

# Shaping sustainable pathways towards change

Sustainability and  
Stewardship Report 2022:  
**Factbook**



# Allianz Global Investors (AllianzGI) is an active investment management firm and part of Allianz Group.

With EUR 506 billion of assets<sup>1</sup> invested on behalf of institutions and individuals worldwide, our ambition is to shape pathways towards change that help to secure the future for our clients, our business and society.

Alongside growth in sustainable investing, investors and other stakeholders are seeking greater transparency over investment approaches, performance and – increasingly – impact. We are committed to supporting this journey.

This factbook is distilled from our Sustainability and Stewardship Report 2022. It focuses on some of the key questions we are often asked about our sustainability and stewardship approach.

## Find out more

You can read much more in our full Sustainability and Stewardship Report 2022, including insights from our leaders, details about our approach, and information on the performance of our sustainable investing, active stewardship and corporate sustainability activities.

Our Sustainability and Stewardship Report is part of our commitment to increase transparency and aligns with the requirements of the UK Stewardship Code.

[➔ AllianzGI Sustainability and Stewardship Report 2022](#)

[➔ AllianzGI website](#)

[➔ Sustainability Now – our new blog dedicated to sustainable investing](#)

1 Data as at 31 December 2022.

A person wearing a blue t-shirt and a grey cap is sitting on a large rock by a lake. They are using a laptop and a portable power station. The background features a large mountain with patches of snow and a dense forest of evergreen trees.

# EUR 506bn

of assets<sup>1</sup> invested on behalf of  
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Our ambition is to shape pathways towards change that help to secure the future for our clients, our business and society.”

# You asked...

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**01** What does sustainable investing mean to AllianzGI?  
page 04

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**02** How did the events of 2022 impact sustainable investing?  
page 07

---

**03** How has AllianzGI evolved its sustainable investing approach?  
page 08

---

**04** How are you using data to bring greater transparency to investors?  
page 11

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**05** How do you embed active stewardship in your approach?  
page 12

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**06** Beyond investments, how are you embedding sustainability across the firm?  
page 15

# ...we answered

# 01

## What does sustainable investing mean to AllianzGI?

At AllianzGI, we are driven by a simple goal: to generate value for clients every step of the way. As an active and sustainable investor, we aim to capture inclusive, sustainable growth to support the growth and preservation of clients' assets, while also contributing to real-world change.

We know asset owners are at different points on the sustainable investing journey, and our role is to facilitate progress through partnership and collaboration. As an active steward of capital, we seek to inform – not prescribe – the environmental, social and governance (ESG), sustainability and climate profile of investee companies.

This focus will guide investors on the journey from an ESG risk focus towards sustainability – where purposeful solutions support outcomes such as net zero – and, ultimately, to generating meaningful impact. This is what we mean by shaping sustainable pathways towards change.

**Our strategic shift from ESG to sustainability to impact by 2030 is guided by three focus areas:**

- **Climate change:** Analysing the physical threats of climate change, identifying which sectors are impacted most and engaging with companies to set transition pathways.
- **Planetary boundaries:** Looking beyond climate change alone to identify how capital can be deployed to support biodiversity, the circular economy and the efficient use of land and water resources.
- **Inclusive capitalism:** Recognising that as resources grow more limited, the threat of distributing them unequally increases, and therefore focusing on social factors that help to maintain social cohesion and underpin economic growth.

⇒ For more detail on our three strategic focus areas, see our Sustainability and Stewardship Report 2022.



Our investment offering spans investment solutions with differing levels of sustainability incorporation:



## ESG risk-focused EUR 117bn

These strategies incorporate material ESG risk considerations into investment analysis without constraining the investment universe. This category includes our integrated ESG investment approach.<sup>2</sup>



