

WEBSITE DISCLOSURE FOR ARTICLE 8 FUNDS

**MARCH INTERNATIONAL - MARCH GREEN TRANSITION BOND**

**a. Summary**

*The Sub-Fund is a feeder sub-fund which invests at least 85% of its net assets in class WT6 of Allianz Green Transition Bond (the "Master Sub-Fund"), a sub-fund of Allianz Global Investors Fund (the "Master Fund"). The Sub-Fund may invest the remaining assets, i.e. a maximum of 15% of its net assets, in ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) and/or in derivative instruments used for hedging purposes.*

*The objective of the Sub-Fund is to obtain a performance similar to that of the Master Sub-Fund. The Investment Manager takes investment decisions with the aim of achieving the objective and the investment policy of the Sub-Fund which is to invest at least 85% of its net assets in the Master Sub-Fund.*

*The investment objective of the Master Sub-Fund is to achieve long-term capital growth by investing in global bond markets with a focus on issuers (companies, sovereign and quasi-sovereign issuers) providing positive contribution to sustainable and environmental-friendly solutions and transition into a low-carbon economy in accordance with the Green Transition Strategy.*

*As far as the acquisition of Green Bonds is concerned, the investment manager of the Master Sub-Fund analyses the projects financed by the Green Bond's proceeds. In order to be eligible, such projects have to be part of the green projects list as defined internally by Allianz Global Investors and based on research from the Climate Bonds Initiative (CBI), a world-class reputation organisation, which provides a science-based evaluation of the climate change mitigation impacts of the different types of projects.*

*The investment manager of the Master Sub-Fund completes this analysis by also considering the Environment, Social, Governance, Human Rights and Business behaviour domains in the selection process of an issuer. The Master Sub-Fund's investment manager monitors the sustainability profile of the respective issuer, in case this sustainability profile is poor as measured by the average SRI Rating of such issuer, the bonds issued by or from this issuer would not be eligible according to the Green Bond Strategy.*

*The last step of the Master Sub-Fund's investment manager's analysis is focused on the credibility of the respective issuer's approach regarding its individual transition approach to reach to a low carbon model. The investment manager of the Master Sub-Fund's intention is to favour Green Bonds from such issuers which have set up a sound and understandable strategy to mitigate the negative environmental impacts of the respective issuers' activities. The investment manager of the Master Sub-Fund tries to identify such issuers which only make use of the Green Bond market solely for communication / marketing purposes and will therefore not invest in bonds issued by such issuers.*

*As far as the securities issued by companies participating to the SBT initiative, are concerned, the investment manager of the Master Sub-Fund considers issuers' commitments to future improvements in sustainability outcomes by analysing companies' ambitions to reduce emissions in line with the Paris Agreement goals. In addition, Equity and/or Debt securities are only eligible if their issuers have set targets which are annually published and monitored.*

*Equity and / or Debt Securities whose issuers participate in the SBT initiative shall be evaluated by an SRI Rating. The proportion of assets which do not have an SRI Rating is expected to be low. Examples of instruments not attaining to the SRI Rating are cash and deposits, some target funds, and investments with temporarily divergent or absent environmental, social, or good Governance qualifications.*

*In addition, the Green Transition strategy applies minimum exclusion criteria for\_*

- a. severe violations of United Nations Global Compact Violators (divestment of issuers that are unwilling to change after engagement);*
- b. securities issued by companies involved in the production of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons), and securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services;*

- c. *securities issued by companies that derive more than 10% of their revenue from thermal coal extraction and securities issued by utility issuers that generate more than 20% of their revenues from coal or that generate more than 20% of their overall annual electricity production from coal; and,*
- d. *securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco more than 5% of their revenues.*

*The Master Sub-Fund's current exclusion criteria may be updated from time to time and can be consulted on the website <https://regulatory.allianzgi.com/ESG/SRI-exclusions>. To undertake this exclusion, various external data and research providers are used.*

