impact. Otherwise, if the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as sustainable investments.

All mandatory PAI indicators are considered either as part of the application of the exclusion criteria or through thresholds on a sectorial or absolute basis. Significance thresholds have been defined and they refer to qualitative or quantitative criteria.

Recognizing the lack of data coverage for some of the PAI indicators equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In case of securities which finance specific projects contributing to environmental or social objectives equivalent data at project level might be used to ensure that Sustainable Investments do not significantly harm any other environmental and/or social objective. The Investment Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The Investment Manager´s sustainable minimum exclusion list screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Securities issued by companies having a severe violation of these frameworks will be restricted from the investment universe.

Environmental or social characteristics of the financial product

Description of the environmental or social characteristics that the financial product promotes

Allianz Thematica promotes the transition to a low carbon economy of the top 10 carbon emitting issuers as part of the Climate Engagement with Outcome Strategy (CEWO-Strategy).

In addition, sustainable minimum exclusion criteria apply.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

Investment strategy

Information on the investment strategy used to meet the environmental or social characteristics promoted by the financial product and the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance

Allianz Thematica's investment objective is to invest in global Equity Markets with a focus on theme and stock selection. In addition, the Sub-Fund is managed in accordance with CEWO-Strategy and promotes environmental factors through climate engagement with outcome and proxy voting in the analysis of investments. The Sub-Fund’s Investment Manager will engage with the portfolio's top 10 carbon emitting issuers regarding their target settings with respect to a climate transition pathway. Top 10 carbon emitting issuers of the portfolio are ranked based upon the carbon emissions of the issuers in the portfolio for their Scope 1 and Scope 2 emissions data. Scope 1 aims to measure all direct emissions from the activities of a corporate or under their control. Scope 2 aims to measure all indirect emissions from electricity purchased and used by the corporate based upon the Greenhouse Gas Protocol definition.

Governance characteristics are assessed based on the issuer’s system of rules, practices, and processes by which it is directed and controlled. Sovereign issuers included in the Sub-Fund`s assets will not be engaged with but issued securities to be acquired by a Sub-Fund will be required to have an SRI Rating. Some investments cannot be engaged with or rated according to the SRI Rating methodology. Examples of instruments not attaining to the SRI Rating include, but are not limited to, cash, deposits, and non-rated investments.

The Sub-Fund’s general investment approach (Sub-Fund’s applicable General Asset Class Principles in combination with its individual investment restrictions) is described in the prospectus.

Good governance principles are considered by screening out companies based on their involvement in controversies around international norms corresponding to the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies having a severe violation in either of those areas will not be investible. For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when the Investment Manager believes that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless the Investment Manager believes that the engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

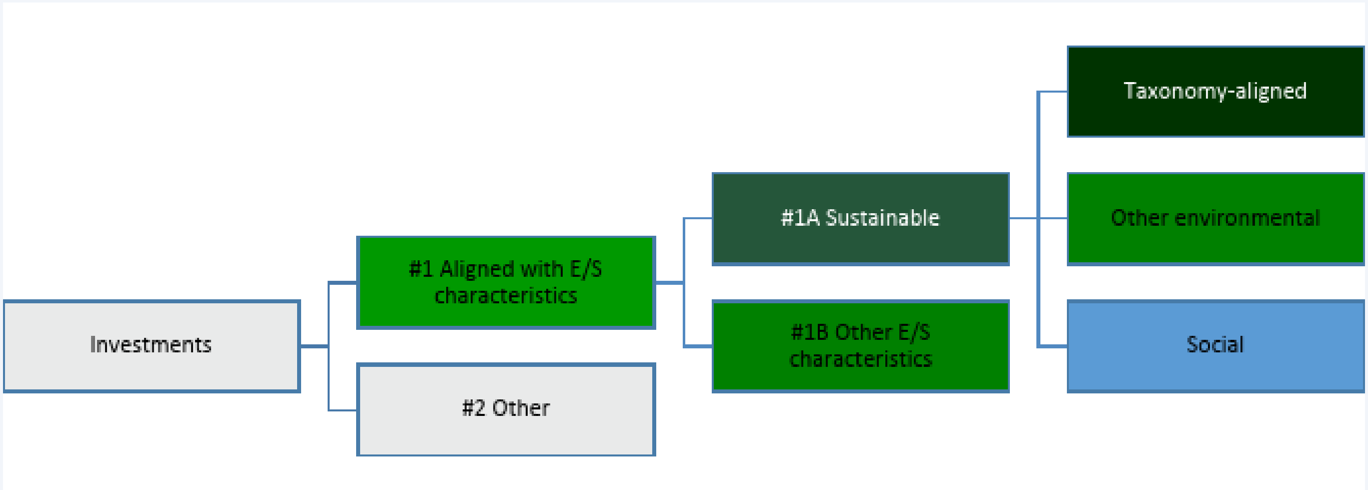
In addition, the Sub-Fund’s Investment Manager is committed to actively encourage open dialogues with investee companies on corporate governance, proxy voting and broader sustainability issues in advance of shareholder meetings (regularly for direct investments in shares). The Sub-Fund's Investment Manager's approach to proxy voting and company engagement is set out in the Management Company's Stewardship Statement.