## Sustainability- focused EUR 126bn

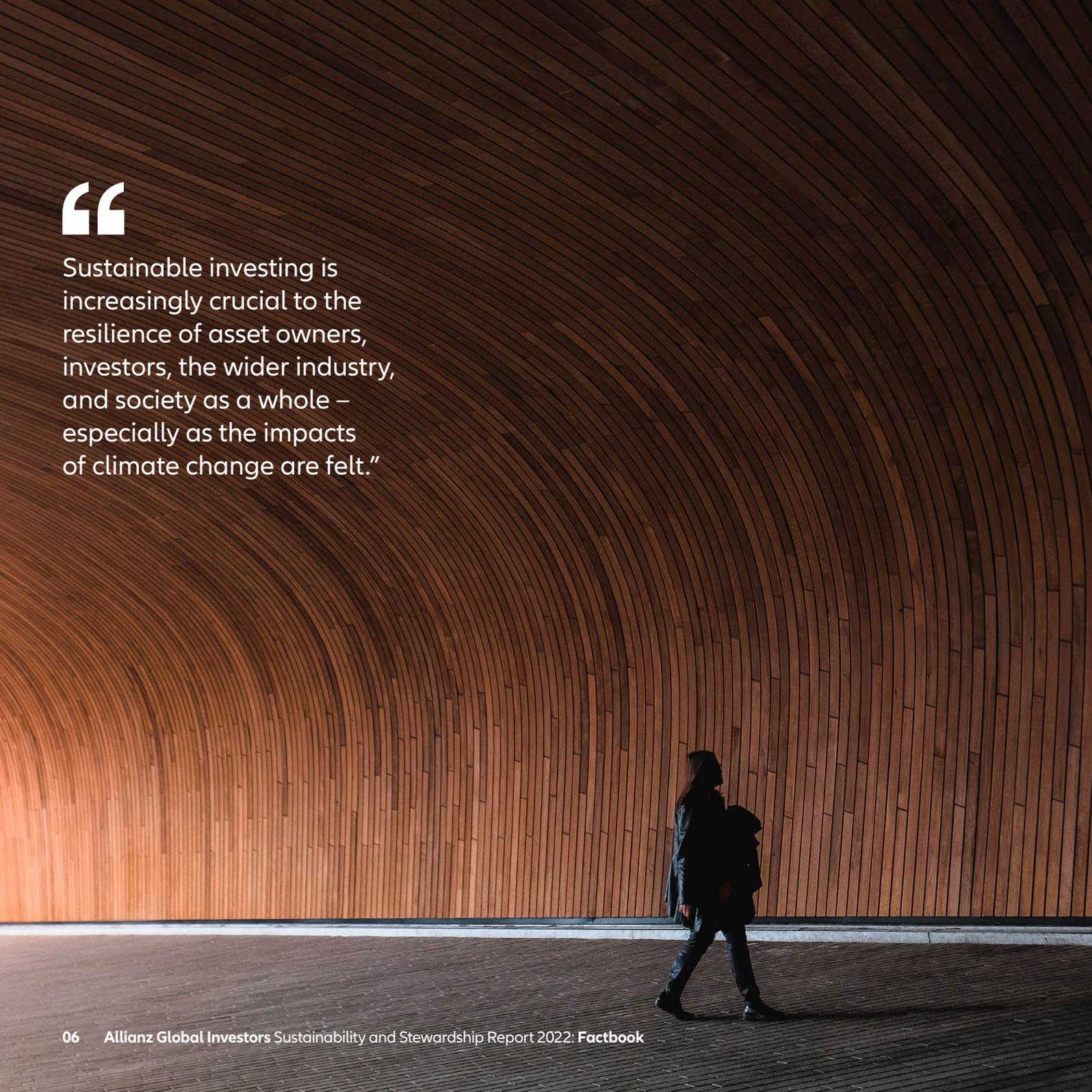
These strategies have specific sustainability objectives and values, and apply sustainable minimum exclusion criteria. This category includes our sustainable and responsible investment (SRI) best-in-class, climate engagement with outcome and key performance indicator (KPI) based investment approaches.



## Impact-focused EUR 9bn

These strategies aim to achieve measurable sustainable outcomes on specific issues, such as renewable energy and the priorities set out in the UN Sustainable Development Goals (SDGs). This category includes our private market impact and SDG-aligned investment approaches.

<sup>2</sup> The ESG risk-focused category (integrated ESG investment approach) is not considered sustainable according to EU Sustainable Finance Disclosure Regulation.



“

Sustainable investing is increasingly crucial to the resilience of asset owners, investors, the wider industry, and society as a whole – especially as the impacts of climate change are felt.”

## 02

# How did the events of 2022 impact sustainable investing?

Our sustainable investing approach is necessarily guided by the shifting global context. In 2022, the war in Ukraine came with a terrible human cost. As well as sparking wider geopolitical instability, it had far-reaching impacts on energy security, transition and affordability.