*The Master Sub-Fund, as well as the Feeder Sub-Fund, through its investments in the Master Sub-Fund, promote among other characteristics, environmental characteristics (as provided under article 8 of SFDR) and intend to invest in underlying investments that contribute to climate change adaptation and climate change mitigation. The Master Sub-Fund will additionally have a minimum proportion of 20% of sustainable investments.*

*Within the 20% mentioned above, the Master Sub-Fund commits to invest minimum 0.10% of its assets in investments that take into account the EU criteria for environmentally sustainable economic activities (i.e. Taxonomy-aligned) and contributes through its investments to the following environmental objectives: (i) mitigation of climate change, and/or (ii) adaptation to climate change.*

*The Technical Screening Criteria ("TSC") for environmentally sustainable economic have not yet been fully developed (in particular for the other four environmental objectives determined by the Taxonomy Regulation).*

*These detailed criteria will require the availability of multiple, specific data points regarding each investment, mainly relying on Company reported data. As at the date hereof, there is only limited reliable, timely and verifiable data available to be able to assess investments using the TSC. In, this context, the Master Fund's management company has selected an external Data and Research provider for determining the committed Taxonomy shares. The external Data and Research provider assesses corporate disclosures to evaluate if business activities of corporates meet the TSCs defined by the EU Commission. An additional Do No Significant Harm assessment on issuer is performed by the Master Fund's management company to evaluate the eligibility of the Taxonomy-aligned.*

*The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. Any other sustainable investments must also not significantly harm any environmental or social objectives.*

*In line with the Master Sub-Fund's investment policy as described in more details above in relation to the Master Sub-Fund, the Feeder/Master Sub-Fund invests in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy, as well as Debt Securities issued by sovereign issuers which have bindingly ratified the Paris Agreement, and which have a sufficient Freedom House Index score, as well as in house issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBTi initiative.*

**b. No sustainable investment objective**

*This financial product promotes Environmental/Social (E/S) characteristics and, while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments with:*

- a. *an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy;*

- b. *an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy, and;*
- c. *a social objective.*

**c. Environmental or social characteristics of the financial product**

*March Green Transition Bond (the "Sub-Fund") is a feeder sub-fund which invests at least 85% of its net assets in class WT6 of Allianz Green Transition Bond (the "Master Sub-Fund"), a sub-fund of Allianz Global Investors Fund (the "Master Fund").*

*The Sub-Fund may invest the remaining assets, i.e. a maximum of 15% of its net assets, in ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) and/or in derivative instruments used for hedging purposes.*

*Allianz Green Transition Bond (the "Master Sub-Fund") promotes the mobilization of capital markets towards the transition to a low carbon society, natural capital preservation and adaptation to climate change. The Master Sub-Fund invests primarily in:*

- a. *Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects;*
- b. *in Equity and / or Debt Securities whose issuers commit to future improvements in sustainability outcomes; and,*
- c. *in Debt Securities issued by sovereign issuers which have been bindingly ratified the Paris Agreement.*

*Sustainable minimum exclusion criteria for direct investments apply. Although a composite reference benchmark has been designated for the purpose of attaining the characteristics promoted by the Master Sub-Fund, the Sub-Fund is actively managed without reference to a benchmark.*

*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:*

- a. *The actual percentage of the Master Sub-Fund's assets invested in green transition related assets. This comprises Green Bonds; and issuers explicitly committing to future improvements in sustainability outcomes with a predefined timeline, including but not limited to issuers participating in the Science Based Target (SBT) initiative; as well as Sovereign issuers which have bindingly ratified the Paris Agreement, and which have a sufficient Freedom House Index score. Issuers taking part to the SBT initiative commit defined targets to reduce greenhouse gas (GHG) emissions in line with the agreement as of April 2016 within the United Nations Framework Convention on Climate Change (UNFCCC), on climate change mitigation, adaption, and finance (the "Paris Agreement").*
- b. *Adherence to a minimum SRI Rating of 1 for Green & SBTi issuers held in the portfolio (out of a scale from 0-4; 0 being the worst rating and 4 the best rating).*
- c. *Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.*