Proportion of investments

Information on the proportion of the investments the fund invested in

Except cash, derivatives and external and non-sustainable AllianzGI target funds 100% of the Sub-Funds' assets are used to meet the environmental or social characteristics promoted by this Sub-Fund as they are subject to the sustainable minimum exclusion criteria (max. 10% of the Sub-Funds' assets may be invested in external and AllianzGI target funds). A low portion of the Sub-Fund might contain assets which do not promote environmental or social characteristics. Example of such instruments are derivatives, cash and deposits, some Target Funds and investment with temporarily divergent or absent environmental, social, or good governance qualifications. Min. 10% of the Sub-Funds' assets will be invested in Sustainable Investments. The Sub-Fund's Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy nor to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy. The Sub-Fund's Investment Manager does not commit to a minimum share of socially sustainable investments. While the Sub-Fund cannot commit to a minimum share of environmentally or socially sustainable investments, such investments may be freely allocated to within the Sub-Fund aggregated sustainable investment commitment disclosed (min. 10%).

The Sub-Fund does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. Nevertheless, as result of this investment strategy, investments may occur in corporates which are also active in these activities. Further information will be provided as part of the annual reporting, if relevant.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Monitoring of environmental or social characteristics

Information on how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the fiscal year end:

- The response rate of engagement with the top 10 emitters.
- The change of the carbon footprint of the top 10 emitters compared to the base year.
- If applicable, confirmation that all sovereigns were evaluated by an SRI Rating.
- Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.

The sustainability indicators are derived from the binding elements set for the Sub-Fund. All binding elements are monitored by means of internal compliance systems. If breaches occur, these will be reported to the relevant parties and resolved based on internal procedures.

The aforementioned sustainability indicators are reported on as part of regulatory reporting.

Methodologies

Description of the methodologies used to measure how the social or environmental characteristics promoted by the financial product are met

The following methodologies are applied to enable regulatory reporting on the Sub-Fund's sustainability indicators:

- On the day of inception or conversion of the portfolio, a full list of portfolio constituents is identified, excluding non-corporate elements and sovereigns. For the corporates in scope, scope 1 and 2 carbon emissions data is sourced and a distinct list of the 10 highest greenhouse gas ("GHG") emitters is identified. Scope 1 aims to measure all direct emissions from the activities of a corporate or under their control. Scope 2 aims to measure all indirect emissions from electricity purchased and used by the corporate based upon the Greenhouse Gas Protocol definition. Following the identification of the top 10 constituents, introductory letters and an engagement questionnaire are sent out. Replies by constituents are either sent in written form or an engagement call is conducted to discuss directly with the company. Replies are summarized and recorded.
- GHG data sourced is updated on an annual basis to track the carbon footprint of the top 10 GHG emitters compared to their base year.
- The SRI rating is updated monthly. Raw sustainability data is sourced from external data providers. Following this, data controls and quality checks are conducted. For select cases, additional internal research is conducted which may lead to a re-evaluation of the rating. The raw sustainability data is weighted according to its sector materiality and used to derive the constituent pillar scores of the SRI rating (environmental, social, governance, business behaviour). The final SRI rating is computed based on its constituent pillars. It is checked that sovereigns within a CEWO portfolio are evaluated by an SRI rating.
- The Sustainable Minimum Exclusion list is updated at least twice per year by the Sustainability Team and based on external data sources.

Data sources and processing

Information on the data sources used to attain each of the environmental or social characteristics promoted by the financial product, the measures taken to ensure data quality, how data are processed and the proportion of data that are estimated

The following data sources are used as input for the Sub-Fund's regulatory reporting: MSCI, ISS Ethix, VigeoEiris, Sustainalytics, CDP, SBTi.