**EUR 506bn<sup>3</sup>**

managed across all asset classes in public and private markets

**5**

new sustainable funds launched in 2022<sup>4</sup>

**177**

sustainable products offered at the end of 2022

**31**

mutual funds converted to a sustainable investing approach

Higher inflation, rising interest rates, supply chain issues and challenging equity and bond markets were other hallmarks of the year. The effects of climate change materialised with floods in Pakistan, South Asia, Malaysia and West Africa, and heatwaves and drought in Europe, China and Africa.

Against this backdrop, we increased our focus on the interconnected issues of the climate crisis and biodiversity. The topic of renewable energy remained central to our themes of climate change and inclusive capitalism, since it is linked to biodiversity loss, food supply, water scarcity and inequality.

Through our ongoing series of thematic research papers we communicate our experts' consideration of investments in the respective themes and seek to guide clients.

As interest in sustainable investment strategies continued to grow, we saw retail and institutional investors seeking sustainability-driven considerations within the investment process. Their desire for outcome-oriented solutions is driving demand for increased data and insights.

We expect market volatility to continue in 2023, presenting both challenges and opportunities. Our focus will continue to be on addressing the diversity of client needs and driving sustainable growth through investing.

 Read our interview with AllianzGI's Global Head of Investments Deborah Zurkow and Global Head of Sustainable and Impact Investing Matt Christensen, where they discuss sustainable investing highlights from 2022 and how they see the landscape developing in future.

<sup>3</sup> Data as at 31 December 2022.

<sup>4</sup> These figures relate to EU-domiciled funds that are classified as either Article 8 or Article 9 under SFDR.

# 03

## How has AllianzGI evolved its sustainable investing approach?

If 2021 set the scene, 2022 was about building momentum and developing the data architecture to support our journey.

Our research capability is structured around sector, thematic and company research. We enhanced our sector frameworks, which show how different industry sectors screen across multiple sustainability factors. Each sector framework incorporates our proprietary sustainability materiality matrix. This identifies the 16 most material sustainability sub-factors, forming a core element of our proprietary rating system:

Four sustainability factors	16 sub-factors
<b>Environment</b>	Climate change Natural resources Pollution/waste management Green opportunities across the value chain
<b>Social</b>	Health and safety Working conditions and environment Human capital management/development Labour relations
<b>Corporate governance</b>	Corporate/sustainability leadership and disclosure Internal controls Executive remuneration Shareholders
<b>Business behaviour</b>	Business ethics Customers Suppliers Communities

Source: AllianzGI's sustainability materiality matrix.

“

We have moved beyond ESG to think holistically about sustainability across investment portfolios. Our goal is to show the real-world impact of our investments.”

We also developed separate absolute and relative company ESG scores to provide additional perspectives for investment decision-making. Furthermore, we supplemented these with detailed company analysis commentary which now includes human rights – a key topic within our inclusive capitalism theme.

To enhance climate data capture, we invested in data monitoring to support decarbonisation pathways and net zero alignment. We also expanded the key performance indicators (KPIs) used for the planetary boundaries and inclusive capitalism topics in line with our work on climate change KPIs.

### 2023 focus

Looking ahead, 2023 will see further implementation of our conviction-led approach, including guiding clients on the risks and opportunities of key sustainability themes. We will increase the scalability of our solutions to seek greater real-world impact and continue to strengthen firm-wide knowledge and capabilities for sustainable investing, for example through mandatory firm-wide sustainability training.

➔ For more detail on sustainable investing, please see section 02 of our Sustainability and Stewardship Report 2022.





“

ESG data is the foundation of every sustainability-informed investment decision we make. It is fundamental to our aim of delivering financial alpha plus sustainable impact, without compromising on returns.”

# 04

## How are you using data to bring greater transparency to investors?

Robust data provision is critical to our ability to combine sustainability and financial alpha in portfolios. Our approach is built on a proprietary best-in-class model and in-depth research. Active stewardship and ESG risk assessment ensure that our portfolio managers have full transparency on E, S and G scores, as well as Principal Adverse Impacts such as CO<sub>2</sub> emissions and water use.