**d. Investment strategy**

*March Green Transition Bond's investment objective is to invest in Debt Securities of the Global Bond Markets with a focus on issuers (companies, sovereign and quasi-sovereign issuers) providing positive contribution to sustainable and environmental-friendly solutions and transition into a low-carbon economy in accordance with the Green Transition Strategy.*

*The Master Sub-Fund invests primarily:*

- a. *in Green Bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy; and/or,*
- b. *securities whose issuers explicitly commit to future improvements in sustainability outcomes within a predefined timeline included, but not limited to, securities from issuers participating to the SBT initiative; and/or,*

- c. *in Debt Securities issued by sovereign issuers which have bindingly ratified the Paris Agreement, and which have a sufficient Freedom House Index score.*

*As far as the acquisition of Green Bonds is concerned, the Investment Manager analyses the projects financed by the Green Bond's proceeds. In order to be eligible, such projects have to be part of the green projects list as defined internally by Allianz Global Investors and based on research from the Climate Bonds Initiative (CBI), a world-class reputation organisation, which provides a science-based evaluation of the climate change mitigation impacts of the different types of projects.*

*The Investment Manager completes this analysis by also considering the Environment, Social, Governance, Human Rights and Business behaviour factors in the selection process of an issuer. The aforesaid sustainability factors are analysed through SRI Research by the Investment Manager in order to assess how sustainable development and long-term issues are taken into account in the strategy of an issuer. SRI Research means the overall process of identifying potential risks as well as potential opportunities of an investment in securities of an issuer related to the analysis of sustainability factors. SRI Research data combines external research data (which might have some limitations) with internal analyses. Based on a combination of the results of the external and/or internal analyses of the sustainability factors, an internal rating is derived monthly (SRI Rating) and is afterwards assigned to a corporate or sovereign issuer. In case the sustainability profile of the issuer is poor as measured by the average SRI Rating, the bonds issued by or from this issuer would not be eligible.*

*The last step of the Investment Manager's analysis is focused on the credibility of the respective issuer's approach regarding its individual transition approach to reach to a low carbon model. The Investment Manager's intention is to favour Green Bonds from such issuers which have set up a sound and understandable strategy to mitigate the negative environmental impacts of respective issuers' activities. The Investment Manager tries to identify such issuers which only make use of the Green Bond market solely for communication / marketing purposes and will therefore not invest in bonds issued by such issuers. As far as the securities issued by companies participating to the SBT initiative, are concerned, the Investment Manager considers issuers' commitments to future improvements in sustainability outcomes by analysing companies' ambitions to reduce emissions in line with the Paris Agreement goals. In addition, Debt securities are only eligible if their issuers have set targets which are annually published and monitored. Debt Securities whose issuers participate in the SBT initiative shall be evaluated by an SRI Rating. The proportion of assets which do not have an SRI Rating is expected to be low.*

*As far as the securities issued by companies participating to the SBT initiative, are concerned, the Investment Manager accounts for issuers' commitments to future improvements in sustainability outcomes by analysing companies' ambitions to reduce emissions in line with the Paris Agreement goals. Issuers taking part to the SBT initiative commit defined targets to reduce greenhouse gas (GHG) emissions in line with the agreement as of April 2016 within the United Nations Framework Convention on Climate Change (UNFCCC), on climate change mitigation, adaption, and finance (the "Paris Agreement"). In addition, Debt securities are only eligible if their issuers have set targets which are annually published and monitored.*

*Debt Securities whose issuers participate in the SBT initiative shall be evaluated by an SRI Rating. The proportion of assets which do not have an SRI Rating is expected to be low.*

*Examples of instruments not attaining to the SRI Rating are cash and deposits, some Target Funds, and investments with temporarily divergent or absent environmental, social, or good governance qualifications.*

*The Master Sub-Fund's general investment approach used to achieve the Master Sub-Fund's investment objective (Master Sub-Fund's applicable General Asset Class Principles in combination with its individual investment restrictions) is described in the prospectus.*

*The Master Sub-Fund adheres to the following binding elements to ensure attainment of the environmental or social characteristics:*