AllianzGI's Sustainability and Impact Investing team selects third-party data providers through a Request for Proposal (RfP) process, which is applied across AllianzGI. Data origin, methodology (qualitative and/or quantitative), raw data points, issuer coverage, resources in place, expertise, granularity of research, approach, IT support, client support, and consistency/quality of data feed are assessed and tested during RfPs. Data is sourced from providers directly into the internal cloud-based data lake in line with AllianzGI's data strategy. AllianzGI uses technology such as application programming interface (API) and secure file transfer protocol (SFTP) when not made available by providers, allowing close monitoring and a smooth and constant update of data points. Controls apply to data flows and their evolution over time (coverage, expected values, etc.) to track potential issues upstream in the data supply chain.

Limitations to methodologies and data

Information on any limitations to the methodologies and to the data sources and how such limitations do not affect how the environmental or social characteristics promoted by the financial product are met

There are several general limitations which apply. The Sub-Fund may use one or more different third-party research data providers and/or internal analyses. In assessing the eligibility of an issuer based on research, there is a dependence upon information and data from third party research data providers and internal analyses, which may be subjective, incomplete, inaccurate, or unavailable. As a result, there is a risk to incorrectly or subjectively assess a security or issuer. There is also a risk that the Sub-Fund's Investment Manager may not apply the relevant criteria resulting out of the research correctly or that the Sub-Fund following a Sustainable Investment Strategy could have indirect exposure to issuers who do not meet the relevant criteria of the Sustainable Investment Strategy.

SRI rating coverage thresholds are set to mitigate the effect of these limitations on the promotion of environmental and/or social characteristics.

The data coverage for the PAI indicators is heterogenous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered either through equivalent data or through exclusion of securities issued by companies having a severe violation/ breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues.

Due diligence

Information on the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence

The management company follows a risk-based approach to determine where unique instrument/transaction specific pre-investment checks should be performed by taking into account the complexity and the risk profile of the respective investment, the materiality of the transaction size on the fund's NAV, and the direction (buy/sell) of the transaction.

To ensure that the Sub-Fund fulfils its environmental and social characteristics, the binding elements act as assessment criteria.

The investment strategy adheres to the following binding elements to attain the environmental and/ or social characteristics promoted:

- Annual identification of the Top 10 Carbon emitters of the Sub-Fund and engagement.
- If applicable, sovereign issuers included in Sub-Fund assets will not be engaged with but issued securities to be acquired by a Sub-Fund are required to have an SRI Rating.
- Application of the following sustainable minimum exclusion criteria for direct investments:
- securities issued by companies having a severe violation / breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption,
- securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services,
- securities issued by companies that derive more than 10% of their revenue from thermal coal extraction
- securities issued by utility companies that generate more than 20% of their revenues from coal,
- securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco with more than 5% of their revenues.

Direct investments in sovereign issuers with an insufficient freedom house index score are excluded.

The sustainable minimum exclusion criteria are based on information from an external data provider. The review is performed at least half yearly.

The binding elements are coded in pre- and post-trade compliance systems, thereby ensuring due diligence of security selection.

Engagement policies

Information on the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies

The description of the engagement policies and activities of AllianzGI can be found under the following link: https://www.allianzgi.com/en/our-firm/esg/active-stewardship .

The management company conducts engagement across its offering. Engagement activities are determined on an issuer level. Thus, it is not guaranteed that the engagements conducted include issuers held by every fund. The management company's engagement strategy rests on 2 pillars: (1) risk-based approach and (2) thematic approach.

The risk-based approach focuses on the material ESG risks identified. Engagements are closely related to the size of exposure. The focus of engagements is determined by considerations such as significant votes against company management at past general meetings and sustainability issues identified as below market practice. Engagements can also be triggered by controversies connected to sustainability or governance.

The thematic approach either links engagements to AllianzGI's three strategic sustainability themes- climate change, planetary boundaries, and inclusive capitalism- as well as to governance themes within specific markets or more broadly. Thematic engagements are identified based on topics deemed important for portfolio investments and are prioritized based on the size of AllianzGI's holdings and considering the priorities of clients.

Version 2 as of 30.05.2023

Amendment history:

01.01.2023: Publication of the information in accordance with the regulatory technical standards supplementing Regulation (EU) 2019/2088

30.05.2023: Integration of Nuclear and Fossil Gas disclosures.