100+

sustainability analytics available through our insights engine SusIE

10,000+

companies rated by proprietary sustainability methodology

178

countries rated by proprietary sustainability methodology

250

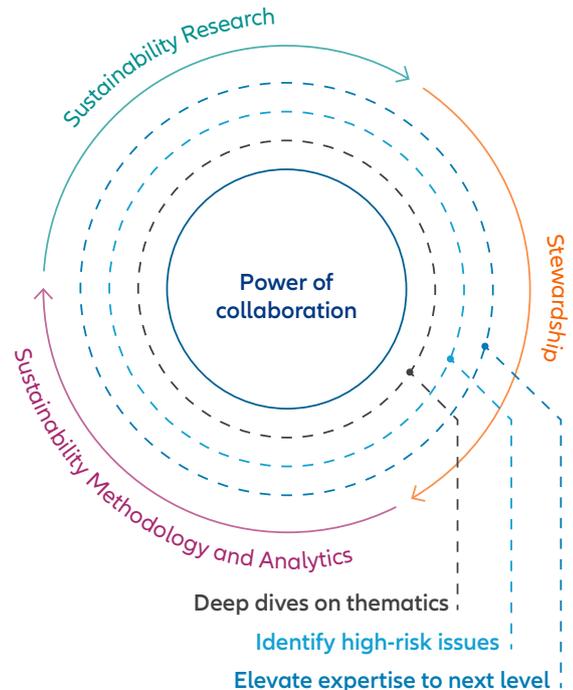
sustainability analyses performed on companies worldwide

Our long-term strategy is to use proprietary research as the primary driver of our investment decision-making. We will use emerging artificial intelligence (AI) technologies and data sources to expand our smart analytics and real-time signals relating to company behaviours.

Launched in 2022, our new sustainability insights engine tool (SusIE) uses state-of-the-art technology to facilitate access to ESG data for all our investment experts, product specialists, risk management and other stakeholders. It transforms data from more than 10 third-party vendors into standardised datasets using cloud data storage. SusIE is a key enabler of our active investment decisions on sustainability across all asset classes, in a move towards more quantitative ESG scoring and sustainability input.

➔ See section 02.3 of our Sustainability and Stewardship Report 2022 for a fuller description of our new sustainability insights engine tool (SusIE).

Putting collaboration at the heart of our research approach



05

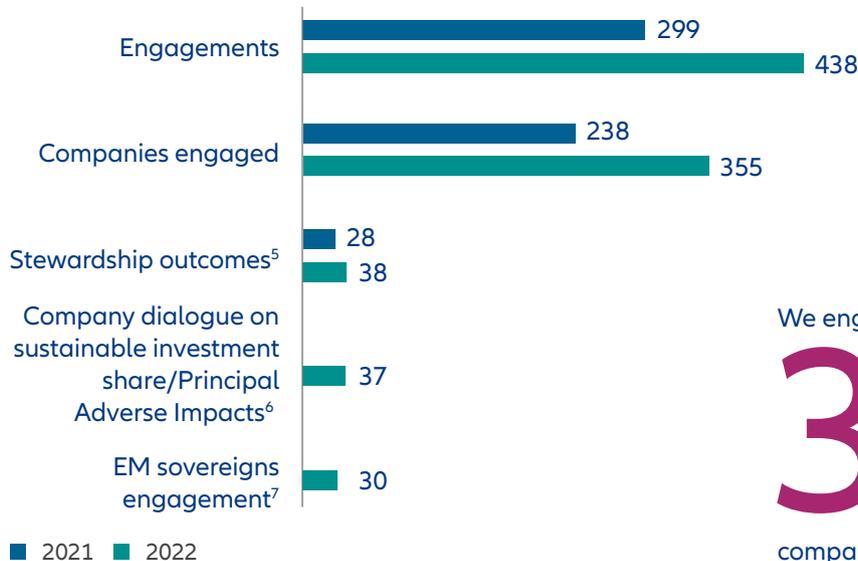
# How do you embed active stewardship in your approach?

As an active investment manager, we see constructive engagement dialogue with investee companies as essential for creating sustainable pathways towards change.

Our global approach to active stewardship incorporates a detailed proxy voting policy to support our goal of voting at the shareholder meetings of all the companies in which we invest, where we have the authority to exercise voting rights.

In 2022, we continued to refine a thematic and collaborative engagement approach aligned to our three focus areas (see page 4) plus governance. We targeted additional high-emitting sectors to expand our climate engagement.

### Substantial expansion of our stewardship activities in 2022



We engaged with  
**355**  
companies in 2022.

5 Some engagement activities span multiple years.  
6 Engagements began in 2022 per regulatory requirements.  
7 Not reported in 2021.



Active stewardship at AllianzGI means influencing the future of investee companies. We do this through a robust engagement process. This complements our proxy voting strategy to address some of the most important long-term issues that companies face.”