- a. *Min. 90% of the Master Sub-Fund's assets are invested in Debt Securities in accordance with the Green Transition Strategy which includes green bonds; issuers explicitly committing to future improvements in sustainability outcomes with a predefined timeline, including but not limited to issuers participating in the SBT; as well as Sovereign issuers which have bindingly ratified the Paris Agreement, and which have a sufficient Freedom House Index score.*

- b. *Green Bonds and SBTi issuers held in the portfolio are adhering to the minimum SRI rating threshold of 1 (out of a rating scale from 0 – 4; 0 being the worst rating and 4 the best rating).*
- c. *Application of the following minimum exclusion criteria, as well as Master Sub-Fund specific minimum exclusion criteria for direct investments:*
  - 1. *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;*
  - 2. *securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons);*
  - 3. *Securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services;*
  - 4. *securities issued by companies that derive more than 10% of their revenue from thermal coal extraction;*
  - 5. *securities issued by utility companies that generate more than 20% of their revenues from coal;*
  - 6. *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.*

*Moreover, Master Sub-Fund specific exclusion criteria for direct investments apply:*

- a. *Sovereign issuers qualified with a score as “Not Free” by the Freedom House Index.*
- b. *Sovereign issuers that have not ratified the Paris agreement*

*The minimum exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance. The review is performed at least half yearly.*

#### **e. Proportion of investments**

*Min. 90% of the Master Sub-Funds’ assets are used to meet the environment or social characteristics promoted by the Master Sub-Fund. A low portion of the Master Sub-Fund might contain assets which do not promote environmental or social characteristics. Example of such instruments are derivatives, cash and deposits, some Targets Funds and investment with temporarily divergent or absent environmental, social, or good governance qualifications or investments outside of the specified quota to be invested as part of the Green Transition Strategy. Min. 20% of the Master Sub-Funds’ assets will be invested in Sustainable Investments. The minimum percentage of investments that are aligned with the EU Taxonomy is 0.10%. The Master Sub-Fund’s Investment Manager does not commit to a minimum share of socially sustainable investments.*

*The Taxonomy-aligned investments include debt and/or equity in environmentally sustainable economic activities aligned with the EU-Taxonomy and hence contribute to at least climate change mitigation. Taxonomy-aligned data is provided by an external data provider. The Investment Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not reflect any data in government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds.*

*Taxonomy-aligned activities in this disclosure are based on share of turnover. Taxonomy-aligned data is only in rare cases data reported by companies in accordance with the EU Taxonomy. The data provider has derived Taxonomy-aligned data from other available equivalent company data.*

*The financial product has established a minimum alignment with these environmental goals for the portfolio of, at least, 0.10%.*

*Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not covered yet under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the*

*investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria.*

*The Master Sub-Fund's Investment Manager do not commit to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy.*

*The Master Sub-Fund's Investment Manager defines Sustainable Investments based on internal research, which uses, among others, along the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy as reference frameworks. The Investment Manager does not commit to a minimum share of socially Sustainable Investments, as the SDGs contain environmental as well as social objectives. The overall sustainable investment share may also include investments with a social objective.*

*Investments into cash, Targets Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.*

#### **f. Monitoring of environmental or social characteristics**

*The Sub-Fund is a feeder sub-fund which invests at least 85% of its net assets in class WT6 of Allianz Green Transition Bond (the "Master Sub-Fund"), a sub-fund of Allianz Global Investors Fund (the "Master Fund"). To measure the attainment of the environmental and/or social characteristics, the Master Sub Fund uses and reports the following sustainability indicators on, at the fiscal year end:*