We also added data clarification requests to our interaction with companies in line with regulatory requirements. These comprised dialogues on sustainable investment share<sup>8</sup> and Principal Adverse Impact/Do No Significant Harm<sup>9</sup> in the context of EU sustainability regulation. We also refined our voting approach to elevate “Say on Climate”, ethnic diversity on boards, and sustainability-related remuneration.

We focused our proxy voting on the election of board directors, executive compensation, capital-related authorities and the appointment of external auditors. Other voting topics included climate change, workforce diversity, political donations and lobbying activities.

➔ See section 03 of our Sustainability and Stewardship Report 2022 for specific examples of our engagement and voting.

#### 2022 highlights



**10,200**

shareholder meetings participated in during 2022



**Representing 94%**

of all votable meetings



**We opposed 22%**

of all management resolutions



**At 69%**

of meetings globally we voted against, withheld or abstained from at least one agenda item

8 The share of a fund that is considered sustainable according to the EU Sustainable Finance Disclosure Regulations.

9 Principal Adverse Impacts is part of the EU Sustainable Finance Disclosure Regulation requiring market participants to take into consideration impacts of investment decisions that result in negative effects on sustainability factors.

Do No Significant Harm applies to funds classified under EU Sustainable Finance Disclosure Regulations Article 8 and Article 9 categories in relation to their funds' stated environmental and/or social objectives.



“

Our management and colleagues are committed to living up to high ethical standards.”

# 06

## Beyond investments, how are you embedding sustainability across the firm?

We are elevating the importance of corporate sustainability as a driver of sustainable growth across our global operations.

In 2022, we established the role of Corporate Sustainability Officer (CSO) to drive a holistic approach, shape strategy and advise the Executive Committee (ExCo) and business units. Business units are responsible for implementing sustainability-related business practices with the help of the CSO and local sustainability leads. Our management and colleagues are committed to living up to high ethical standards, and compliance is the foundation of our responsible approach.



We apply scrutiny and conduct due diligence across our organisation and processes to support the sustainable, long-term growth of our clients' assets."

Our three-year sustainability roadmap starts with building strong foundations, which enable delivery of our long-term ambitions.



# 06

## Beyond investments, how are you embedding sustainability in the firm?

### Living our sustainability commitments – 2022 highlights

We will report annually on progress against our long-term corporate sustainability goals. Here are some of the highlights from 2022.



We foster a working environment where people, performance and clients matter, and we take a strong stance on diversity, equity and inclusion.

**50% women**  
on the Executive Committee since 2020

**32%**  
female managers<sup>10</sup> in 2022

**66**  
nationalities in our workforce

⇒ For more information on our corporate sustainability commitments, please see section 04 of our Sustainability and Stewardship Report 2022.



We care for the health and wellbeing of our employees and support them to develop skills and knowledge that help them shape sustainable pathways.

More than  
**EUR 2.7m**  
invested in employee development

**83%**  
favourable score for the employee survey question: "Our company offers flexible work opportunities"

⇒ Find out more in our Diversity, Equity and Inclusion Report 2022.

<sup>10</sup> This refers to the first level of leadership where managers have at least one direct report.



Our licence to operate is built on the trust that our clients, employees and others have in our performance and integrity.

**100%**

of employees participated in Global Compliance Training covering Anti-Money Laundering, Anti-Fraud and Economic Sanctions.



We are committed to having a positive social impact and contributing to delivery of the UN SDGs.

**Over 700**

corporate volunteering hours recorded in 2022

**2023 focus:** New corporate citizenship programme to be rolled out in 2023 focused on SDG 8 – decent work and economic growth, SDG 13 – climate action, and SDG 17 – partnerships for the goals



We aim to be a role model in delivering our own targets on climate change and environmental impact.

**59%**

reduction in GHG emissions per employee in 2022 against the 2019 baseline

**100%**

of the electricity used by AllianzGI in its offices and local data centres comes from renewable, low-carbon sources

**60%**

reduction of travel emissions per employee against our baseline emissions in 2019

**45%**

reduction in waste generated per employee against the 2019 baseline

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Learn how we're shaping  
sustainable pathways  
towards change.

-  Sustainability and Stewardship Report 2022.
-  [www.allianzgi.com/sustainability](http://www.allianzgi.com/sustainability).
-  AllianzGI on LinkedIn.
-  Sustainability Now – our new blog dedicated to sustainable investing.

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