- 1. The actual percentage of the Sub-Fund's assets invested in green transition related assets. This comprises Green Bonds; and issuers explicitly committing to future improvements in sustainability outcomes with a predefined timeline, including but not limited to issuers participating in the Science Based Target (SBT) initiative; as well as Sovereign issuers which have bindingly ratified the Paris Agreement, and which have a sufficient Freedom House Index score. Issuers taking part to the SBT initiative commit defined targets to reduce greenhouse gas (GHG) emissions in line with the agreement as of April 2016 within the United Nations Framework Convention on Climate Change (UNFCCC), on climate change mitigation, adaption, and finance (the "Paris Agreement").*
- 2. Adherence to a minimum SRI Rating of 1 for Green Bonds & SBTi issuers held in the portfolio (out of a scale from 0-4; 0 being the worst rating and 4 the best rating).*
- 3. 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.*

#### **g. Methodologies**

*Sustainable investments contribute to environmental and/or social objectives, for which the Investment Managers 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 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 break down of an investee company 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 Master 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.*

*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 a qualitative or quantitative criteria.*

*The Management Company has joined the Net Zero Asset Manager Initiative and considers PAI indicators through stewardship including engagement, both are relevant to mitigate potential adverse impact as a company.*

*Due to the commitment to the Net Zero Asset Manager Initiative, the Management Company aims to reduce greenhouse gas emissions in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emission by 2050 or sooner across all assets under management. As part of this objective the Management Company will set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.*

*The Master Sub-Fund’s Investment Manager addresses PAI indicators regarding greenhouse gas emission, biodiversity, water, waste as well as social and employee matters for corporate issuers, and, where relevant, the freedom house index is applied to investments in sovereigns. PAI indicators are considered within the Investment Manager’s investment process through the means of exclusions as described in the “environmental and/or social characteristics” section of the Master Sub-Fund.*

*The data coverage for the data required for the PAI indicators is heterogenous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered 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. Therefore, the Investment Manager will strive to increase data coverage for PAI indicators with low data coverage. 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.*

*Additionally, the Master Sub-Fund considers the GHG Intensity PAI indicator for sovereign issuers as sovereigns, which have not bindingly ratified the Paris Agreement, are not investable.*

*The following PAI indicators are considered:*

- a. Applicable to corporate issuers*
  - 1. GHG Emissions*
  - 2. Carbon footprint*
  - 3. GHG Intensity of investee companies*
  - 4. Exposure to companies active in the fossil fuel sector*
  - 5. Activities negatively affecting biodiversity-sensitive areas*
  - 6. Emissions to water*
  - 7. Hazardous waste ratio*

8. *Violation of UN Global compact principles*
  9. *Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles*
  10. *Board gender diversity*
  11. *Exposure to controversial weapons*
- b. *Applicable to sovereign and supranational issuers*
1. *GHG Intensity*
  2. *Investee countries subject to social violations*

*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 investment universe.*

*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 our engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.*

*In addition, the Master 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. The Master Sub-Fund's Investment Manager's approach to proxy voting and company engagement is set out in the Management Company's Stewardship Statement.*

#### **h. Data sources and processing**

*The Sub-Fund is a feeder sub-fund which invests at least 85% of its net assets in class WT6 of Allianz Green Transition Bond (the "Master Sub-Fund"), a sub-fund of Allianz Global Investors Fund (the "Master Fund"). The following data sources are used as input for the Master Sub-Fund's regulatory reporting: SBTi, ISS, Bloomberg, VigeoEiris, Sustainalytics, MSCI.*

*AllianzGI's Sustainability and Impact Investing team selects the third-party providers partnered with through a Request for Proposal (RfP) process, which is applied to teams 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 our internal cloud-based datalake in line with AllianzGI's data strategy. We use 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 our data supply chain.*

#### **i. Limitations to methodologies and data**

*The Sub-Fund is a feeder sub-fund which invests at least 85% of its net assets in class WT6 of Allianz Green Transition Bond (the "Master Sub-Fund"), a sub-fund of Allianz Global Investors Fund (the "Master Fund"). There are several general limitations which apply. The Master 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 Master Sub-Fund's Investment Manager may not apply the relevant criteria resulting out of the research correctly or that the Master 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.*



*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.*

**j. Due diligence**

*The Sub-Fund is a feeder sub-fund which invests at least 85% of its net assets in class WT6 of Allianz Green Transition Bond (the "Master Sub-Fund"), a sub-fund of Allianz Global Investors Fund (the "Master Fund"). The Master Sub-Fund's 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 Master Sub-Fund fulfils its environmental and social characteristics, the following binding elements act as assessment criteria:*

- 1. Fund adheres to the following binding elements to ensure attainment of the environmental and social characteristics:*
  - a. Min. 90% of the Master Sub-Fund's assets are invested in Debt Securities in accordance with the Green Transition Strategy which includes green bonds; issuers explicitly committing to future improvements in sustainability outcomes with a predefined timeline, including but not limited to issuers participating in the SBTi; as well as Sovereign issuers which have bindingly ratified the Paris Agreement, and which have a sufficient Freedom House Index score.*
  - b. Green Bonds and SBTi issuers held in the portfolio are adhering to the minimum SRI rating threshold of 1 (out of a rating scale from 0 – 4; 0 being the worst rating and 4 the best rating).*
- 2. Application of the below sustainable minimum exclusion criteria and Master Sub-Fund specific minimum exclusion criteria. The following sustainable minimum exclusion criteria for direct investments apply:*
  - a. 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;*
  - b. securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons);*
  - c. securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services;*
  - d. securities issued by companies that derive more than 10% of their revenue from thermal coal extraction;*
  - e. securities issued by utility companies that generate more than 20% of their revenues from coal;*
  - f. 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.*

*The following Master Sub-Fund specific exclusion criteria for direct investments apply:*

- 1. Sovereign issuers qualified with a score as "Not Free" by the Freedom House Index*
- 2. Sovereign issuers that have not ratified the Paris agreement.*

*The minimum exclusion criteria, as well as the Master Sub-Fund specific 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.*

**k. Engagement policies**

*The Sub-Fund is a feeder sub-fund which invests at least 85% of its net assets in class WT6 of Allianz Green Transition Bond (the "Master Sub-Fund"), a sub-fund of Allianz Global Investors Fund (the "Master Fund"). The Master Sub-Fund's 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 Master Sub-Fund's 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.*

**l. Designated reference benchmark**

*The Master Sub-Fund has assigned 1/3 BLOOMBERG MSCI Global Green Bond Total Return (hedged into USD) + 1/3 BLOOMBERG MSCI Global Corporate Sustainability Total Return (hedged into USD) + 1/3 J.P. MORGAN ESG Emerging Market Bond (EMBI) Global Diversified as composite benchmark. However, the Sub-Fund is actively managed without reference to a benchmark.*

*As afore-mentioned, the Sub-Fund is actively managed without reference to a benchmark. However, the Master Sub-Fund uses a composite benchmark with 3 different methodologies:*

- a. BLOOMBERG MSCI Global Green Bond Total Return: The benchmark measures the global market for fixed income securities issued to fund projects with direct environmental benefits. The methodology evaluates index-eligible green bonds to ensure they adhere to established Green Bond Principles and to classify bonds by their environmental use of proceeds.*
- b. BLOOMBERG MSCI Global Corporate Sustainability Total Return: The benchmark uses ESG criteria that include corporate fixed-rate bonds from both developed and emerging markets issuers with strong positive environmental, social and governance (ESG) ratings [issuers with a ESG Rating greater than or equal to BBB and a ESG Controversy Score greater than 0].*
- c. J.P. MORGAN ESG Emerging Market Bond (EMBI) Global Diversified: The Benchmark applies an ESG scoring and screening methodology to tilt toward issuers ranked higher on ESG criteria and green bond, and to underweight and remove issuers that rank lower.*

*Those benchmarks are not completely aligned with the environmental and social characteristics promoted by the Master Sub-Fund as specific screening and exclusion criteria might deviate.*

*Details of the Benchmarks' methodology may be found at:*

*<https://www.msci.com/our-solutions/indexes/bloomberg-msci-esg-fixed-income-indexes>*

*or*

*[www.msci.com](http://www.msci.com).*

*<https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/composition-docs/pdf-30.pdf>*

*or*

*[www.jpmorgan.com](http://www.jpmorgan.com).*